In the shadow of politics

The Supreme Court is slow to hear appeals involving divisive issues that provide ammunition to poll campaigners

OUT OF COURT

M J ANTONY

Though judiciary generally stays away from political questions, its judgments and even observations of individual judges ("caged parrot") have had powerful impact on national elections. Supreme Court interference in the 1990s' in Hawala diaries, Mandal-Masjid issues had serious consequences on the then governments. It did more harm to the parties in power than 100 speeches from platforms. In 2014, the Congress suffered humiliating defeat when the court passed a series of orders in scams like 2G spectrum, coal block allocation and the Commonwealth Games.

This time, however, the court has made disruptive matters out of sight. Politicians might wring their fingers because the judiciary is not giving them any such gifts for the coming polls. The Mandal-Masjid controversies are still simmering, the review of Rafael judgment is pending and the roles of the Central Bureau of Investigation (CBI) and Central Vigilance Commission (CVC) are not of immediate concern. While the wheels of the government are speeding, showering benefits on the electorate, the court has apparently parked polemical matters on the sideway. Whether the delay is unintended or a deft move by the court is in the realm of delightfully vague speculation.

The previous Chief Justice Dipak Misra showed some expediency in taking up the Ayodhya appeals by listing them out of turn last year. Then he retired and the new CJ Ranjan Gogoi became the 'master of the roster'. But in a series of astrological misfortunes, the members of the Constitution Benches kept changing. First, there was a controversy over the choice of judges by the CJ acting as the master of the roster because those who had handled the case earlier were left out. That ran against the revered conventions. When it was corrected after clamour, one judge in the new bench had to recuse because as a lawyer he had represented Kalyan Singh, who was the UP chief minister when the structure was demolished. A new bench was formed, but one judge was "unavailable" for undisclosed reasons. The next hearing is set for March 14, gods willing.

Even if the bench formation is final, the verdict would not come very soon without divine intervention. The judges have to plod through deposition of 88 witnesses, running into 13,886 pages, 257 related documents and video tapes, earlier court orders running into 4,304 printed pages and 8,533 typed pages. Thousands of pages in Persian, Sanskrit and other languages have to be meticulously translated. The judges have to hear counsel for some 14 parties and governments. Considering the normal pace at which proceedings go, it might take months to get a decision. Instead of swearing against this situation, one would be grateful that the public are spared the cacophony or calamity that could follow a hurried decision.

Another campaign topic, the Rafael deal, is also on the back burner. The controversial judgment is not likely to be reviewed very soon. The government has moved the Supreme Court pointing out judicial errors in understanding phrases in the documents it had handed over to the judges in sealed covers. Meanwhile, several new facts have tumbled out into public domain. A review petition is meant to correct 'errors apparent on the record' and to reconsider a judgment in the light of new facts before the court.

Also under the carpet is another bitter dispute — 10 per cent reservations for economically backward among forward classes. The Mandal judgment of 1992 has been tweaked too many times by the court and the state governments have incrementally sapped the affirmative principle enshrined in the Constitution. The latest amendment has been challenged for violating its basic structure. The final answer would not come in time for politicians to pull chestnuts out of the fire. Another sensitive dispute over the Scheduled Caste and Scheduled Tribe (Prevention of Atrocities) Act is also on hold.

Taking a peek into the dockets, one would find other burning issues like the finalisation of NRC, Article 370 granting special status to Jammu & Kashmir, the entry of young women into Sabarimala temple and the status of AMU. Justice delayed on such subjects has deprived election campaigners much fodder, but the public has been mercifully saved to some extent from the shrill debate.

Why Roposo is the bellwether for social apps

It has successfully managed to break into the next level of Indian customers that Facebook and Google have been struggling to do

PATANJALI PAHWA

Roposo

Founded **2014**

Time spent **29 minutes**

Men: Woman **2:3**

Daily active users **1.6 million**

Monthly active users **8 million**

Posts per month by users **7.5 million**

Towards the end of last year it came in two tranches. Reports speculated that it was a down round — that is, when a company raises capital on a valuation lower than the previous round. A month later, the second part of the fund-raise landed and it was not. Roposo, the regional language social network, had raised money almost 18 months after it first pivoted from a social commerce app to a social networking platform. The investors, Tiger Global and Bertelsmann, together put in around $11 million.

Roposo in the grand scheme of things is not a big player. It has raised almost $31 million since it was founded in 2014. It faces off against bigger players in ShareChat, which in September 2018 raised $100 million, valuing itself at almost $500 million. There are others too. Hike announced last year, as it laid off 25 per cent of its staff, that it would be pivoting away from the messenger and now becoming a social app. In a recent blog post, Hike founder Kavin Mittal said he would be divorcing the messenger part of the app from the social app. Sources say all the remaining funds will be diverted to the social app. But this could also be the start of the race.

