

Short Edit

Dear Reader,

Public Sector Banks (PSB's) have been in the news for all the wrong reasons over the past few months as some of the largest PSB's in the country reported significant Non-Performing Assets on their balance sheets. While the government had planned to address the issue of growing bad and restructured loans by diluting its stake in PSB's down to 52%, this plan seems to have been put on hold for the moment probably because the government believes that poor valuations will impact market response. Some analysts like CRISIL even believe that the NPA situation may actually be worse than is being reported and that the 5/25 scheme that the government announced last year may actually be covering up the reality about the level of stressed assets especially in industries like Steel and Power. These concerns, combined with RBI's advice, may have prompted the government to change its plans of dilution as the way forward and resulted in the recent announcement of a Rs. 70,000 cr capitalisation plan for state-run banks over the next four years. Our first Cover Story looks at the various aspects of the NPA issue and concludes that the government needs to examine the health of PSB's and respond to the underlying issues immediately instead of postponing tough decisions.

The second Cover Story in this issue looks at the contentious issue of State Intervention in Madrasa Education. Earlier last month the Maharashtra government set off a political storm when it announced that children studying in a religious institute which do not take government grants and do not follow formal school syllabus, will be considered 'uneducated' and 'out-of-school', if they do not study Math, Science and English. Opposition to this attempt to 'modernize' madrassas came from a spectrum of voices that included political parties and the Ullama's. While similar attempts to 'modernize' minority educational institutions have come up in the past, there are essentially two contradictory statutes/ legislations that are at the core of this debate – Article 30 (2) of the Constitution which states that the state cannot place conditions for the grant of aid to an educational institution on the grounds that it is under the management of a minority, whether based on religion or language, and the Right to Education which stipulates that a school is subject to an aid grant only if subjects like Maths, English and Science are taught. The Cover Story analyses this dilemma and concludes that the essentially syncretic nature of our society must be reflected in our approach to minority education and minority communities should be allowed to protect traditional educational institutions while adapting the same to the demands of a rapidly modernising society.

We hope you enjoy reading this issue of Policy Watch and look forward to hearing your views on some of the issues raised here.

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The Problem of Rising NPAs

Introduction

The business of banking essentially involves intermediation of certain activities. It involves acceptance of deposits and channeling these deposits in to lending activities. Since the deposits received from the depositors have to be repaid to them by the bank, they are known as banks' 'Liabilities' and as the loan given to the borrowers are to be received back from them, they are termed as banks' 'Assets', therefore assets are banks' loans and advances. (LARRDIS, 2014)

The banking system in India¹ consists of Commercial Banks and Cooperatives Banks of which the Commercial Banks account for more than 90 percent of the banking system's assets. Based on the ownership pattern, the Commercial Banks can be grouped into following three types:

- 1) State owned or Public Sector Banks (PSBs)- that is the State Bank of India and its subsidiaries and the nationalized banks (there are 26 PSBs functioning in the country as on 31.3.2014),
- 2) Private Banks under Indian ownership,
- 3) Foreign Banks operating in India

The PSBs dominated the banking business in the country. In 1990-91, they accounted for as much as 91 percent of the total assets, whereas Private Indian Banks and Foreign Banks accounted for 3 percent and 6 percent of total assets respectively. Even after entry of number of new Private Indian Banks in the mid 1990s, the Indian Banking Industry continued to be dominated by the PSBs. At the end of 2000-2001, PSBs accounted for a little under 80 percent of total assets, while Indian private and foreign banks accounted for about 12 percent and 8 percent share of total assets respectively. Whereas at the end of March 2013, the share of PSBs showed a declining trend and accounted for about 72.7 percent of the total assets in the Indian Banking Industry, while Indian private and foreign banks accounted for about 20.8 percent and 6.5 percent share of total assets respectively. (LARRDIS, 2014)

In the traditional banking business of lending financed by deposits from customers, Commercial Banks are faced with the risk of default by the borrower in the payment of either principal or interest. This risk in banking parlance is termed as 'Credit Risk' and accounts where payment of interest and /or repayment of principal is not forthcoming are treated as Non-Performing Assets (NPAs).

As per the Reserve Bank of India (RBI), an asset, including a leased asset, becomes non-Performing when it ceases to generate income for the bank. Existence of Non-Performing Assets is an integral part of banking and every bank has some Non-Performing Assets in its advance portfolio. *However, high levels of NPA are a cause of worry to any financial institution.*

Through the present cover story we would like to highlight the problem of rising NPAs in India. The following sections are organized in a way that would indicate the slowdown witnessed in the banking business in last one year.

Financial Institutions: Soundness

During the year ended March 2015, the banking business slowed down with a decline in both deposit and credit growth. The ratio of gross non-performing advances (GNPAs) of scheduled commercial banks (SCBs) marginally increased between September 2014 and March 2015. Though, the data on GNPA is showing a rising trend since last few years, bank NPAs have gone through the roof – up 36 percent from Rs 1,83,854 crore in 2012-13 to Rs 2,45,809 crore in 2013-14. GNPA ratio has increased from 3.42 percent in 2012-13 to 4.03 percent in 2013-14 (DailyO, 2015). Further, as per the data released by RBI, GNPA ratio has seen a rise from 4.1 percent in March 2014 to 4.45 percent as on March 2015, indicating the worsening condition of banking sector asset quality (Business Standard, 2015).

