

Gist of EPW July Week 2, 2021

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1. March for Backwardness: The Marathas' Transition from Competition to Concession

Context

The article highlights the important aspects of the Reservation Demand by the Marathas. The article puts a perspective on the State Role and the apolitical-democratic fabrics of the Maratha protests.

Introduction

- There have been many interconnected developments regarding the reservation policy in India recently that occurred across the states in India as well as in Maharashtra.
- Across the states, several middle-order social/caste groups like the Jats, Gujjars, Patel, and Kapus have been agitating for reservation and demanding that they be included in the quota system across the states.
- The Marathas from Maharashtra have been another caste group that has come into the picture of agitational politics to assert a demand for reservation in public employment and educational institutions.

Highlights of Maratha Assertion

- The Marathas have shifted their stance agitating for reservation for themselves but at one point in time, they were against the very idea of reservation.
- In the past, the Marathas were against reservation and suggested recruitment through open competition rather than reservation.
- The intensification of agitation from the last three years makes it necessary to elaborate on the socio-economic and educational conditions of the Marathas in Maharashtra.
- The established political leadership from the state was kept out of the agitation which makes the Maratha Case seemingly apolitical and different in nature.

Historical Trajectory

- The committees and commissions instituted from time to time by the union and the state government to study socio-economic and educational backwardness of the castes other than the Scheduled Caste and Scheduled Tribe did not include Marathas in the policy framework of reservation.
- In 1902, Shahu Maharaj, the prince of Kolhapur princely state, reserved 50% of seats in public employment for the Marathas and other lower castes.
- In 1919, the Southborough Commission also reserved a few seats for Marathas in the legislative bodies that were created in the first half of the 20th century.

- Post-independence, the Marathas along with other non-untouchable castes like Brahmins, Rajputs, and Bhumihars, did not form part of the reservation policy that was continued only for the SC/ST and Anglo-Indian community.
- Marathas were unsuccessful in their attempt to seek recommendation from the commissions and the committees that were constituted by the state government to assess the socio-economic and educational backwardness that served as the basis for the recommendation for reservation.
- The recommendation of the Gaikwad Committee constituted by the Government of Maharashtra has been of immense importance.
- The nine-member Maharashtra State Backward Class Commission headed by Justice M.G. Gaikwad, in its 1,035-page report which was submitted to the government in November 2018, has taken into consideration various parameters to recommend a reservation for the Marathas.

Socio-economic and Educational Factors

- Apart from the stratification based on the social structure and inherent hierarchy, there is an economic stratification, which is visible within the Maratha community.
- The landed assets, cropping pattern, nature of the crop, irrigational facilities, market prices, and its fluctuations determine the difference in the economic condition of farmers in different regions of Maharashtra.
- Marathas from the economically underdeveloped regions of Marathwada are more disadvantaged as compared to the Marathas from western and southern Maharashtra in terms of retaining control over the land as a source of income.
- The landholdings of the Marathas of western Maharashtra are endowed with perennial irrigation and resultant cash crops and agro-processing industry and dairy produce.
- Poor irrigation resources in Marathwada have an adverse impact on agricultural productivity and related agro-industrial products.
- An average Maratha farmer with a landholding of 2 acres cultivating sugarcane from rich western Maharashtra earns a minimum of Rs 2.40 lakh per annum besides supplemental income of Rs 60,000 from dairy/allied activities.
- Whereas their counterpart from Marathwada earns an average income of around Rs 70,000 to Rs 75,000 per hectare from cotton and soya bean together under Kharif and Rabi seasons.
- Besides assured irrigation, sugarcane cultivation gives steady income to Maratha farmers from western Maharashtra, whereas the Marathwada farmers are exposed to market price fluctuations, monsoon failures with little supplemental income from dairy and allied agricultural activities.

Other Factors

- **Political Hegemony**
 - The electoral democracy based on the principle of simple majority and working of vote bank politics helped the Marathas (being a numerically preponderant community) to capture political power in the state.
 - The Maratha dominance in state politics can also be understood in terms of their hold over the land, agro-processing industries like sugar, milk, and other by-products of sugar and milk.