TAKE TWO

Since Roposo's investment came in over a year after it pivoted, it can be safely assumed that both Tiger Global and Bertelsmann believed in the pivot and hence followed on. So, we potentially have three well-funded Indian companies vying for the customer's attention and there are more. Clip App, which is backed by India Quotient and Matrix Partners, and there are also the Chinese, which include Helo and Tik Tok (both part of the Bytedance family).

Roposo's started as a gifting website, then it realised that with fashion it could get the stickiest of all customers: women. It then pivoted to a social commerce platform. Roposo encouraged customers to create a feed of their favourite clothes across e-commerce websites, encouraged customers to pair their clothes with different accessories and create a look. It also got customers deals on styles. "We essentially behaved like an affiliate," says Mayank Bhangadia, co-founder and CEO, Roposo. Affiliates are companies that make a commission on bringing customers to e-commerce websites. The feed developed and so did Roposo. From just pictures, customers started posting small videos. Then things changed. As fashion e-commerce sites went, there was a definite consolidation. The use case for affiliates was fading. Roposo could either start private labels or do something different. In 2017, Roposo had evolved to a version of Pinterest meets Instagram, meeting affiliate sales. But then a new path opened. "People started posting short videos of not just fashion but also food and travel," says Bhangadia. And that's when something clicked — it could pivot and monetise this part of the business.

Today, the company has 1.6 million active users a day. Customers spend an average of 29 minutes a day on the app. It isn't the levels of ShareChat, which is at around 10 million active users a day. But it is getting there, Bhangadia believes. "Roposo wants to replicate the TV experience," he adds. And in chasing that the company has over 25 channels in different languages across genres.

But the fact remains that the sector is crowded with everyone focusing on video. What's brought on this gold rush? Bhangadia credits this to the emergence of Jio. "When Jio came two things got popular in India: WhatsApp and YouTube," says a former Google India employee who now works at one of the Indian unicorns. He explains that people who never had access to the internet found a brand new way of passing time. "And for this group, internet was an elitist concept," he adds.

A Delhi-based venture investor describes the exuberance perfectly. "Technology companies say they have the 1.3 billion potential customers. Let's burst that myth first," he says. You can remove 600 million people from the 1.3 billion who are too poor to be included in any of this. Their primary objective is to put food on the table and roof over their heads. Now, you have 700 million people. "The top 100 million of this are those who are super users in India," he adds. They order on Amazon, use Swiggy and book flights on MakeMyTrip. There is a layer of 100 million right under this who are on Facebook, Twitter, use Flipkart but their most high-value online transaction is IRCTC. That leaves 500 million people, those who have smartphones but only use WhatsApp. They stand in queue to buy train tickets. They don't like Facebook or Instagram, English makes them uncomfortable and prefer video to text.

There are roughly 500 million people in this group. They don't like Facebook and Instagram, as English makes them uncomfortable and prefer video to text. This 500 million are people who have nothing built for them. And that's why the likes of ShareChat and Roposo have caught so much traction. It is easy, bite-sized entertainment, which can handle low speeds and the standard of content is much lower.

"It is not a short-term play," says a Mumbai-based PE investor who is aware of Roposo's plans. He explains that step one in all video sites will be to create stars. Roposo and ShareChat both have their own ad network where everything from phones to apparel is advertised. Roposo has a small layer where it enables e-commerce. But once all this is built, then what?

The answer is Facebook or Google. Facebook has been trying to break into the next level of Indian customers, a data stream that is invaluable for it to sell ads to but it hasn't been able to get past that layer. Google has been trying to build a social network for years and has found no success. A version of ShareChat or Roposo is ripe for acquisition. "If either of these two execute properly, you will see companies pay good money for them," says the PE investor. But there are so many in the business now, it is difficult to see how consolidation will play out in a few years.

CHINESE WHISPERS

Back together

TWITTER @BJP4INDIA

The Bharatiya Janata Party (BJP), said sources, used its trump card to get the Shiv Sena to agree to an alliance in Maharashtra. The alliance was announced on Monday after a meeting between BJP President Amit Shah and Shiv Sena Chief Uddhav Thackeray. During the meeting, the BJP leadership told Sena's interlocutors that the party did not consider the Sharad Pawar-led Nationalist Congress Party (NCP) and Raj Thackeray's Maharashtra Navanirman Sena (MNS) as "political untouchables". That was the "trigger" for the Sena to lower its guard on the issue of an alliance. "The fear of NCP and MNS forming an alliance behind the curtain was conveyed successfully to the Shiv Sena leadership," a BJP leader said. The Sena has also been promised more portfolios at the Centre, BJP sources said.