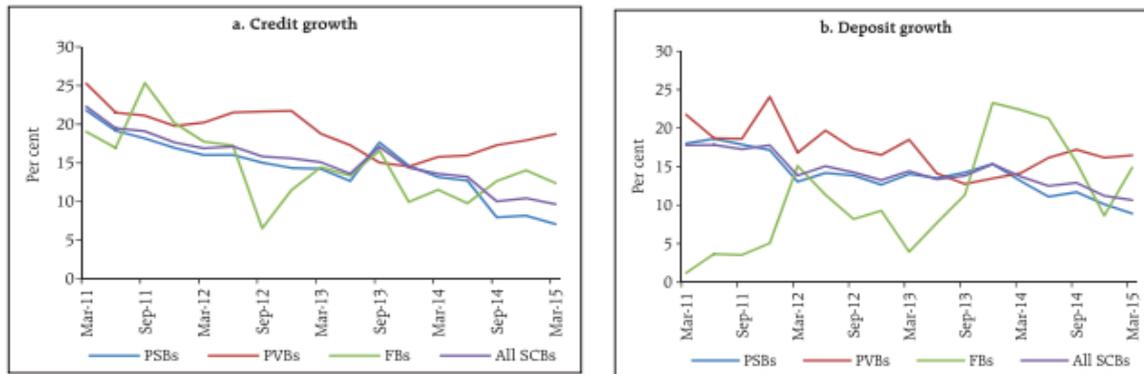
¹ The mandate of the Department of Financial Services, Ministry of Finance covers the functioning of Banks, Financial Institutions, Insurance Companies and the National Pension System in India.

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The restructured standard advances also increased during the period. The capital to risk-weighted assets ratio (CRAR) of SCBs registered some improvement during this half-year. Public sector banks continued to record the lowest CRAR among the bank groups.

Credit growth, on a year-on-year basis, declined to 9.7 per cent from 10.0 per cent and deposits growth declined to 10.7 per cent from 12.9 per cent between September 2014 and March 2015. Within this broader trend, growth of the banking sector slowed largely reflecting the subdued performance of public sector banks (PSBs). Credit growth in PSBs declined to 7.1 per cent in March 2015 from 8.0 per cent in September 2014, whereas, private sector banks' (PVBs) credit growth improved to 18.7 per cent from 17.3 per cent during the same period (See Figure 1)

Figure 1: Credit and Deposit growth on year-on-year basis

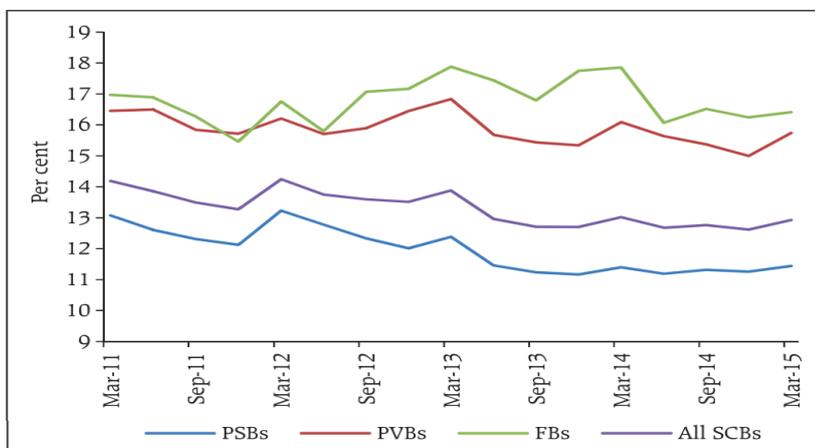


Source: Reserve Bank of India, GoI

Measurers for Soundness

Capital Adequacy: The capital to risk-weighted assets ratio (CRAR)² of SCBs at the system level improved marginally to 12.9 per cent from 12.8 per cent between September 2014 and March 2015. PSBs continued to record the lowest CRAR among the bank-groups. The decline in their soundness (measured in terms of CRAR) by 1.8 percentage points between March 2011 and March 2015 was the maximum, followed by foreign banks (FBs) at 1.5 percentage points and PVBs at 1.1 percentage points (See Figure2).

Figure 2: Capital Adequacy- CRAR for banks



Source: Reserve Bank of India, GoI

² Capital Adequacy Ratio (CAR), also known as Capital to Risk (Weighted) Assets Ratio (CRAR), is the ratio of a bank's capital to its risk. National regulators track a bank's CAR to ensure that it can absorb a reasonable amount of loss and complies with statutory Capital requirements.

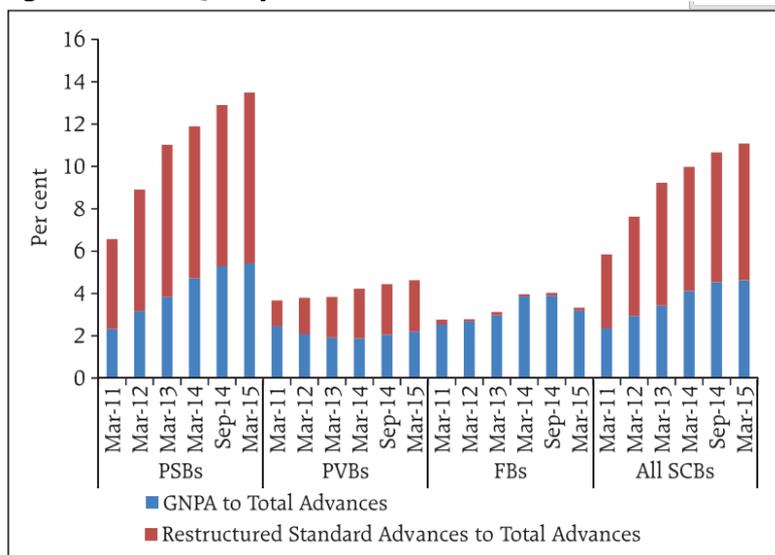
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Asset Quality

The gross non-performing advances (GNPAs) of SCBs as percentage of gross advances increased to 4.6 per cent from 4.5 per cent between September 2014 and March 2015. The restructured standard advances during the period also increased, pushing up the SCBs' stressed advances to 11.1 per cent of the total advances from 10.7 per cent. PSBs recorded the highest level of stressed assets at 13.5 per cent of total advances as of March 2015, compared to 4.6 per cent in the case of PVBs (See Figure 3).

