



## Long overdue

OBC reservation in All-India Quota medical seats puts an end to a discriminatory policy

Reservation for students from Backward Classes in seats surrendered by States to an 'All-India Quota' (AIQ) in medical colleges run by State governments was long overdue. The Centre's decision to extend its 27% reservation for 'other backward classes' to all seats under the AIQ is a belated, but welcome development, as Other Backward Class (OBC) candidates have been denied their due for years. And in concord with its keenness to balance OBC interests with those of the socially advanced sections, the Union government has also decided to provide 10% of the AIQ seats to those from the Economically Weaker Sections (EWS). This is almost entirely the outcome of a Madras High Court verdict and the efforts of the Dravida Munnetra Kazhagam, which approached the court with the demand. The AIQ is a category created by the Supreme Court to free up some seats from residential or domicile requirements in some States for admissions to their medical colleges. Introduced in 1986, the AIQ comprised 15% of undergraduate medical and dental seats and 50% of post-graduate seats surrendered by the States for admission through a central pool. There was no reservation in the AIQ, and, once in the past, the Supreme Court set aside a Madras High Court order directing the Centre to implement Scheduled Castes/Scheduled Tribes quota in the category.

In 2007, the Supreme Court allowed 15% Scheduled Caste reservation and a 7.5% Scheduled Tribe quota under the AIQ. Meanwhile, based on a central law favouring Backward Class reservation in educational institutions, the Union's 27% OBC quota was introduced in central educational institutions. There was no move to implement OBC reservation in the category. In the courts, the Medical Council of India argued against OBC reservation, but the Union government said it was not averse to the reservation, subject to an overall 50% limit. The omission of OBC reservation in the AIQ seats was obviously discriminatory. There were OBC seats in medical institutions run by the Centre, as well as State-specific quotas in those run by the States. It was incongruous that seats given up by the States to help the Centre redistribute medical education opportunities across the country were kept out of the ambit of affirmative action. There was even a case to argue that, as AIQ seats originally belonged to the States, the quota policy applicable to the respective States ought to be applied to them. The Madras High Court, in July 2020, held that there was no legal impediment to OBC reservation, but, given that the policy varied from State to State, it left it to the Centre to decide the modalities for quotas from this academic year. The Centre has now decided on the 27% OBC quota, but not before the High Court termed the delay in doing so "contumacious".

## Elusive gold

India is still searching for a gold medal as the Olympic Games enter the second week

India at the Olympics has always been about feverish hopes, bruising anguish and a few medals. Since its debut at the Games in 1900, the world's second most populous nation has ended up with either a single-digit tally or none at all. That familiar tale is being repeated a week after the Tokyo Olympics commenced and India is currently assured of three medals. One, a silver claimed by weight-lifter Mirabai Chanu in the 49kg category. And second, a minimum of a bronze guaranteed as boxer Lovlina Borgohain qualified for the semifinal in the welter-weight segment. The bout will be held on Wednesday. Badminton star P.V. Sindhu too joined the party, seizing her bronze after defeating China's He Bingjiao 21-13, 21-15 during Sunday's third-place play-off. Through their exploits Mirabai and Lovlina, hailing from Manipur and Assam, respectively, have revealed the rich sporting ability shimmering in the North-eastern States linked to the mainland through the chicken's neck above Bangladesh. Mirabai and Lovlina owe their triumphs to their innate strength and hard work besides the obvious support from family and the Sports Authority of India. With Sindhu, they have also reiterated women-power. Sindhu, who won the silver at the previous Olympics at Rio de Janeiro, had an exceptional run till she ran into Chinese Taipei's Tai Tzu-Ying in the semifinal and then made amends with a bronze.

India had a moment to savour when its women's hockey team entered the quarterfinals. While a strong Australian outfit awaits in the knockout on Monday, the women will add to India's evergreen hockey-hopes that gained a fillip after the men defeated Great Britain 3-1 during Sunday's quarterfinal. After the 1980 gold, the men's quest to win another Olympic medal has gained impetus and the road ahead is tough but interesting. In the limited chronicle of good tidings, Kamalpreet Kaur's excellent throw of 64 metres in the discus throw event was a spark. Kamalpreet qualified for Monday's final and a lot is resting on her shoulders. While these stirring events kept India afloat, there is also the litany of heart-breaks that included Mary Kom's loss in boxing, a fact the 38-year-old failed to initially admit following her adrenaline rush. The travails in shooting and archery did not add up to the original template of good form and resultant expectations. Shooters Saurabh Chaudhary and Manu Bhaker had their moments but they were not enough. The Games exert immense pressure as it is always about the athlete combining individual excellence with national pride. Tennis champion Novak Djokovic failed to even win a bronze while gymnast Simone Biles withdrew from events citing mental fatigue. It is never easy and the Indian contingent would vouch for that going into the second week.