Inextricably linked

Meghalaya Governor Tathagata Roy on Tuesday tweeted, "An appeal from a retired colonel of the Indian Army: Don't visit Kashmir, don't go to Amarnath for the next two years. Don't buy articles from Kashmir emporia or Kashmiri tradesman who come every winter. Boycott everything Kashmiri. I am inclined to agree." Many questioned whether the governor thought Kashmir is not part of India. "People like Tathagata want Kashmir but without Kashmiris... He will be best placed to know he cannot have one without the other so what's it to be?" former Jammu and Kashmir chief minister Omar Abdullah (*pictured*) asked on a social media platform.

Distress anthem?

Following the great opening of *Gully Boy*, the film's title song *Apna time aayega* (our time will come) has become an anthem of sorts for the underdog or those in distress. The song has touched a raw nerve among stock market players. Given the continuous slide in stock prices, particularly of smaller companies, many investors and brokers can be heard humming *apna time aayega* — keeping afloat hopes that the market will soon see a reversal in trend. The Sensex on Tuesday fell for a ninth straight day — its longest losing streak in eight years.

INSIGHT

Away from the traditional combat air projects

India has ambition; the UK has expertise. Identify areas to collaborate as the next step

DOMINIC ASQUITH

Almost 40 years ago, the United Kingdom (UK) decided to privatise its defence industry. This did not happen overnight, and was one part of a major change in the way industry related to government as its customer. That new relationship took time to develop. It is still doing so. But even today, private sector business acumen combines with a strong government relationship to make British defence manufacturers among the best exporters in the world.

This week, I will be accompanying some top-rated British manufacturers as well as delegates from the UK government to Aero India in Bengaluru. As two countries with capability and global ambition, this week will be all about looking for areas where we can collaborate.

India has a growing defence capability, and ambitions to become a globally competitive force. More Indian companies than ever will come to Bengaluru and join the international defence industry in competing for opportunities.

That global competitiveness is born of necessity as well as economic ambition. As well as contributing to gross domestic product (GDP), domestic defence industries are an essential part of a strong defence capability, but most also need international orders to survive.

Defence procurement is a complex process. It has to deliver strategic capability and satisfy the tactical requirements of the end user. It must meet the financial constraints of the budget holder, yet create a sustainable commercial opportunity for the manufacturer. Highly capable military forces require specialised equipment, but the more specialised and tailored that equipment becomes, the less adaptable it is to the needs of other customers.

The UK acknowledges this. As a team, it brought together industry, military end users, budget holders and procurement experts to understand what new approaches might work.

India has a growing defence capability, and ambitions to become a globally competitive force. More Indian companies will join the international defence industry in competing for opportunities

As a result, we changed not only our approach to procurement, but also capability setting. Emphasis was placed on flexibility rather than specialisation, enabling designs to be adapted for different end-user purposes. New procurement methods, focusing on cost and speedy delivery, enabled government and industry to adopt a fairer approach to managing risk and opportunity. A closer relationship with industry has helped us adopt new methods of delivery that increase capability rapidly and affordably whilst reducing errors in the supply chain. The delivery of a project on time and on budget is now a realistic goal. In addition, more emphasis has been placed on creating international partnerships to develop new technologies, in programmes that are focused on themes of global importance – including here in India.

These principles are exemplified by the UK's Combat Air Strategy. The UK government committed almost £2 billion to our Future Combat Air System Technology Initiative (FCAS TI), which uses that funding to invest in our national industry capability and develop the next generation of combat air technologies. Additional funding for FCAS TI has been provided from the UK industry through a project called Tempest. FCAS TI is about so much more than designing a Typhoon replacement — it focuses on a wide range of technologies that could contribute to our current and future air capability.

In line with these principles, the FCAS TI is "international by design" and is open to collaboration with foreign industry and governments — like India — where it is mutually beneficial to do so. Additionally, since it is not focused on a specific single product as an output, international partners will be able to work together with the UK on new technologies that they can apply to their own products and programmes.

We have also initiated our programme to replace Typhoon from 2040, known as the Combat Air Acquisition Programme (CAAP). This programme will explore the best solution to deliver future capability, underpinned by a flexible approach to partnering. This could result in collaboration on sub-systems, which are then used on indigenous systems, or collaborating on systems themselves. It seeks to maximise the ability to leverage the technology and industrial strengths of all nations who wish to participate.

This model is a world away from traditional combat air projects, where companies came together to design and develop a product around a set of requirements. CAAP and FCAS TI aim to move away from a traditional transactional approach to one in which we jointly develop world-leading capabilities in a collegiate manner which encourages creative approaches, underpinned by joint strategic goals.

At Aero India, I will be joined by colleagues from the UK ministry of defence and the Royal Air Force who are keen to work more closely with India. With our experience and cutting-edge expertise, the capability of India's industry and the demand from the Indian government for state of the art combat air technology, I sincerely believe that India and the UK are natural partners.