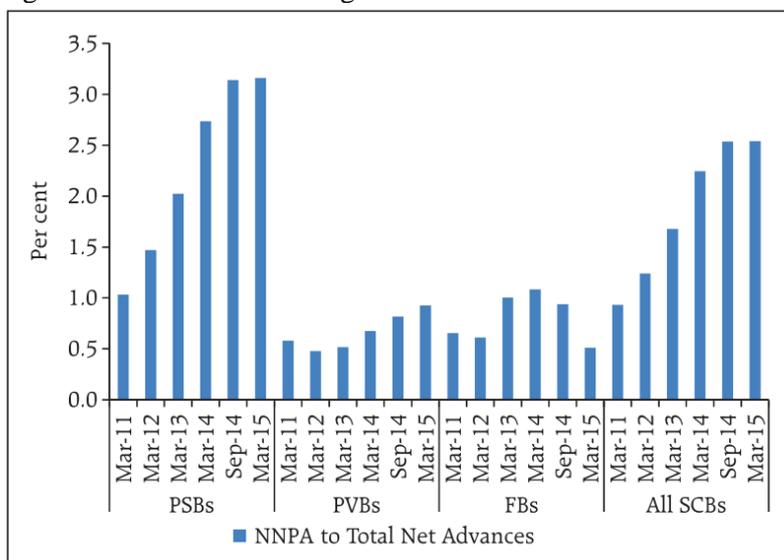
The net non-performing advances (NNPAs) as a percentage of the total net advances for all SCBs remained unchanged at 2.5 per cent during September 2014 and March 2015. At bank group level, NNPA ratio of PSBs increased from 3.1 per cent to 3.2 per cent and in the case of PVBs, it increased from 0.8 per cent to 0.9 per cent (See Figure 4).

Figure 3: Asset Quality of Scheduled Commercial Banks



Source: Reserve Bank of India, GoI

Figure 4: Net Non Performing Advances of Scheduled Commercial Banks



Source: Reserve Bank of India, GoI

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Sector- wise Contribution to Advances

The asset quality of Public Sector Banks (PSBs) deteriorated in comparison to private sector banks as big ticket corporate loans form a larger share of the credit portfolio of PSBs. The five sectors — infrastructure, steel, textiles, aviation, and mining — where PSBs have large exposure, have contributed to the big rise in NPAs, as PSBs dominate the Indian banking sector (Business Line, 2015).

Five sub-sectors, namely, mining, iron & steel, textiles, infrastructure and aviation, which together constituted 24.8 per cent of the total advances of SCBs, had a much larger share of 51.1 per cent in the total stressed advances. Among these five sectors, infrastructure and iron & steel had a significant contribution in total stressed advances accounting for nearly 40 per cent of the total. Among the bank groups, PSBs, which had the maximum exposure to these five sub-sectors, had the highest stressed advances (See Table 1).

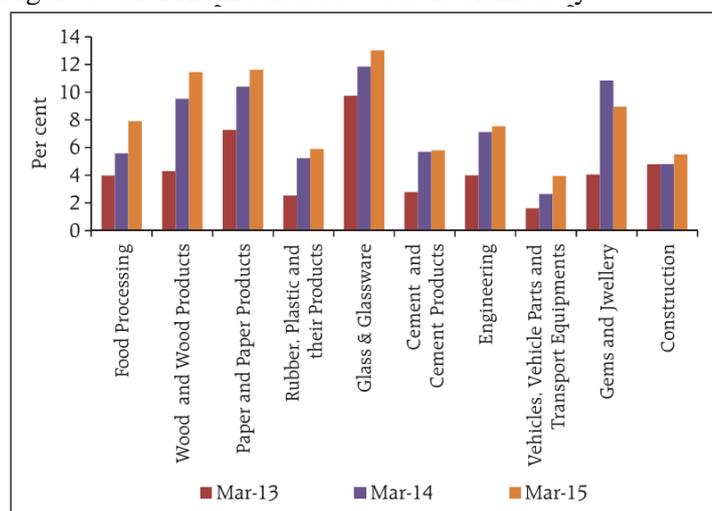
Table 1: Contribution of stressed sectors to the advances as well as stressed advances: December 2014 (in %)

	Public sector Banks		Private Sector Banks		Foreign Banks		All Scheduled Commercial Banks	
	Share in Advances	Share in stressed advances	Share in Advances	Share in stressed advances	Share in Advances	Share in stressed advances	Share in Advances	Share in stressed advances
Mining	1.7	1.4	0.4	1.1	0.4	0.3	1.3	1.4
Iron & Steel	5.2	10.5	2.5	7.9	2.7	3.6	4.5	10.2
Textile	3.9	7.5	2.4	6.4	1.2	3.4	3.4	7.3
Infrastructure	17.6	30.9	8.4	18.2	6.4	32.8	15	29.8
Aviation	0.6	2.7	0.1	0.4	0.6	0	0.5	2.4
Total of 5 sectors	29	53.1	13.9	34.1	11.3	40	24.8	51.1

Source: Reserve Bank of India, GoI

Apart from these five stressed sub-sectors, there were some other sub-sectors of industry, like food processing, engineering, vehicles, wood, paper, glass and glassware, construction, amongst others, which showed a high and rising level of GNPA (See Figure 5). Among these sub-sectors, food processing, engineering, vehicles and construction had more than one per cent share each in SCBs' total advances.

Figure 5: GNPA in select sub-sectors of industry



Source: Reserve Bank of India, GoI

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NPA ratios of various banks showed a sharp increase over the year. The country's second largest public sector bank, PNB, saw its NPA ratio rise to 4.06 percent of assets from 2.85 percent (Business Line, 2015). Gross NPA ratio of India's largest PSB, State Bank of India (SBI), still stands at the highest level of 4.25 percent of assets in 2014-15 (CNBC, DNA, 2015).

