

Reforms reach a dead end



COUNTRY CODE

RAHUL JACOB

Mamohan Singh's handsome reelection win in 2009 was seen as a chance to recreate the reforms momentum of the 1990s when he had been finance minister. More banner headlines greeted Prime Minister Narendra Modi as India's Margaret Thatcher or Shinzo Abe when Modi received an absolute majority in 2014, but neither made progress

substantially revising labour laws, for instance. Ikea and Coke announced billion-dollar bets on India in the summer of 2012. But some time in 2012, Rahul Gandhi told NDTV a week ago, Congress' leadership, including Singh, decided liberalisation had run its course. Now, Gandhi feels India needs to find a "new model" that doesn't enrich just the top 2-3 per cent. He wouldn't let on whether this meant, say, a marginal tax rate of 70 per cent. Gandhi's English is enigmatic and his Hindi unidiomatic. Elaborating, he sounded like Robin Hood played by Ajit, the movie star of yesteryear: "Past se future ko jodhna padega".

It was a stark repudiation of Congress' most notable achievement in the past three decades. The manifestoes of the Bharatiya Janata Party (BJP) and the Congress are dispiriting if you are foolishly hoping that privatisation would be included even just for discussion. The headlines about widespread unemployment should have prompted — in a country more honest with itself — proposals to make it easier for companies to hire and fire workers. "What I don't understand is the mindset that leads to the perpetuation of resistance to labour law reform," observes Pronab Sen, India's former chief statistician.

Both parties aspire to building India into an export powerhouse — never mind that data released Thursday showed export growth in April slid to 0.64 per cent, compared with a year ago, as many labour-intensive sectors continue to face liquidity issues. Congress may call it "Make for the world" and the BJP "Make in India", but neither has a clue about what it will take to embed India into mobile phone or athletic shoe supply chains. The Reserve Bank of India's industry credit data for the year ended March 2019 shows that many sectors that are typically labour intensive, such as leather, textiles, and gems and jewellery, saw gross bank credit decline. Both manifestos read like a wishlist for Santa: Congress would raise expenditure on education to 6 per cent of GDP while the BJP thinks a global yoga industry is a springboard to becoming the third largest economy in the world.

Even before this campaign of non-stop abuse and majoritarian flag-waving, Indian elections scarcely ever mentioned reforms. The poor are infinitely more numerous than the middle class, and voter turnout in poor rural areas much higher than in Mumbai or Bengaluru, even more so this year. Long before our age of TV interviews about prime ministerial poetry and mango-eating preferences, even "lion"-hearted P V Narasimha Rao hardly ever made a table-thumping speech about the bold reforms his government enacted. We may have a mixed up economy — alternately socialist/feudalistic, topped up with crony capitalism — but our lingua franca is socialism. Milton Friedman's 1955 critique of the Mahalanobis' Five Year plans broadly applies to 2019's manifestos — they are obsessed with (ill-defined) targets and expand too little on what remains India's fundamental problem: Its human capital.

More than a quarter of a century ago, a massive World Bank study sought to identify what had created the East Asian economic miracle that stretched from China, Korea and Taiwan to city-states such as Hong Kong and Singapore. It could only identify two common planks: openness to trade and widespread, good quality primary education. In any case, it's too late now. Even with the US-China trade war forcing multinationals to relocate production bases, I would bet Vietnam, Bangladesh and even Ethiopia will be beneficiaries rather than India. We have wasted decades playing petty politics, our only Olympian gold-medal sport. Now, India's fate is to oscillate between what Rathin Roy aptly described as the "compensatory state" where, in effect, the state must pay people reparations for its many failures and the Modi-Shah axis of blunt minority-bashing vividly on display in 2019 to offset the effects of its Stalinist impulses such as demonetisation and anti-profiteering agencies.

Regardless of who wins next week, we can only look to the future with fear. Trade is slowing; our ports, our poorly trained labour, and our over-valued exchange rate hobble our chances to get at a diminishing global factory jobs pie. Our non-bank financial companies' crisis is apparent in the collapse of auto sales in April. The recent financial results of consumer goods companies suggest India's middle class is no longer growing. The existing members of this exalted cohort are curbing their spending as savings rates slide. Our environment, from the hollowed-out hillsides of the north-east to the coming water crisis in Bengaluru to the polluted gas chambers of north Indian cities, is nearing the tipping point of Malthusian collapse. It will be the 55th anniversary of Jawaharlal Nehru's death on May 27. The sentimentalists among us can only hope the new government of whatever description will not be sworn in on that date. It is at least a comfort Nehru did not believe in an after-life.

Why this kolaveri di, didi?

You can't beat Mamata Banerjee in street politics — she pours her heart and soul into pulverising her rivals



PLAIN POLITICS

ADITI PHADNIS

All this past week, if elections were being "fought", they were being fought in West Bengal. Mamata Banerjee singlehandedly turned the last phase of the elections into a gladiatorial fight, forcing the Bharatiya Janata Party (BJP) to come out on the streets.