The author is the UK High Commissioner

LETTERS

Risky business

This refers to your article "Promoters' pledged share up 60%" (February 19). Pledging of shares is risky as share values are prone to market risks. Share appropriation as security for loans up to an average of 60 per cent will result in weak capital investment for promoters due to fluctuating share markets. There may be an abrupt fall in the value of shares in the stock market due to which their appropriation as security may be below par and even in some cases worthless. It, in the process, leads to capital erosion. Pledging of shares may appear to be an easy way of realising quick market returns but trading in this area should be minimal.

Its impact on capital outflow and resultant fall in net asset value in adverse market conditions will thus harm all investors — be it share or debenture holders. This happens all the more when the gap between the promoter's listed wealth and the promoter's personal wealth is too narrow for investor comfort. The minority shareholder will be the worst affected. Hence, a reduction in the percentage for pledging in shares is essential to ensure a strong capital base for smooth conduct of business. A high percentage of investment in shares will also lead to desperate management decisions for immediate market survival than efficient business planning.

C Gopinath Nair Kochi

Stand united

This has reference to your editorial "A self-goal" (February 19). The incidents of violence and alleged harassment of Kashmiris in many parts of the country are highly condemnable. Kashmir is an integral part of India and our Constitution guarantees many privileges to Kashmiri people. Yet, they have been the most affected lot ever since independence. Many laws enforced to control the terrorist activities are directly affecting the normal life of the people of the Valley. Though the Terrorist and Disruptive Activities (Prevention) Act was withdrawn in 1995, more than 19,000 cases registered under this Act are still pending for disposal. In India, the maximum cases of human rights violations are reported in Kashmir.

The whole population of Kashmiri people should not be held responsible for the gruesome activities of terrorists. The best way to fight this nuisance, as you have correctly mentioned, is to show solidarity with Kashmiris. We should stand with Kashmiri people in their hour of need and gain their confidence to fight against cross-border sponsored terrorist activities.

Nujum Mayyanad New Delhi

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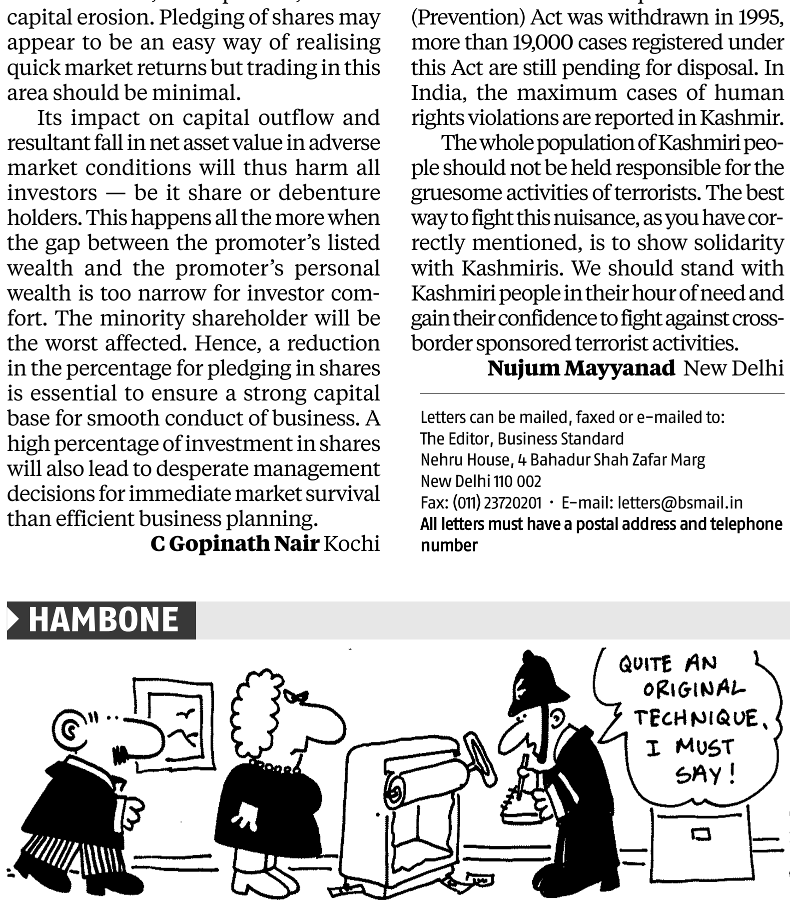
HAMBONE



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Soft on promoters, still

Jet bailout should not allow equity holders too much leeway

Jet Airways is selling a majority stake to its lenders for ₹1, under a complicated arrangement that is on track to be put on vote on February 21. A group of lenders led by State Bank of India has proposed taking a 50.1 per cent stake in India's largest full-service carrier through the issuance of 114 million new shares — something that is allowed under a framework outlined by the Reserve Bank of India last year. The procedure, applicable for companies with a negative net worth, is called bank-led provisional resolution plan, and needs to be approved by all stakeholders including the promoter group and the board of Etihad, which owns 24 per cent of Jet. This is not a permanent solution, but only a holding mechanism pending a full equity infusion.