Indian Overseas Bank fared worse with its NPA ratio rising from 3.2 percent to 5.68 percent. Others including UCO Bank, Union Bank and Indian Bank saw varying degrees of increase in NPAs. In the private sector banking space, the gross NPA ratio is 3.78 percent for ICICI Bank for 2014-15, against 3.03 percent in the previous year. Federal Bank has an NPA of 2.04 percent in 2014-15 as against 2.46 percent in 2013-14, Lakshmi Vilas Bank 2.75 percent in 2014-15 as against 4.19 percent in 2013-14 and Karur Vysya Bank has an NPA of 1.85 percent in 2014-15 as against 0.82 percent in 2013-14 (Business Line, 2015).

These rising bad loans, have taken a toll on profitability of lenders, with several banks including Bank of Baroda, Dena Bank, OBC and Kotak Mahindra Bank reporting a drop in net profit for the quarter ended June 2015. Earlier last week, PSBs such as Punjab National Bank, Union Bank of India and Syndicate Bank had reported lower net profits due to a surge in bad loans (dna, 2015).

Conclusion

The performance of SCBs in terms of growth in business has moderated further during the period September 2014-March 2015. Furthermore, the stressed advances have shown a rising trend. The capital to risk-weighted assets ratio (CRAR) improved marginally. The public sector banks (PSBs) continued to record the lowest CRAR among the bank-groups. Profitability at least in the quarter ended June 2015 has also witnessed a drop in net profit of many PSBs. All these together clearly indicate that there is cause for concern around the continuing weakness in asset quality and profitability.

While the Finance Minister (FM), Arun Jaitley has announced that the government will infuse capital in public sector banks in the next three to six months. FM has earmarked Rs 7,940 crore in the Budget for recapitalisation of public sector banks (PSBs) during the current financial year (Business Standard, 2015). The RBI governor, Raghuram Rajan said "I don't think anybody needs capital immediately" (The Wire, 2015).

Further to add to the problem, 'Defaulters have compromised the domestic banking system, but rather than highlight this fact, a set of vested interests is pushing for privatisation (reducing public stake to 33 per cent) and capitalisation as alternatives to debt recovery. Further, government pressure to reduce interest rates appears intended to weaken the public sector banking system and pave the way for privatisation' (The Wire, 2015).

In the light of these concerns around the 'not so adequate' performance of banking sector in India, government intervention becomes really significant. Though the government has taken a decision to allow PSBs to raise capital from market through Follow-on Public Offer (FPO) or Qualified Institutional Placement (QIP) and in the process bringing down the government's shareholding upto 52%, so as to decrease bank's reliance on government infusion (Unstarred Question No. 857, Lok Sabha, 2015), the problem of rising bad loans and rising NPAs remains intact.

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Should the State Intervene in Madrasa Education?

When the Department of Minority Affairs of the Maharashtra Government decided to classify students studying in some madrasas of the state as “out of school”, there was a considerable amount of anger over whether this was the right way to treat students in these educational institutions. Different sections of the BJP-led government in the state then defended this move by pointing out that this categorization was only for the purpose of identifying the madrasas in the state that do not teach Mathematics, Science and English as subjects in their curriculum (Johari, 2015). The children studying in this category of madrasas would be considered “out of school” whereas those studying in madrasas teaching the above mentioned subjects would be recognized as school going students. At an immediate procedural level, the Ministry’s purpose behind making this distinction was to encourage madrasas to apply for grants under the state’s Dr. Zakir Husain Madrasa Modernisation Scheme for reforming madrasa education (Ibid). This scheme was introduced by the Congress led government in 2013. According to this scheme, Madrasas that include Mathematics, Science and English as core subjects within their curriculum are eligible for grants from the state.

The opposition to the “out of school” categorization came from a range of actors within the public domain: political leaders, academics, the Ulema and Muslim community leaders. Their opposition was centred on two related questions: Must the state intervene in the running of minority educational institutions? If yes, how should this intervention be made?

These questions are not new questions in the Indian political domain, especially when it comes to Madrasa education. In 2004, Kapil Sibal, the then Human Resource Development Minister of India, proposed a Madrasa Modernisation Scheme for the inclusion of ‘modern subjects’ like science, mathematics and English, side by side with theological studies in the curriculum of madrasas. According to this scheme, this inclusion could be made by centralizing the management of different Islamic seminaries spread across India through a Central Madrasa Board (Singh, 2009). But there was opposition to this move at that point of time too. The opposition largely came from the Ulema, especially Ulema from Deoband, home to India’s largest madrasa, Dar ul Uloom, and the Jamiat Nadwatul Ulama, Lucknow. Fifteen Muslim MP’s of the Congress were opposed to this scheme as well. The proposed schemes did not materialize because of the arguments given by these groups.

Collectively, these groups formulate their resistance to state intervention in madrasa education around three major arguments: first, they stress on the (rightly held) idea of the sheer depth and vastness of Islam, not just a religious doctrine but a social and political doctrine with its own set of values, norms, customs and procedures for how a society ought to be run. When big madrasas like the Dar ul Uloom at Deoband were initially formed in the late 1800s, their curriculum was planned with the intent of countering the dominance of British philosophical doctrines and customs that colonial rule was imposing on India (Metcalf, 2004). The scholars at the Dal ul Uloom debated and critiqued various Islamic political and social tenets, at the same time responding constantly to the challenges that colonial modernity placed on these norms (Zaman, 2012). Unlike the commonly accepted argument that these norms have died out in today’s modern world, many Ulema would justifiably argue that they continue to remain relevant to the Islamic community the world over, including the Islamic community in India. Moreover, they provide an alternative worldview that has been developed within the context of India’s syncretic traditions far preceding colonial influence in India. Therefore, there is much need to study these norms instead of being subsumed by the dominance of “western” values that emerged and developed in societies very different from India.

When the state attempts to intervene in Madrasa education, it does so by presuming that the teaching in madrasas is of a purely theological nature while the curriculum in these institutions deal with important topics of political and economic nature through the perspective of the Islamic schools of law or *fiqh*. The debates studied here are, therefore, not of a purely theological nature but relevant to an Islamic worldview on contemporary happenings in the world.