- The process of land transfer and subsequent government policies that promoted the green revolution impacting agricultural growth made them emerge as an economically dominant community too, which helped them to consolidate power, particularly in western Maharashtra.
 - In the 1990s however, there were certain events and programs that gave a setback to the economic and political power of the Maratha community.
 - These events are the structural adjustment programs, the Other Backward Classes (OBC) reservation, and the implementation of the 73rd and 74th Constitutional Amendment Acts, which opened the domains of political representation to women and backward communities.
 - These interventions have disrupted the dominant position of the Maratha community as well as increased the social/economic visibility of other communities.
 - Agrarian distress and unemployment are the two important factors that can explain the large-scale participation of the Marathas in the agitation.
- **Internal Division**
 - Capitalist development, the green revolution, and the cooperative sugar factories in the state resulted in the new patterns of internal stratification among the Maratha–Kunbi cluster.

Maratha Mook Morcha

- - Maratha Mook Morchas involved a series of agitations witnessed over three years between 2016 and 2018 with 52 demonstrations, equal in size.
 - These have come to be recognized with the expressive manifestation of the Maratha dissent.
- **Uniqueness**
 - The Maratha mobilization over the issue of reservation took place independent of the formal association with political parties in the state.
 - Political parties and their leaders were visibly absent or given a back seat, thus making the agitation apolitical.
 - The planning of the morchas was systematically organised in total silence, carried out without any violence or forceful disruption of public activities.
 - The slogans were liberal and inclusive of socially diverse symbols like Shivaji Maharaj, [B R Ambedkar](#), and Jotirao Phule.
 - The demographic character of the morchas suggested that, by and large, they were composed of youth and led by both male and female youth, who were at the forefront of these morchas.
 - The language that was used to communicate their demand was seemingly moderate, constitutional and devoid of any violent expression.
 - Non-Maratha communities too supported and participated in the Maratha agitation as the reports around the time suggested (Times of India 2016).

State Response

- The ruling political class and opposition openly welcomed the agitation and sympathized with its demand for reservation.

- The state responded by setting up SARTHI (Chhatrapati Shahu Maharaj Research, Training and Human Development Institute) in 2018.
- Maratha being a majority community, with more than 32% of the state population, ignoring their demand would mean political sidelining.
- Even though the political class was not allowed public participation in demonstrations by agitators, their subtle involvement was obviously seen, felt, and discussed throughout the state.
- The community representatives in the law and order machinery participated positively in the agitation focusing on objectives like educational attainment, skill development, training, and employment enhancement, including self-employment among the Marathas.

Conclusion

- The Maratha protesters were aware that the question of the reservation was not political but legal and constitutional and needed to be pursued through the state government.
- The agitation did emanate from the agricultural distress, which was intensified due to the loss of employment opportunities in the agricultural sector and on the other hand reduced agricultural incomes and inability to support higher education.
- The silent nature of the protests succeeded because there was a positive response from the state government and the entire political class of the state.

2. India and the RCEP: Regional Value Chains in the Post-COVID-19 World

Context

The article analyzes the regional and global value chain linkages between the RCEP signatories and India particularly focusing on China. The article highlights how the RCEP signatories could be a channel for India to strengthen its regional and global value chains linkages.

Introduction

- The [Regional Comprehensive Economic Partnership](#) agreement was signed in November 2020 by the 10 Association of Southeast Asian Nations member states and five dialogue partners of the ASEAN.
- India was one of the negotiating partner countries of the RCEP; when the other RCEP countries reached an in-principle agreement in November 2019, India made a decision to not join it.
- The level of additional market access that India could have attained through the RCEP agreement is still being analyzed, seemingly India has missed an opportunity to be a part of a geopolitically significant free trade agreement which is also the world's largest free trade agreement.