While it is, of course, good news that Jet may not go under — it is important that Jet survives in order to ensure decent competition in the civil aviation sector, which is increasingly being dominated by low-cost carrier IndiGo — there are other aspects of this proposed bailout that should give rise to concern. For one, it is planned that the National Investment and Infrastructure Fund (NIIF) might contribute some of the money required to address Jet's ₹8,500 crore debt. This is puzzling. The NIIF was set up to energise private investment in the infrastructure sector, and is a fund shared between private investors and the government. The purpose is to invest in greenfield infrastructure projects of the sort that are simply not getting built with private capital at the moment. However, using NIIF to bail out Jet is a very bad signal. It will convey to future private partners that the fund will be put at the disposal of the government even for politically convenient corporate rescues. It is hard to see why private investors will then trust the fund going forward. There are also real questions to be asked about whether banks should own a majority stake for any length of time in a company that operates in a profoundly risky sector such as aviation.

There is also the question of why, in this debt-to-equity deal involving a special rights issue, Jet founder and head Naresh Goyal should be permitted to retain a 20-21 per cent stake — a little less than half of his current 50 per cent. But the question is why Mr Goyal is being allowed to retain any stake at all after a bail-out plan. If lenders such as banks are taking a haircut, then basic principles of finance as well as proper incentives for promoters requires equity holders such as Mr Goyal to not get a share of the pie. Equity risk is greater than debt risk, and debt holders should be paid before equity holders get anything. It appears the deal being worked out is far too soft on Jet's promoter — and is reminiscent of the banks' forbearance for Kingfisher Airlines, when they poured money while allowing Vijay Mallya to retain a hold on the airline. In effect, banks are risking public money on a private airline yet again (SBI alone holds a quarter of Jet's total debt). Such deals were to have stopped, so why are they still being offered to promoters?

In search of champions

Marquee businesses are diminishing with alarming frequency

In India's recent business history, the late nineties can be considered the age of the automobile industry and infrastructure, and the first two decades of the 21st century saw multiple booms in information technology, aviation, telecom, real estate, retail and health care. Approaching the start of the third decade, however, any bank looking to lend to corporations in high-growth, and relatively low-risk, businesses would be hard put to find them. IT is slowly reaching its zenith, and without a great leap forward in business models is likely to decline. Telecom is struggling under high debt and acute competition; real estate is stuck in a long slump of oversupply and physical retail struggles with footfalls, competition from e-commerce and rising costs. E-commerce, the flavour of the past decade, will continue to grow on the back of private equity and venture capital that, by definition, can absorb the greater losses of this nascent business. But no one in this space is anywhere near making money. In short, there are few champions to be found in India Inc today.

The past year alone has seen marquee names in several key industries on the verge of losing control of their businesses. For instance, after multiple serial governance failures, the Singh brothers are out of Fortis and Religare, and are tied up in bizarre cases against each other as well as against the Japanese buyers of Ranbaxy, once a racehorse of the pharmaceutical business. Jet Airways, whose share price is a third of what it was a year ago after it defaulted on bank loans in January, now faces the prospect of being taken over by banks. Subhash Chandra's Essel group, which has bad debts of ₹13,000 crore sunk in an ill-chosen foray into infrastructure, is trying hard not to lose control of its flagship Zee Entertainment. Anil Ambani's Reliance Communication, whose stock now quotes at around ₹6 from ₹111.50 five years ago after lenders dumped pledged shares, has been taken to the National Company Law Tribunal (NCLT) by its debtor Ericsson to recover due of ₹1,154 crore.

Essar Steel's future ownership is ricocheting between the NCLT and the appellate tribunal as the promoters hope to keep a foothold. And B M Khaitan of the McLeod group announced that it will auction a major chunk of its 45 per cent stake in Eveready Batteries, the market leader in dry cell batteries and flashlights, to pare debt; last year, the group's loss-making tea flagship McLeod Russell sold several tea estates. Professionally-managed Infrastructure Leasing and Finance Services has seen its entire board and senior management replaced after it was revealed that its 348 subsidiaries had built up debts of ₹91,000 crore. The Tata group's ill-fated Tata Teleservices sold its consumer mobile business to Bharti in an extraordinary debt-free, cash-free deal, and is searching for a buyer for its fibre-optics business. Seen in its entirety, this is an extraordinary destruction of value in a short period of time. India desperately needs new champion sectors that are also profitable so that they can finance future growth.

Population, GDP and Poverty – II

Seriously tightened population policy is needed to reduce poverty

Last month, I discussed China's control of population growth rate that enabled it to dive below India — from the late 1960s — with a concomitant increase over India in its per capita GDP growth. Those differences continued, taking China to newer heights surpassing India during the following decades in all economic and socio-economic indicators (though not, of course, human rights, a matter I have occasionally addressed earlier).