Second, government intervention in Madrasa education would also dilute the theological nature of madrasas. Given the number of subjects students already study in Madrasas including Urdu and Muslim theology, introducing mathematics,

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science and English might undermine the attention that students could pay to the subjects hitherto taught in these educational institutions. This argument is not just blatantly made disregarding the fact that students ought to be exposed to a wide variety of subjects but a more complex argument over the pedagogy of these institutions: Madrasas have always been educational institutions that have emerged and developed within the context they are located in. The theological debates that the madrasas indulge in are shaped by local customs and norms, giving each madrasa a distinctive character. In this way, a deep heterogeneity exists in the interpretation of Islam across madrasas in the country, allowing for healthy debate and internal criticism over the tenets of the doctrine. It also ensures that theological knowledge is not uncritically accepted but respectfully assessed for its importance to the local contexts in which children grow up. A Central Board for Madrasa education that determines which subjects ought to be taught would be an imposition from above, affecting the attention that madrasas can pay to theological education emerging from their contexts.

Third, there is a fear that the Central Madrasa board would work as attached and subordinate to offices of the government itself. This would lead to a great control of the government in determining what madrasas should teach and how they ought to function. Syllabi for madrasas might be dominated by politically motivated content and given the experience of State Madrasa Boards, corruption and nepotism will prevail in a Central Madrasa Board too, if it were to be formed. Further, it would lead to the control of a one hundred and fifty year system of education in the hands of a few elite members of the community, who in the name of up gradation of madrasas might transform into a regulatory and controlling institution (Shahabuddin, 2001).

These arguments continue to be relevant in today's context as well. However, they are largely directed at government intervention in madrasa syllabi and functioning rather than adapting madrasas to changing times. There seems to be widespread consensus among the Muslim community that madrasas need to be "reformed" or that their syllabi needs to be broadened to include basic Mathematics, Science and English. In many big madrasas these changes have already been made. Most of the students belonging to these madrasas are eligible for admissions in many central universities in India including universities like Jawaharlal Nehru University and Jamia Millia Islamia. But these madrasas are not always dependent on government funding for their survival. Most of them function through community donations or *zakat*. This allows them to make a case against government intervention. Conversely, the government cannot determine what is taught in these madrasas.

But there are also many small madrasas in the country that are located in and cater to the poorest within the Muslim community. In some states, including Maharashtra, these madrasas receive funding from the state only on the condition that they teach subjects like Mathematics, Science, etc. In states like Bihar and West Bengal, both of which have State Madrasa Boards, madrasas have undergone extensive reforms through external interventions of governments, allowing them to cater not just to Muslim students but to students belonging to other communities as well. In these Madrasas, students of all communities learn various mainstream subjects like Maths, Science, English and also learn Islamic thought and Arabic up till the secondary level. Beyond that students are free to choose between higher theological studies within the madrasa or an education of a secular nature elsewhere. Many argue that these kind of reforms have hugely benefited madrasas. As educational institutions located in diverse localities with different communities interacting and living with one another, they are able to teach both secular and Islamic tenets to a large number of students. The inclusion of some subjects like English and Science has given students of these institutions a much wider range of options for their future career paths that was hitherto unavailable to them. They have equipped their students more suitably for the demanding requirements of India's job market that requires a minimum understanding of these subjects. These madrasas have also benefited from increased teacher's salaries funded by the state allowing them to provide better incentives for people to come and teach in these educational institutions. Most importantly, they have thrived with these reforms, albeit in a reformed manner, consolidating their presence as educational institutions instead of fighting for their survival without any funds (Bag, 2014). However, all of this has occurred only because these madrasas accepted the conditions of reform that the state placed on them in order to be eligible for funds. Even if the state is to intervene in madrasa functioning, then should it be allowed to place conditions on educational institutions of minority communities?

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Let us turn to a foundational principle in the Indian Constitution to answer this question. Article 30 (1) of the Constitution of India lays down that all minorities shall have the right to establish and administer educational institutions of their choice. Section 30(2) states that the state shall not, in granting aid to educational institutions, discriminate against any educational institution on the ground that it is under the management of a minority, whether based on religion or language.

Is the state discriminating against a madrasa when it places conditions for the grant of aid? Can it place conditions once it offers aid to minority educational institutions? If one were to look at only Article 30 of the Constitution, then we could argue that the state cannot place conditions for the grant of aid (Godbole, 2001). However, the Right to Education stipulates that a school is subject to an aid grant only under the condition of particular subjects like Maths, English and Science being taught. Here we have two cases of foundational constitutional principles guiding us in different directions when we have to take a specific position on this issue. How is public reason to deal with this dilemma?

One option that we can definitely rule out is the approach that the Department of Minority Affairs of Maharashtra took up. Madrasas cannot be blackmailed into accepting state designed reforms with threats of labelling their students as “out of school”. The decision to avail of government funding should be made by the community running the madrasa itself and not based on a diktat by the state. There have been many suggestions of how the government must proceed with intervening in Madrasas such as funding teachers camps for madrasa teachers training them how to teach disciplines like maths and science, over and above granting aids to these educational institutions. These suggestions have emerged from within the Muslim community and need to be taken seriously because they are more emergent demands (demands coming from within the community itself) for reform than the one’s implemented externally by the government from above.

When India was in the throes of partition, many Muslim leaders within the Congress like Maulana Azad and leaders from the *Jamiat-al-Ulema-i-Hind*, mostly consisting of ulema from Deoband argued that India had been home to the Islamic community, allowing it to exist and thrive the way it wanted to for close to a millennia without changing the way the community wanted to perceive itself (Kashmiri, 1927). There was no reason for them to think of a homeland anywhere else because an Islamic worldview was as much at home in India than in a Muslim dominated country. Today when the community wants to protect traditional educational institutions while adapting the same to the demands of a rapidly modernized and industrialized society, the idea that India is a society that can accommodate diverse worldviews and doctrines rather than homogenizing all to suit one kind of market-driven society is what must guide state interventions into madrasas.

