

# Economic & Political WEEKLY

A SAMEEKSHA TRUST PUBLICATION

www.epw.in

## EDITORIALS

- Renewable Energy Gains
- Dangerously Starved

## COMMENTARY

- Loans in the Time of Terrorism
- Trump Tariffs and the International Trade (Dis)order
- Local Governance and Legal Gaps
- Agricultural Legislation and Farmers' Aspirations

## BOOK REVIEWS

- *Postsecular Theory: Texts and Contexts*
- *Caste, Marginalisation, and Resistance: The Politics of Identity of the Naths (Yogis) of Bengal and Assam*

## PERSPECTIVES

- Locating Muslim Women of Assam

## MONEY, BANKING AND FINANCE

- Monetary Policy, Financial Inclusion, Financial Stability, and Markets
- Managing the Impossible Trinity in an Inflation Targeting Regime
- Inflation Targeting in the Third World
- Financial Inclusion in India
- Is Banking Consolidation at Odds with Financial Stability? The Case of India
- Private Equity Sponsoring Big Dreams of Indian Small Finance Banks
- Role of Macroprudential Reserves in Addressing Event Risks for NBFCs in India
- Impact of the T+0 Settlement Cycle on Market Liquidity and Price Efficiency

## CURRENT STATISTICS

# Money, Banking & Finance

Seven articles evaluate the challenges of managing the impossible trinity in an inflation targeting regime; test the new Keynesian macroeconomic framework empirically and present a Kaleckian alternative; examine the process of financial inclusion; analyse the nexus between consolidation and financial stability in the context of a series of mergers in the banking sector; highlight the dangers of private equity investments in small finance banks; assess the role of macroprudential reserves for NBFCs; and investigate the impact of the T+0 settlement cycle on market liquidity and price efficiency. **pages 38–104**

## Global Trade (Dis)order and India

The Indian state should learn from the experience of China and the OECD countries, say goodbye to fiscal conservatism, and start playing a proactive role in redefining India's role in the global division of labour. **page 14**

## Muslim Women of Assam

Muslim women are often relegated to the private sphere in the politico-legal discourse of citizenship, and thus their position within their own communities has impacted their identity as a civic citizen. **page 32**

**Loans in the Time of Terrorism**

- 10 Pakistan, despite being a serial borrower, with features of a classic rentier state, was able to obtain support in the IMF from the US, China, and select countries in the Arab world. — *Biju Paul Abraham, Partha Ray*

**Trump Tariffs and the International Trade (Dis)order**

- 14 Trump's tariffs have violated the World Trade Organization rule book in multiple ways, such that going back to the WTO disciplines now will be difficult. — *K N Harilal*

**Electoral Delimitation under the Seventy-third Amendment**

- 19 A comparative legal analysis of panchayat delimitation frameworks highlights the structural inadequacies hindering democratic representation at the grassroots. — *Mayuri Gupta, Nivedhitha K*

**Agricultural Legislation and Farmers' Aspirations**

- 23 This article contextualises the farm laws and the subsequent protests, alongside the recommendations of the National Commission on Farmers' Report 2006. — *Sanjay V Deshmukh*

**Locating Muslim Women of Assam**

- 32 Taking a closer look at the condition of Muslim women in Assam, this article tries to locate how they are often relegated to the private sphere in the politico-legal discourse of citizenship. — *Parvin Sultana*

**Money, Banking and Finance**

- 38 Seven papers on the themes of monetary policy, financial inclusion, financial stability, and markets. — *Partha Ray*

**Managing the Impossible Trinity**

- 39 In delivering on their inflation target, economies confront the challenge of the impossible trinity—the difficulty of conducting an independent monetary policy while maintaining an open capital account and a fixed exchange rate. — *Duvvuri Subbarao*

**Inflation Targeting in the Third World**

- 49 This paper attempts to test the New Keynesian macroeconomic framework empirically and present a Kaleckian alternative, both empirically and theoretically, which is more suited to developing economies such as India, where structural constraints play a key role. — *Rohit Azad, Indranil Chowdhury*

**Financial Inclusion in India**

- 63 The process of financial inclusion in India is examined, arguing that the current drive for universalising and digitalising access to finance reflects a blend of the "activist" and "modernist" approaches. — *Pallavi Chavan*