Today's Figure 1 asks to view GDP growth rate over population growth rate— GDP per capita in a different light — and examines its behaviour. In a fashion, this variable reflects the upward pull (or downward push) of GDP growth as population is controlled (or unattended). The visual impact is immediate: While India has had a slightly upward — little better than horizontal — trend in the five decades covering 1969-2017, China's upward pull has been phenomenal until about 2010. After 2010, China's trend declined, due to loosened population policy. Clearly, a deliberate and meaningful population policy would assist India to thrust upward its per capita GDP and growth.

PARTHO SHOME

Another population reflecting indicator is taken in Figure 2, that of the Extreme Poverty Headcount Ratio (EPHR) — per cent of population living below $1.90 per day, for 1980-2015[1]. In 1981, 89 per cent of Chinese were living below this mark, as opposed to 57 per cent Indians, the global average being 42 per cent. Brazil, at 21 per cent, was well better than the average. The drastic improvement of China — crossing India by 2000 — is phenomenal. By 2015, the EPHR indicators had changed to 13.4 per cent for India, 3.4 per cent for Brazil, and 0.7 per cent for China, the world average being 10 per cent. Thus India remained worse than global average while China's EPHR almost disappeared. The reversal of trends was driven by China's economic effort as much as its harnessing population growth.

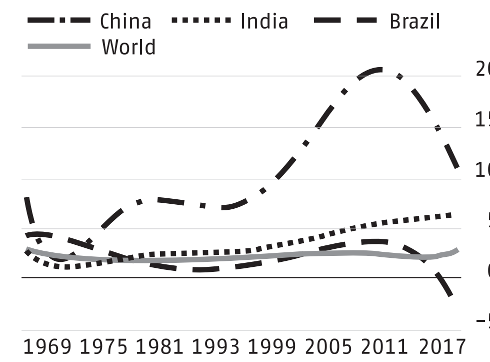
Figure 3 amplifies cross-country headcount magnitudes under EPHR during 1981-2015. Globally, there were 1.9 billion extremely poor (EPHR) in 1981 which reduced to 736 million in 2015, or a reduction of 61 per cent in 35 years. China reduced it from 878 million to 10 million — a reduction of 99 per cent, and India from 409 million to 175 million — a reduction of 57 per cent, or below average reduction. Brazil reduced it from 36 million to 7 million — a reduction of 74 per cent, or above average. It is telling that, among the three, only India's effort was below even the world average. What explains India's inability to reach the global average in the decline of extreme poverty. The answer lies at least partially in its inability to address population growth meaningfully.

To bring light to reality, while improvement in economic conditions at the individual level would lead to lower birth rates, in reverse, lower birth rates should also contribute to economic prosperity and poverty reduction. There is increasing cross-country research evidence of this two-directional relationship. For example, East Asia and South East Asia — including Thailand, Indonesia and the countries of Indochina — experienced impressive declines in their fertility rates during the last 25 years. Steven Sinding has confirmed that their "decline in poverty and improvement in living standards are attributable at least in part to (their) very successful fertility reduction policies"[2]. Evidence proferred by other social scientists is appearing from Africa as well. Clearly, countries that are Rip Van Winkles should address their lack of population strategy verily.

India's break from poverty could occur only through significantly deeper reductions in fertility buttressed by economic policies that are growth, not just subsidy, oriented. Commensurately, the ongoing Finance Commission should include population growth rate as a negative criterion for Centre-state revenue sharing. For the 2019 parliamentary elections, party manifestos should include explicit population policies to reduce the fertility rate including through a mix of incentives and disincentives. Or, do we just wring our hands at more babies being born into slavery?[3]

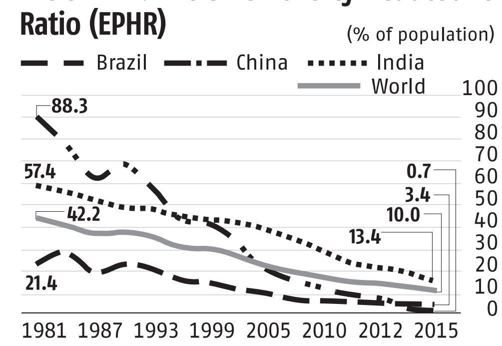
1. Thus EPHR is income based. It yields numbers lower than Multi-dimensional Poverty or Severe Multi-dimensional Poverty indices that I used in my column dated 13 November, 2018. The difference reflects their inclusion of more dimensions, than income alone, of poverty. 2. S. Sinding, "Population, poverty and economic development," Philosophical Transactions of The Royal Society, 2009, No. 364, pp. 3023-3030. 3. See my column dated 13 November 2018.