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Headlines

Centre Returns Controversial Gujarat Bill

(Vijaita Singh, *The Hindu*, July 29, 2015)

The controversial Gujarat Control of Terrorism and Organised Crime (GCTOC) Bill, 2015, has been sent back to the State following an objection by the Information Technology (IT) Ministry. The Home Affairs Ministry, which sent the Bill for an inter-ministerial consultation, returned it with the objections raised by the IT Ministry.

Read more: <http://www.thehindu.com/news/national/other-states/centre-returns-controversial-gujarat-bill/article7475099.ece?homepage=true>

Date Accessed: 29.07.2015

Narendra Modi's \$200 Billion Dilemma: Cheap Power or Clean Energy?

(*Livemint*, July 30, 2015)

As retailers rack up more than 2.5 trillion losses as they are forced to sell electricity below cost, Narendra Modi's push towards a \$200 billion expansion in clean energy looks bleak. For the cash-starved state electricity distributors, transitioning to renewable energy sources like solar and wind energy over the much cheaper coal will remain a difficult proposition. Looking at the bleak prospect of delayed payments, states like Uttar Pradesh, Rajasthan, Tamil Nadu and Andhra Pradesh, which form a significant chunk of India's solar goals, are already reeling under massive losses.

Read: more: http://www.livemint.com/Industry/ruDZWj8xWTPJYCdVqSEyFO/Narendra-Modis-200-billion-dilemma-Cheap-power-or-clean-e.html#nav=latest_news

Date Accessed: 30.07.15

Economy

Table 1: General Inflation Rates in Indian States: June 2015 (%)

States	Rural	Urban	General
All India	6.25	4.76	5.40
Northern Region			
Jammu & Kashmir	8.38	4.22	6.71
Himachal Pradesh	11.49	3.66	9.51
Punjab	9.29	6.70	8.07
Chandigarh	16.05	0.27	1.03
Uttarakhand	5.18	4.13	6.35
Haryana	7.57	6.69	7.88
Delhi	9.22	5.52	8.40
Uttar Pradesh	4.23	3.94	6.58
Western Region			
Rajasthan	7.23	7.30	5.02
Gujarat	4.64	5.36	5.03
Maharashtra	8.63	4.74	6.25
Goa	6.56	8.91	7.29
Lakshadweep	17.17	4.85	10.99
Daman & Diu	17.83	10.47	14.45
Dadra Nagar & Haveli	21.50	7.69	15.19
Central Region			
Madhya Pradesh	5.60	5.89	5.56
Chattisgarh	12.58	4.64	9.17
Southern Region			
Andhra Pradesh	10.12	6.34	8.39
Karnataka	8.76	3.73	6.13
Kerala	6.58	3.53	5.34
Tamil Nadu	5.64	4.99	5.44
Puducherry	17.55	9.06	11.74
Andaman & Nicobar Island	10.63	2.76	6.67
Northeastern Region			
Arunachal Pradesh	6.60		
Assam	5.31	2.62	4.23
Manipur	20.95	5.88	15.17
Meghalaya	-3.54	6.59	-2.29
Mizoram	3.91	2.83	3.05
Nagaland	12.54	5.46	9.34
Tripura	8.46	6.47	7.48
Sikkim	9.94	1.87	8.66
Eastern Region			
Bihar	4.88	3.31	-0.10
Jharkhand	5.38	3.49	4.24
West Bengal	0.04	3.48	1.41
Odisha	9.46	2.75	7.13

- Source: State-wise monthly inflation rates are estimated from year on year Consumer Price Index (CPI) data of MOSPI.
- There is one month time lag in CPI data (From the month February 2015 onwards the New Series is introduced with base 2012=100) provided by MOSPI, Government of India.
- The 2014 June data at state-level with base 2010 is here converted to new base 2012 with linking factors of MOSPI 1.22, 1.20 and 1.21 for rural, urban and combined respectively.

Economy

A Code too Soon

(The Indian Express, July 30, 2015)

The debate over the draft Indian Financial Code has once again brought to the centre-stage the tussle between the government and the Reserve Bank of India, over who has greater control over the monetary policy. In a sharp contrast to the experience of other countries, the proposed Indian Monetary Policy Committee may have more external members appointed by the government thereby increasing the latter's say. This needs to be contested, along with giving due recognition to the RBI's role in banking regulation, systemic risk regulation, capital controls, public debt management and derivatives and money markets. While the draft report has come a long way from the FSLRC report, more needs to be done.

Read more: <http://indianexpress.com/article/opinion/columns/a-code-too-soon/>

Date Accessed: 30.07.15

Governance and Development

POLITICS AND GOVERNANCE

Land-An Urban Theme

(The UN Habitat, July 28, 2015)

Land poses a major issue in the urbanization process in both developed and developing countries. On one hand, lack of land policies and clear regulations lead to uncoordinated city growth and the upsurge of informal settlements, while on the other hand, excessive regulations such as strict zoning – the organization of urban space in exclusive residential, commercial, or industrial areas – can result in urban sprawl and horizontal, low density expansion of urban spaces. Both situations inhibit the development of smart cities.

Read more: <http://unhabitat.org/urban-themes/land/>

Date Accessed: 28.7.2015

Rules for Adoption Simplified

(Deccan Herald, July 29, 2015)

The Centre has simplified the rules for adoption of children, with the process now being completely e-governed and through a centralised database, adoption outside which is strictly prohibited.

Read more: <http://www.deccanherald.com/content/492090/rules-adoption-simplified.html>

Date Accessed: 29.07.2015

DEVELOPMENT

Land Issues a Barrier for Global Steel Giants in India: Report

(The Statesman, July 29, 2015)

Both ArcelorMittal, the world's largest steelmaker, and POSCO, the South Korean giant have not been able to take off their ambitious \$12 billion projects each in Jharkhand and Odisha despite over a decade of initial pacts with state governments, largely due to land issues, an Ernst & Young report said on Tuesday.