The Covid Shock

- The RCEP agreement was signed in the midst of the COVID-19 pandemic.
- The [International Monetary Fund](#) has projected that the Indian economy will shrink by 10.3% in 2020.
- India's merchandise exports fell by 17.76% to \$173.6 billion; merchandise imports fell by 33.5% to \$215.6 billion during the period from April to November 2020.
- While most manufacturing sectors in India experienced a fall, one sector that has seen notable growth in exports is drugs and pharmaceuticals (growing by 22.6% from April to November 2020).

RCEP, India, and China

- The UN COMTRADE (United Nations International Trade Statistics Database) data shows that trade in goods between India and the RCEP countries excluding India and China was around \$51 billion in 2019 and with the [ASEAN](#) was \$81 billion in 2018.
- India's trade with the ASEAN in 2018 was higher than its trade with the other RCEP-IC (RCEP countries excluding India and China) in 2019.
- India's trade with the ASEAN grew from \$56 billion in 2010 to \$81 billion in 2018 at a higher rate than the growth in India's trade with the other countries excluding India and China.
- China's trade with the ASEAN too witnessed high growth, especially compared to the growth in trade between China and the other countries excluding India and China.

Regional Global Value Chains: RGVCs

- R-GVCs have emerged due to the fragmentation of the production process across countries and the globalization of supply chains.
- **Intermediate Goods**
 - As a result of the growth in R-GVCs, intermediate goods are traded between countries several times and added value to in multiple countries before being transformed into goods for final consumption in a certain country.
 - India imported more intermediate than non-intermediate goods and exported more non-intermediate than intermediate goods to the RCEP in 2018.
 - India has been a consumer of intermediate goods imported from the RCEP. It appears India is missing out on being involved in value-added activities in intermediate goods at various levels of production linked with R-GVCs involving the RCEP 2012 (original RCEP negotiating parties).
 - In relative terms, China imported more intermediate than non-intermediate goods from and exported more non-intermediate than intermediate goods to the RCEP in 2018.
 - This corroborates with China's tag as being the world's factory as it purchases intermediate goods in relatively large quantities and exports these after making these undergo value addition processes.
- **Linkages**
 - E-commerce is being increasingly used as a tool to integrate companies into R-GVCs as it provides a low-cost, easy-to-access, and easy-to-market platform.
- **China**
 - China and the Southeast Asian countries have enjoyed close economic linkages. Several strategies have been adopted by China and the Southeast Asian countries to forge closer R-GVC linkages.
 - China Plus-One strategy – A practice of international businesses active in China coupling their investments with a second facility, generally in another Asian economy, has been instrumental in creating R-GVCs in the region.

- Economic zones have been used by China, Thailand, Malaysia, and so on to form R-GVCs with neighbouring countries of the region, often locating these along border areas to take advantage of different resources in different countries.
- **India**
 - Trade in intermediate goods between the RCEP 2012 and India have mostly fallen between 2010 and 2018 indicating weakening R-GVC linkages.
 - The exceptions being increased exports of intermediate goods from New Zealand and Australia to India and higher imports by China from India.
 - India's gains from trade in goods in such R-GVCs have not been very different from that of China. Relatively speaking, transforming intermediate goods to final goods on its shores has not added as much value to the Chinese economy as to some other economies of the RCEP 2012.
 - This finding is consistent with other findings that there is a gap in real gains from trade to the Chinese economy from R-GVCs.

India-China Analysis

- India's trade with the RCEP has been significantly lower than that of China.
- India is not as linked with R-GVCs involving the RCEP signatories in trade in goods as China or even the ASEAN.

Strategies for India

- India can offer itself as a destination for manufacturing units looking to either move out of China or looking for an additional destination to spread their manufacturing activities.
- India can be a complementary destination to China and the higher-cost economies of Southeast Asia through advantages such as cheaper labour costs and a fast-growing, large-sized consumer base.

Conclusion

- India is in a firm position to benefit from post-COVID-19 developments such as growth in e-commerce, pharmaceuticals, and medical goods and innovation.
- Focusing on particular sectors and areas, and taking advantage of more unified rules in the RCEP, India should seek to enhance its presence in R-GVCs by leveraging its advantages in particular sectors.

Read previous [EPW](#) articles in the link.