**Banking Consolidation at Odds with Financial Stability?**

- 73 This paper examines the nexus between consolidation and financial stability in the context of a series of restructuring mergers. Employing a system-GMM two-stage panel regression model and a bias-corrected random effect model, it concludes that mergers increase financial fragility. — *Tasneem Chherawala, Gargi Sanati*

**Private Equity Sponsoring Big Dreams of Small Finance Banks**

- 81 The role played by private equity in the process of small finance bank licensing, and the anatomy of investments and exits made in SFBs by private equity investors are analysed. — *Sanchita Dhingra, Abha Shukla*

**Macroprudential Reserves and Event Risks for NBFCs**

- 91 Indian NBFCs are more susceptible to tail events in the given political economic set-up and should be encouraged to build up macroprudential reserves as the countercyclical buffer against downside risks. — *Rupa Rege Nitsure*

**T+0 Settlement Cycle, Market Liquidity and Price Efficiency**

- 99 Using both event study and differences-in-differences methodologies, the paper identifies that the adoption of a T+0 settlement cycle has not had a significant impact on either price efficiency or market liquidity in Indian markets. — *Sashi Krishnan, Mohd Merajuddin Inamdar & Mohammed Reyhan Kalim*

**EDITORIALS**

- Renewable Energy Gains ..... 7  
Dangerously Starved ..... 8

**FROM 25 AND 50 YEARS AGO..... 9****COMMENTARY**

- Loans in the Time of Terrorism:  
Pakistan and the IMF Lending  
— *Biju Paul Abraham, Partha Ray* ..... 10  
Trump Tariffs and the International Trade  
(Dis)order: India Needs a New Trade and  
Development Strategy—*K N Harilal* ..... 14  
Local Governance and Legal Gaps:  
Electoral Delimitation under the Seventy-third  
Amendment—*Mayuri Gupta, Nivedhitha K* ..... 19  
Agricultural Legislation and Farmers'  
Aspirations: Insights from Policy and Practice  
— *Sanjay V Deshmukh* ..... 23

**BOOK REVIEWS**

- Postsecular Theory: Texts and Contexts—*  
Tracing the Postsecular from the Contemporary  
to the Past  
— *Parichay Patra, Dibyakusum Ray* ..... 27  
*Caste, Marginalisation, and Resistance:*  
*The Politics of Identity of the Naths (Yogis) of*  
*Bengal and Assam—*Navigating Hierarchies:  
Debating the Nath Yogis' Place in Caste Politics  
— *Soumya Saha* ..... 29

**PERSPECTIVES**

- Identity, Citizenship, and the Gender Question:  
Locating Muslim Women of Assam  
— *Parvin Sultana* ..... 32

**MONEY, BANKING AND FINANCE**

- Monetary Policy, Financial Inclusion, Financial  
Stability, and Markets  
— *Partha Ray* ..... 38  
Managing the Impossible Trinity in an Inflation  
Targeting Regime  
— *Duvvuri Subbarao* ..... 39  
Inflation Targeting in the Third World:  
A Kaleckian Perspective  
— *Rohit Azad, Indranil Chowdhury* ..... 49  
Financial Inclusion in India:  
Context, Policy Approach and Outcomes  
— *Pallavi Chavan* ..... 63  
Is Banking Consolidation at Odds with  
Financial Stability? The Case of India  
— *Tasneem Chherawala, Gargi Sanati* ..... 73  
Private Equity Sponsoring Big Dreams of Indian  
Small Finance Banks: Can the Model Be Trusted?  
— *Sanchita Dhingra, Abha Shukla* ..... 81  
Role of Macroprudential Reserves in Addressing  
Event Risks for NBFCs in India  
— *Rupa Rege Nitsure* ..... 91  
An Assessment of the Impact of the T+0  
Settlement Cycle on Market Liquidity and  
Price Efficiency in Indian Markets  
— *Sashi Krishnan, Mohd Merajuddin Inamdar,*  
*Mohammed Reyhan Kalim* ..... 99

**CURRENT STATISTICS ..... 105****LETTERS ..... 4**