Read More: <http://www.thestatesman.com/news/india/land-issues-a-barrier-for-global-steel-giants-in-india-report/78643.html#HKCHPrG721yKFToh.99>

Date Accessed: 29.07.2015

GOVERNMENT

Govt to Withhold Increment of PDD Officials till Agreements Get Revised

(Abdul Majid ,Early Times Report, July 28, 2015)

People of J&K, who are waiting for some 'Achhe din', will have to pay through the nose for electricity, as the PDP-BJP government has decided to increase the tariff by 300%. The Power Development Department (PDD) officials have been directed to meet the targets, and till then their annual increments would be withheld. Officials said the domestic consumers of Jammu-around 6.5 lakh connections-on an average pay Rs 280 as monthly fee. But to meet the Rs 2,000 crore target kept for Jammu, every consumer will have to pay around Rs 1000 monthly.

<http://earlytimesnews.com/newsdet.aspx?q=155282>

Date Accessed: 29.07.2015

Governance and Development

Odisha Fumes over Centre's nod to AP for Indira Sagar Polavaram Dam Project

(Meera Mohanty, *ET Bureau*, July 29, 2015)

Odisha has reacted strongly to a media report that said the Centre has decided to allow Andhra Pradesh resume work on the Indira Sagar Polavaram dam project on Godavari River.

The dam is to irrigate 300,000 hectares and generate 960 MW of power for AP and the backwaters of it will submerge at least eight villages in Odisha and four in Chhattisgarh. The two states have objected to the clearances granted to the dam, declared a national project, and have petitioned the Supreme Court.

Read more:

http://economictimes.indiatimes.com/articleshow/48261845.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Date Accessed: 29.07.2015

Government Fails to Fulfill Promises Made to Parliament

(Rakesh Dubbudu, *Sify*, July 28, 2015)

It's not just promises made to citizens, the Centre has failed to implement assurances made to the Parliament as well, according to data compiled by Factly.in, a data-journalism portal. Is India prepared to face these challenges? More than 80% of the assurances made during the 16th (and current) Lok Sabha are pending, while this number stands at 30% for the 15th Lok Sabha, Factly.in reports. About 13% of the assurances made in the Rajya Sabha are still pending.

Read more:

<http://www.sify.com/news/government-fails-to-fulfill-promises-made-to-parliament-news-politics-ph2n9Njdajbdf.html>

Date Accessed: 29.07.2015

Niti Aayog Makes Blueprint for Modi Scheme

(Animesh Singh, *The Asian Age*, July 28, 2015)

Striving to embellish the entrepreneurial infrastructure of the country, a 15-member expert committee set up by the Niti Aayog, under the chairmanship of Professor Tarun Khanna of Harvard University, has prepared a blueprint for providing a platform for promoting collaboration opportunities for stakeholders under the Atal Innovation Mission Scheme. Under the AIM, the government plans to promote a network of world class innovation hubs within the country which will ensure ease of doing business.

Read more: <http://www.asianage.com/india/niti-aayog-makes-blueprint-modi-scheme-336>

Date Accessed: 28.07.2015

EDUCATION

Teachers are Still Using the Stick in Indian Schools

(*Scroll*, July 30, 2015)

Corporal punishment in schools is a grim reality of education in India. The physical punishment has emerged as a norm in schools across the country. A 2007 report by the Ministry of Women and Child Development said that two out of three children are physically abused in India with boys (73%) only slightly more likely to face it than girls (65%).

Read more: <http://scroll.in/article/744492/corporal-punishment-is-still-rampant-in-indian-schools-and-parents-arent-doing-anything-to-stop-it>

Date Accessed: 31.07.2015

Governance and Development

HEALTH

Don't Allow the Indian Medical Association to Tamper With School Textbook

(Sarada Gopalan and Others, *The Wire*, July 25, 2015)

Medical professionals write an open letter to express their concern over the Indian Medical Association's demand for remedial action against a textbook brought out by the National Council for Educational Research and Training on Social and Political Life for Grade 7. The point of contention is over the portrayal of the role of the government in health in this textbook.

Read more: <http://thewire.in/2015/07/25/dont-allow-the-indian-medical-association-to-tamper-with-school-textbook-7240/>

Date Accessed: 29.07.2015

ENVIRONMENT

Only 100 Tigers in Sunderbans

(*The Ahmedabad Mirror*, July, 28, 2015)

Bangladesh has only about 100 tigers living in the world's largest mangrove forest. Some 440 tigers were recorded during the previous census conducted in 2004 in the World Heritage-listed Sunderbans, one of the world's last remaining habitats for the big cats. But experts said better methodology was the reason for the huge drop in the numbers, saying hidden cameras used this time around, rather than pug marks, gave a much more accurate figure.

Read more: <http://www.ahmedabadmirror.com/news/world/Only-100-tigers-remain-in-BdeshsSunderbans/articleshow/48241697.cms>

Date Accessed: 28.7.2015

Watch What Happens When Tribal Women Manage India's Forests

(Manipadma Jena, *Inter Press Service*, July 28, 2015)

Droughts caused due to the deforestation and illegal logging across Odisha led many to leave their villages but now some village councils have been allocating need-based rights to families wishing to gather wood fuel, fodder or produce in the area under their jurisdiction according to the 2012 amendments to India's Forest Rights Act (FRA). Women have emerged as natural leaders in this community managed system.

Read more: <http://www.ipsnews.net/2015/04/watch-what-happens-when-tribal-women-manage-indias-forests/>

Date Accessed: 29.07.2015

AGRICULTURE

WTO Should not Label Support to Farmers as Subsidy,

(*Free Press Journal*, July 29, 2015)

Renowned agricultural scientist Prof. M S Swaminathan said that the World Trade Organization should not level support given to farmers in emerging economies as subsidy. He said, "It is wrong to designate the limited support given to farmers (in nations like India) as subsidy... It will be more appropriate to refer to the assistance as support to sustainable farming."