# The draw of space and nuclear technologies

It remains to be seen whether the new ventures of Jeff Bezos and Bill Gates will strike a chord and benefit mankind



T.P. SREENIVASAN

Even as billionaire Jeff Bezos was preparing to blast off into space last month, another billionaire, Bill Gates, took an equally momentous decision to launch his own nuclear reactor with an eye on the possibility of exporting fast breeder reactors to power hungry nations (<https://reut.rs/3y1fSgW>). Both of them characterised their initiatives as essentially aimed at the environment to reverse climate change. Answering criticism on his expensive and wasteful adventure, Bezos insisted that he had an environmental vision: "We need to take all heavy industry, all polluting industry and move it into space, and keep Earth as this beautiful gem of a planet that it is," he said. Mr. Gates stressed the importance of nuclear power as the clean energy required to meet the requirements of the world, even though the safety of nuclear reactors and the risk of proliferation of nuclear weapons are a growing concern.

**The future of atomic energy**  
Back in 2007-08, the then Director General of the International Atomic Energy Agency (IAEA), Mohamed ElBaradei, had established a Committee of Eminent Persons to look at the future of nuclear power in 2020 and beyond. As an Executive Director of the Commission, I had helped to produce a report, which asserted that "the international community has both auspicious opportunities and significant challenges to tackle as the world moves into its seventh nuclear decade. Expanded use of nuclear technologies offered immense potential to meet important development needs. In fact, to satisfy energy demands and to mitigate the threat of cli-

mate change — two of the 21st century's greatest challenges — there are major opportunities for expansion of nuclear energy". The report predicted that a "nuclear renaissance" will solve not only the world's energy problems, but also alleviate climate change.

### Fukushima and after

But the expectation was short-lived because the Fukushima Daiichi accident in Japan on March 11, 2011 completely transformed the nuclear power situation beyond recognition and dealt a blow to plans for swiftly scaling up nuclear power to address not only climate change but also energy poverty and economic development. An IAEA article, "Nuclear power 10 years after Fukushima: the long road back", says, as the global community turned its attention to strengthening nuclear safety, several countries opted to phase out nuclear power. The nuclear industry was at a standstill except in Russia, China and India. Even in India, the expected installation of imported reactors did not materialise because of our liability law and the anti-nuclear protests in proposed locations. India had to go in for more indigenous reactors to increase the nuclear component of its energy mix. More than 50 nations, which were knocking at the door of the IAEA for nuclear energy for peaceful purposes, quietly withdrew their requests.

After intensive efforts to strengthen nuclear safety, as said in this article, and with global warming becoming ever more apparent, nuclear power is regaining a place in global debates as a climate-friendly energy option once again. Countries such as Japan and Germany reopened their reactors to produce energy. But even as organisations such as the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA) recognise the ability of nuclear power to address major global challenges, it remains uncertain whether the value of this clean, reliable and sustainable



source of energy will achieve its full potential any time soon.

The Fukushima Daiichi accident, adds the article, continues to cast a shadow over the prospects of nuclear power. Furthermore, in some major markets, nuclear power lacks a favourable policy and financing framework that recognise its contributions to climate change mitigation and sustainable development. Without such a framework, nuclear power will struggle to deliver on its full potential, even as the world remains as dependent on fossil fuels as it was three decades ago.

### The Gates plan

Even when the uncertainty continues and the anti-nuclear lobby is gaining momentum, TerraPower, the nuclear company founded by Mr. Gates, has just announced an agreement with private funders, including Warren Buffett, and the State of Wyoming, U.S. to site its Natrium fast reactor demonstration project there. Moreover, since it falls within the "advanced" small modular reactor project of the U.S. Department of Energy (DOE), the Department will subsidise the project of one of the richest men in the world to the extent of \$80 million this year.

As an article by the non-proliferation sentinels in the U.S., Henry Sokolski and Victor Gilinsky, titled "Bill Gates' Fast Nuclear Reactor: Will It Bomb?" (<https://bit.ly/3fjMITc>) says, Mr. Gates believes that the fast breeder reactors will replace the current reactors. The DOE and other nuclear

enthusiasts also believe that small, factory-built, modular reactors will be cheaper and safer, and will be so attractive to foreign buyers that they will revive America's nuclear industry and enable the United States to compete in an international market now dominated by China and Russia. Another benefit envisaged is that fast breeder reactors will provide a solid nuclear industrial base for meeting U.S. military nuclear requirements. DOE has found bipartisan Congressional support for funding the project.

Mr. Sokolski and Mr. Gilinsky have challenged the move on several grounds such as the failure of earlier efforts to develop such reactors, and the risk of the turning of inert uranium to plutonium, and then using the plutonium as fuel. They have argued in their article that it can even "breed" excess plutonium to fuel new fast reactors. What concerns them most is that plutonium is a nuclear explosive which can be used for developing a bomb. They are afraid that the availability of plutonium through commercial channels would be fraught with dangers.