FIGURE 1: **GDP Growth Rate / Population Growth Rate** (Ratio)



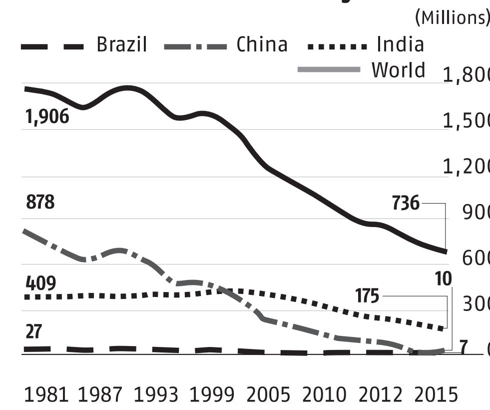
Source: World Development Indicators (WDI), World Bank.

FIGURE 2: **Extreme Poverty Headcount Ratio (EPHR)** (% of population)



Note: EPHR is the % of the population living below $1.90 a day (2011 PPP). PPP= purchasing power parity.
Source:http://iresearch.worldbank.org/PovcalNet/

FIGURE 3: **Extreme Poverty Headcount** (Millions)



Looking beyond the US-China negotiations

US-China trade negotiations have resumed on Tuesday as President Trump reiterated last week that he was willing to hold off on increasing tariffs to 25 per cent by March 1 on $200 billion in Chinese goods if an agreement was in sight to satisfy US complaints about China's "unfair" trade and forced technology transfer practices.

However, beyond the negotiations what is really going on the American side — at least among the hardliners in Washington led by Trade Representative Robert Lighthizer and White House trade advisor Peter Navarro — is the implementation of a two-prong strategy towards China: On the one hand, decoupling the US and Chinese economies and, on the other hand, implementing a containment policy to slowdown or even stop the rise of China as a strategic technological, economic and military competitor to the US.

CLAUDE SMADJA

In that respect, even if the present trade negotiations were to end with an agreement from China to buy more American goods, to open more its markets for foreign companies and to stop the forced transfer of technology by foreign to Chinese companies, this would be at best a pause in what hardliners in Washington — and to some extents hard liners in Beijing — see as the unavoidable great power confrontation for global prominence.

There is scant chance that the Trump administration will be able to achieve its containment objectives, as — with respect to China's rise in every single domain — the train has left the station quite some time ago. China has already become too much of an economic power with a huge population, a vast and dynamic domestic market and overarching economic and business worldwide connections. It is now a technological powerhouse on the verge of overtaking the US in some key technologies and is fast developing its military capabilities. There is no way that the US could replicate with it what its Soviet containment policy achieved in the Cold War era.

The rear-guard battle that the White House is waging might at best delay China's development in some domains for a few years. It will, in fact, prompt Beijing to accelerate its drive to become self-reliant in key areas such as semi-conductors or aeronautics. But what it will definitely create is resentment towards the US from a Chinese public fiercely nationalistic, extremely proud of what the country has achieved over the last 40 years and exacerbate the sense of a revenge to be taken over history.

This would undoubtedly make even more difficult the much indispensable *modus vivendi* that needs to be achieved among two super-powers operating with different systems and logic but compelled to find ways to engage in business, economic interaction and to collaborate on some key global issues.

The Beijing leadership will not bend to any pressure to change a system that it sees as extremely successful in making China achieve in 40 years what it took a 150 years for Western countries to achieve. It will also not accept any change in its policies that would endanger the grip of the Communist Party as a structure of power. This means the continuation of the leading role of the public sector and the SOEs in all strategic economic and technological areas and the reliance on a very directive industrial policy. The line one hears in Beijing from government and Party officials is: *We are not asking any country to change its political or economic system and we don't see why anybody would be entitled to ask us to do that*.

In that context, the most likely — and best — development in the US-China confrontation is that Beijing will offer some concession to reduce the US trade deficit, additional pledges and measures to protect intellectual property rights and reduce forced transfers of technology. This will not weaken or change in any way the modus operandi of the Chinese system or the basic structures on which its economy functions. But, these tactical concessions will presumably be made in a way allowing Mr. Trump to declare victory and tell his electoral base what a strong leader he is, without Beijing conceding anything essential to its strategic objectives.

The key structural challenge remains of how to make two economic blocs having achieved a kind of parity but operating according to different systems and logic not only to coexist but to interact in a positive way and to be able to join forces in addressing some global challenges.

Western corporations will have to re-calibrate the way they do business in and with China — as the Chinese market will get even bigger to ignore — while Chinese corporations will also have to devise less abrasive and offensive ways to get from the US and Europe the kind of technologies they will continue to need in the coming years to accelerate their evolution.

There will certainly be some sighs of relief if the present US-China trade negotiation end up successfully before 1st March. But don't hold your breath. We are just at the very beginning of a period of deep global structural economic and geopolitical adjustments.