Read more: <http://www.freepressjournal.in/dont-label-support-as-subsidy-agri-scientist-tells-wto/>

Date Accessed: 31.07.2015

Governance and Development

LAW AND JUSTICE

Juvenile Justice Bill may go to Select Panel

(Ravish Tiwari, *ET Bureau*, July 29, 2015)

While the government has decided to not concede to opposition's disruptions in Parliament, it is amenable to their demand to refer the Juvenile Justice (Care and Protection of Children) Bill to the select committee of Rajya Sabha. Members of opposition parties in Rajya Sabha were learnt to have voiced their reservations against referral of the Bill during the business advisory committee meeting this week.

Read more:

http://economictimes.indiatimes.com/articleshow/48259769.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Date Accessed: 29.07.2015

SC Comes to Rescue of Minor Rape Victim Trying to Abort Foetus

(*Indian Awaaz*, July 29, 2015)

The Supreme Court Tuesday came to the rescue of a minor rape victim who was denied permission by the High Court to terminate her pregnancy, by ordering that the requisite surgery may be done if the gynaecologists and clinical psychologists permit it.

Read more: <http://theindianawaaz.com/other-top-stories/sc-comes-to-rescue-of-minor-rape-victim-trying-to-abort-foetus/>

Date Accessed: 29.07.2015

India and World

INDIA IN THE WORLD

The Modi Factor in Central Asia

(P. Stobdan, *Institute for Defence Studies and Analyses*, July 28, 2015)

Central Asians undeniably consider India to be a reliable, trustworthy and predictable partner. But at the same time they do not consider India to be a good performer. The Modi government seems to have realized that India's internal issues including Kashmir, energy security, connectivity and above all problems with Pakistan are linked to the larger balance of power game. They are interlinked and hence cannot be treated in isolation. Russia may be attempting to nudge both India and Pakistan towards cooperation, especially in terms of working on the energy pipeline.

Read more: http://www.idsa.in/issuebrief/TheModifactorinCentralAsia_pstobdan_240714.html

Date Accessed: 28.7.2015

US Wants to See Tension Reduce Between India, Pakistan

(*The Frontier Post*, July, 28, 2015)

John Kirby, Spokesman for US State Department, has stated that Washington wanted to see the conflict and the tension reduced between Pakistan and India. Kirby said he could not say anything on the role of Washington in resolving Pak-India conflict; however, there are some issues between the two neighbours that need to be worked out.

Read more: <http://www.thefrontierpost.com/article/321900/us-wants-to-see-tension-reduced-between-pakistan-india/>

Date Accessed: 28.7.2015

India's Niggling Iranian Factor

(Pranay Sharma, *Outlook India*, July 27, 2015)

The nuclear deal signed between Iran and 'P-5 plus one' countries on July 14 has led to a set of apprehensions and expectations from different parts of the globe. A section of Indians argue that since India was among the few countries — along with China and Russia — to meaningfully engage with Iran during its days of international isolation, it should find it easier to deepen and strengthen that cooperation further. Others in India, however, feel that the country has missed a golden opportunity to do so because of its ambivalence at a time when Iran was desperately seeking friends.

Read more: <http://www.asianage.com/india/niti-aayog-makes-blueprint-modi-scheme-336>

Date Accessed: 28.07.2015

AFRICA

Kids Flee as Food Program Halts in Tanzania

(*The Arusha Times*, July, 28, 2015)

Scores of students are running away from public schools in Arusha region after a school feeding programme was withdrawn by donors. The move is feared would affect development of the education sector, especially in areas inhabited by nomadic pastoralists where school attendance has been poor. The situation could worsen in the wake of the looming food crisis in the northern regions due to insufficient rains in the last farming season.

Read more: http://arushatimes.co.tz/front%20page_1.html

Date Accessed: 28.7.2015

OPINIONS/BOOKS

OPINIONS

Why Corporate Surveillance is More Dangerous Than the State's

(Eben Moglen and Mishi Choudhary, *Huffington Post India*, July 28, 2015)

The network of computers and connected devices that we call "the Internet" is taking over ever more crucial functions in our daily lives. As a result, our political and civil freedoms come to depend on the details of how that technology works. It is now feasible for the world's most powerful entities to conduct mass surveillance of a billion people – identifying patterns of contact and behaviour that they either want to encourage, or to suppress. But most of those entities aren't governments. A few dozen global corporations, including Google, Microsoft, Facebook, Amazon and Apple, Deutsche Telekom, Verizon, AT&T, Vodafone, and some Indian companies conduct more surveillance, collect and analyse more individual personal data than all but the most powerful governments.

Read more: http://www.huffingtonpost.in/eben-moglen/why-corporate-surveillance-b-7879094.html?utm_hp_ref=india

Date Accessed: 28.07.2015

The Courts of This Country Are on Trial, Not Teesta

(Indira Jaising, *Times of India*, July 25, 2015)

What we are witnessing is the power of the state and its terrorising arm, the CBI, to mount a raid on Teesta's home and office to prove that she misused foreign funds versus the power of the courts to hold power to account. Who will win this battle? It is the courts of this country that are on trial, not Teesta.

Read more: <http://timesofindia.indiatimes.com/home/sunday-times/all-that-matters/The-courts-of-this-country-are-on-trial-not-Teesta/articleshow/48219571.cms>

Date Accessed: 29.07.2015

BOOKS

'The End of Plenty'- Joel K. Bourne Jr.

(*The New York Times*, July, 28, 2015)

An 18th-century question matters for 21st-century foodies: "Are human beings perfectible?" If our species can improve itself, if we can learn to consume less, have fewer children and wean ourselves off meat, the planet might yet flourish. If not, the fear is that we'll breed and eat ourselves into extinction. Many have addressed this quandary, but Robert Malthus's ideas are the ones Joel Bourne puts at the heart of "The End of Plenty," his big book on the global food system.

Read more: http://www.nytimes.com/2015/07/26/books/review/the-end-of-plenty-by-joel-k-bourne-jr.html?emc=edit_bk_20150724&nl=books&nid=71538857&r=0

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