As their article says, TerraPower announced in March that Natrium would be fuelled with uranium enriched to 20% U-235 rather than explosive plutonium. But the question being asked is if Natrium reactor takes off and is offered for export, will the same restraint apply. Currently, only a handful of nations can make 20% enriched uranium. The critics believe that there will be a rush to make 20% enriched uranium world wide. The main objection to nuclear enrichment beyond a point in Iran arises from the fact that it would lead to weapon grade uranium being available for them.

The other objection being raised against the Gates project, as cited in the article, is that the principal reason for preferring fast reactors is to gain the ability to breed plutonium. That is surely what foreign customers will want. The way it is configured, the reac-

tor would make and reuse massive quantities of material that could also be used as nuclear explosives in warheads.

### Focus on India and China

India's fast breeder reactor, which is not subject to international inspections, is seen as capable of feeding the nuclear weapons capability of India. And the recent reports that China is building two more fast reactors have immediately provoked international concerns about China's possible weapons plutonium production. The opponents of TerraPower believe that India and China will be encouraged in their efforts to develop fast breeder reactors and may even want to buy them from Mr. Gates. They also think that the characterisation of TerraPower as small is a gimmick and they will have to be made big to make them economical. The claim that fast reactors are safer than light water reactors has also been called into question.

It has been pointed out that U.S. Presidents Gerald Ford and Jimmy Carter made it U.S. policy to discourage the commercialising of plutonium-fuelled reactors. President Ford had announced that the U.S. would not support reliance on plutonium fuel and associated reprocessing of spent fuel until "the world community can effectively overcome the associated risks of proliferation." (<https://bit.ly/3fii71N>). The critics do not think that the world has reached such a stage.

No one can predict whether the space adventure of Mr. Bezos or the nuclear venture of Mr. Gates will benefit the U.S. and the wider world. But billionaires have the sixth sense to know how to multiply their own billions.

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# A cycle of low growth, higher inflation

Unless policy action ensures higher demand and growth, India will continue on the path of a K-shaped recovery



ANAND SRINIVASAN

In recent times, right-leaning economists have been arguing that the Government does not need to do anything with the economy and that it will revive by itself. They call those who disagree with them, doomsday merchants. These economists reason that, like after the Great Depression, the economy rebounded worldwide, and so will it with us. The argument is fallacious on four accounts:

The first factor, demand. In the case of the Great Depression, demand was created by the Second World War effort. Especially in the United States, which was largely spared of the destruction, its industrial capabilities could be used as a supply base for the entire Allied effort. In the current scenario, there is no war to create demand. On top of it, the COVID-19 pandemic has resulted in demand destruction. This is because many jobs have been lost, and even where jobs were retained, there have been pay cuts. Both of these trends were confirmed in the Centre for Monitoring Indian Economy and other surveys. The only bright spot in this dismal scenario is that the western world has spent a lot of money stimulating the economy. From the point of view of the Indian exporter, rising freight costs and non-availability of containers is a significant impediment along with structural issues such as a strong rupee relative to major

competitors. Only the Indian IT sector is placed well to capitalise on rising demand in the world markets.

Next is inflation. India is suffering from stagnant growth to low growth in the last two quarters. At best, any growth in the current quarter will be illusory because it comes on top of substantial negative growth in the first quarter of last year, perpetuating a statistical phenomenon known as the "low base effect". The base effect states that when measuring YoY, or year-over-year growth, we take the previous year's numbers as the base and measure the growth as a percentage. As in the low initial base set by last year, almost any growth this year is seen as a significant growth percentage. In comparison, the absolute growth figure is negligible. This scenario is eerily similar to the early 1970s in the United Kingdom and the United States, where low growth was combined with rising inflation.

### Causes in India

Inflation in India is being imported through a combination of high commodity prices and high asset price inflation caused by ultra-loose monetary policy followed across the globe. Foreign portfolio investors have directed a portion of the liquidity towards our markets. Compared to a developed capital market such as that of the U.S., India has a relatively low market capitalisation. It, therefore, cannot absorb the enormous capital inflow without asset prices inflating. This might be seen as a welcome move, but it is to be noted that most of India's population do not own equity or bonds, which means that they cannot cash in on asset inflation. The



wealthy upper class gets richer due to access to financial assets. The middle and lower-middle-class get destitute due to regressive indirect taxes and high inflation, with their wealth eroding due to said inflation. Especially in the case of the lower middle class, inflation is lethal as they do not have access to any hard assets, including the most fundamental hard asset, gold.