The most likely pattern that we are going to go through in the coming period will be an alternation of phases of low-intensity economic and geopolitical frictions and phases of high-intensity economic and geopolitical frictions. And the most favourable outcome will be to limit the damage of this alternation and maintain the interdependence between the US and Chinese economies as the best safeguard against something worse.

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India's secondary sex

BOOK REVIEW

VEENU SANDHU

Doctors at the trauma centre of the All India Institute of Medical Sciences in Delhi are used to handling horrible cases. But even they were shaken by this one. A 15-year-old girl — a child herself — had brought in a two-year-old for treatment claiming to be her mother. The unnamed toddler had a fractured skull and human bite marks all over her body. The doctors, who named her Falak, which means "sky" or "heaven", said they had never seen a child in such a terrible state. The little girl died after nearly two months in hospital, and after having suffered lung, blood and brain infections and three heart attacks. This was seven years ago, around this time of the year.

Priyanka Dubey's book, *No Nation for Women: Reportage on Rape from India, the World's Largest Democracy*, took me back to Falak's story. The child's distressing condition and subsequent death had exposed the ghastly underbelly of Indian society. Linked to her story was the story of rampant sexual abuse that women in India face at different levels and in different ways — prostitution, rape, bride selling and human trafficking, all of which had collectively led to her death. And yet, so familiar is this story that it doesn't send a chill down our spines anymore.

Something similar happens as you read one horrible case after the other in Ms Dubey's book. Over the chapters, though the names of the women change as does their situation, everything becomes one big blur where stories seem to overlap, where one woman's experience appears to slip into another's. And that's when the intensity, acceptability and monstrous expression of the pervasive prejudices against women in India truly hits you.

No Nation for Women is a solid work of reporting done over six years across geographies. Ms Dubey begins with Bundelkhand, a region divided between Uttar Pradesh and Madhya Pradesh, which she calls "no woman's land". You soon find out why. The victims, some as young as 14, are girls who had dared to spurn the advances of men. So, they were punished with "corrective" rape. Many were burnt to death after the sexual assault. Theirs were stories that seldom travelled out of their impoverished, back-of-the-beyond land.

The next chapter finds Ms Dubey in Tripura, the country's northeastern tip bordering Bangladesh, where rape assumes a political overtone — where it becomes a tool for taking revenge, teaching a lesson and showing a woman her place. One of the victims here is a 50-year-old political worker with three adult children who thought she was past the age where she needed to worry about being sexually assaulted. Once a carefree, empowered person, she now keeps turning back to see if someone is following her as she walks through the village. Stories such as these, too, seldom make it to national newspapers, given how the Northeast often falls on our blind spot. "You're from Delhi, aren't you?" a human rights activist asks the author, "... We don't exist for you."

Over 13 chapters, *No Nation*... brings out the disturbing extent of the crime. Each chapter carries multiple stories of women, some dead, many still fighting the long fight for justice.

In the chapter on trafficking that brings the story of four tribal girls — three from Madhya Pradesh and one from Assam — you get graphic accounts of how a skewed sex ratio in one state is destroying the lives and families of girls in another. And how some maid placement agencies, to which we turn so that our homes can function like clockwork, are serving as a cog in the sinister system that traffics girls.

Ms Dubey also touches upon the three layers of the trafficking industry: The confidante who lures the girls, the middleman who facilitates their transit to another city and the agent in the "delivery city" who does the final buying and selling. The buyer sometimes is a desperate bride-seeker, a pimp or a maid placement agency.

Rapes in police custody, in small towns, of children, to establish caste supremacy — in the end, you are left staring at the pages, numb. What kind of society are we that we consistently, deliberately — and systematically — fail our women?

Throughout, the biases leap out of the pages: In the way a 13-year-old boy smirks when the author asks for directions to a gang-rape victim's house; in the attitude of a policeman who is convinced that a woman constable who is raped while she is ferrying her sister's body to her village for cremation has a "loose" character; in the manner in which the policemen tell Ms Dubey that women should be banned from joining the force because they are only a distraction.

A sound piece of reportage, *No Nation*... could, however, have done with sharper editing. The issue of rehabilitating rape survivors in India is also under-addressed in the book — as it is in our society.

The author does not isolate herself from the stories she tells. She is honest about their impact on her, which makes *No Nation*... a sensitive, if disturbing, book. In one place, for instance, she says she wants to howl and scream loudly. "Instead I cover my face with my scarf and sob. Silently. Because I don't want the driver to know that I am crying. Otherwise he might assume that I am a "weak woman". And no good things happen to "weak" women in this world."

The vulnerability of a woman — whether she lives in a remote village or is an empowered reporter —hits you.

**NO NATION FOR WOMEN:
Reportage on Rape from India, the World's Largest Democracy**
Priyanka Dubey
Simon & Schuster
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