### Fuel prices

Additionally, supply chain bottlenecks have contributed to the inflation we see in India today. Essential goods have increased in cost due to scarce supply because of these bottlenecks caused by COVID-19 and its reactionary measures enforced. India's usurious taxation policy on fuel has made things worse. Rising fuel prices percolate into the economy by increasing costs for transport. Furthermore, the increase in fuel prices will also lead to a rise in wages demanded as the monthly expense of the general public increases. This leads to the dangerous cycle of inflation and depleting growth.

The Reserve Bank of India (RBI) has chosen to look the other way, claiming that this inflation is transitory in nature while inflationary expenses are entrenched. Inflation is here to stay because the RBI

is infusing massive liquidity into the system by following an expansionary monetary policy through the G-SAP, or Government Securities Acquisition Programme. This is designed to keep the interest rates of government bonds at 6.0% and thereabouts. An added threat of rising rates is the crowding out of the private sector, which corporates are threatening to do by deleveraging their balance sheets and not investing.

The third is interest rates. The only solution for any central banker once he realises that inflation is entrenched is tightening liquidity and further pushing the cost of money. If this does not dampen inflation, repo rates will need to go up later this year or early next year. Tightening the money supply is a painful act that will threaten to decimate what is left of our economy. Rising interest rates lead to a decrease in aggregate demand in a country, which affects the GDP. There is less spending by consumers and investments by corporates.

### On NPAs

Finally, rising non performing assets, or NPAs. Rising interest rates, lack of liquidity, and offering credit to leveraged companies instead of direct subsidies to support small and medium-sized enterprises (SMEs) and micro, small and medium enterprises (MSMEs) to counter the COVID-19 pandemic and its effects will result in NPAs of public sector banks climbing faster. Our small and medium scale sector is facing a Minsky moment. The Minsky moment, coined by the economist Hyman Minsky, states that every credit cycle has three distinct stages. The first stage is that of cautious lending

and risk aversion by the bankers. The second stage is lending to trustworthy debtors who can pay the principal and its interest. The third stage is a state of euphoria caused by rising asset prices where bankers lend to debtors regardless of their ability to pay back interest, let alone the principal.

### Minsky moment

The Minsky moment marks the decline of asset prices, causing mass panic and the inability of debtors to pay their interest and principal. India has reached its Minsky moment. This means that the public sector unit and several other banks will need capital in copious amounts to make up for bad debt. Several banks and financial institutions have collapsed in the last 18 months in India. The Union government's Budget is in no position to infuse large amounts of capital. At best, we can expect a piecemeal effort as in the past seven years. As a result of the above causes, credit growth is at a multi-year low of 5.6%. Banks do not want to risk any more loans on their books. This will further dampen demand for real estate and automobiles once the pent-up demand is over. The Indian economy is in a vicious cycle of low growth and higher inflation unless policy action ensures higher demand and growth. In the absence of policy interventions, India will continue on the path of a K-shaped recovery where large corporates with low debt will prosper at the cost of small and medium sectors. This means lower employment as most of the jobs are created by the latter.

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### Border tensions

The muddling match between Assam and Mizoram militates against the interests of the States concerned as, after all, it is not the Line of Actual Control (Page 1, "Assam CM wants neutral probe into border clash", August 1). Rather than sink their differences in the larger interest of citizens, leaders on both sides appear to be eager to keep the border

cauldron simmering. Both leaders ought not to view the situation from the prism of Assam versus Mizoram but keep in mind that they need to show more allegiance towards the country. Their puerile actions are doing a great disservice to the nation.

DEEPAK SINGHAL,  
Noida, Uttar Pradesh

■ What has transpired along the Assam-Mizoram border is

nothing short of a national shame and is an unprecedented event in the history of independent India. Establishing peace in the North-east has been a hard-earned effort. After decades of insurgencies and political instability, the region has slowly begun to bury the ghosts of the past and adopt development as the new mantra and contribute to nation building. Issues such as

territorial disputes which can result in animosity among indigenous communities will only help derail all peace building efforts and hinder development in the region. Assam, as a responsible State, must play the bigger role in resolving the boundary disputes through consensus, compromises and confidence building.

HIMANGKA KAUSHIK,  
Guwahati, Assam

### Tokyo exit

It is unfortunate that Mary Kom's exit from the Tokyo Olympic Games ended on a sour note. Perhaps, that is what sports is all about — win some, lose some, but take the result in perspective. What was surprising was her presumption; there is a subtle difference between confidence and overconfidence.

BALASUBRAMANIAM PAVANI,  
Secunderabad

■ Novak Djokovic's behaviour during his bronze medal match loss in the Olympics has left even his die-hard admirers of his playing skills in shame. One cannot keep winning continuously. Remaining graceful even when things do not pan out as expected is a key part of one's celebrity status.

V. LAKSHMANAN,  
Tirupur, Tamil Nadu

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