You cannot beat Mamata Banerjee in street politics. The Congress, the Left parties — they are all her victims. She pours her heart and soul into pulverising her rivals. Not for her sophistication and intellectualism. She believes in raw power.

At a cabinet meeting, just after the Trinamool Congress (TMC) supremo (and make no mistake, supremo is what she is) Mamata Banerjee had thrown a tantrum, a minister exclaimed in exasperation: "What is wrong with Mamata Banerjee?"

The question was a rhetorical one, but one of his Bengal colleagues took his time to answer it. He took off his glasses, polished them, put them back on and said evenly: "If someone thinks she's a better poet than Rabindranath Tagore, a better musician than Beethoven and a better painter than Leonardo da Vinci, then everything is a problem".

Banerjee is viewed by the political community (cutting across party lines) as a problem child who should not be allowed among grown-ups unescorted. But to the people of Bengal, her life is an open book and she is always, unfailingly one of them. In a state that lionises poverty, she continues to live in a simple house with a tin roof near a mosquito-infested open canal. Her style statement runs to simple handloom saris, rubber chappals and a modest Indian watch. Not for her flashy mobiles and fancy cars. She has a rule that she never breaks: She never eats in anyone's presence — only when she

is alone — presumably because she lives among people who don't know where their next meal is coming from.

Banerjee grew up in strained circumstances, having lost her father when she was just a teenager. Her "people" are her family. So much so that she has an unbroken rule: She never attends any family functions. (Her nephew Abhishek, widely seen as her successor, got engaged to a girl in Delhi some years ago. Festivities went on for three days. Although Mamata had no other pressing engagements, she just stayed away.)

Her strongest bond was with her mother. When she used to leave her Kalighat home for work, her mother would come to the door to see her off. She would crane her neck, look back and settle back in the car only when she had lost sight of her mother. Contrary to common perception, Mamata is not particularly close to her brothers. She is impulsive, has strong likes and dislikes and trusts very few people.

Her mentor in politics was the Mayor of Calcutta, Subroto Mukherjee who got Mamata's first lok Sabha nomination in 1984. She contested against a CPI (M) heavyweight, lawyer and later Lok Sabha Speaker

Somnath Chatterjee, from Jadavpur, defeating him so thoroughly that he could never contest from that constituency again.

Mukherjee privately rues the day he let Mamata loose on Bengal. The man who got the Calcutta Corporation to pass a resolution that Sourav Ganguly should get a Padma award, says he deserves the Bharat Ratna: "Dancing on my head is Mamata Banerjee; under my command is the army of sweepers employed by the corporation. With all this, I am still running the corporation. Shouldn't I get an award for this feat?" he once said in a TV interview.

With all this, how did Mamata allow the BJP to acquire a mass presence in Bengal?

Trinamool supporters say she has only herself to blame. New mosques are sprouting all over Bengal on public land. Tourists are warned by well-wishers never to get into an altercation with a Muslim on the streets: the police have orders to arrest you first and ask you questions later. Mamata has imposed affirmative action to the point of absurdity. This has naturally led to counter-action: The Hindus who never thought of themselves as Hindus are now banding behind the BJP. Ram has entered the land of Durga.

Prime Minister Narendra Modi told a rally in the state that many, many MLAs from Trinamool Congress are in touch with the BJP. If the Trinamool Congress does badly, there will be an exodus of MLAs into the BJP: Assembly elections are due in just 24 months. Bengal is the BJP's new frontier.

LUNCH WITH BS ► GAUTAM SINGHANIA | CHAIRMAN & MANAGING DIRECTOR | RAYMOND

Simple is the new cool

Singhania tells Pavan Lall why Trump's sparring with China has been good for business and how he keeps tabs on the goings-on in his company while not being involved day to day

Laid in a V-necked, orange pima cotton T-shirt emblazoned with his team logo "GHS", grey track pants and Tommy Hilfiger flip flops, Gautam Hari Singhania, chairman and managing director of the Raymond Group, is meeting me on a warm afternoon at the JK House, Raymond's headquarters on Warden Road. I am directed to the Atelier Lounge, which is part high-end boutique and part men's upscale country club, which features a bar replete with single malts, an exhaustive French wine list, and a gigantic 12-foot flat-panel TV that could be mistaken for a billboard.

Of late, the sports gear is de rigueur for him — far removed from pinstripe power suits. "Well, I'm not part of (daily) management anymore," is his answer with a half-smile, followed by the rider, "I'm not involved day to day but don't think I don't know what is happening every day."

From throwing legendary bacchanalian parties in Powai, Mumbai, that lasted from sundown to sunset and finished off with a champagne breakfast he personally curated, Singhania is now obsessed with maximising shareholder value, handing over operational charge to professionals and keeping Raymond in the competitive edge.

That may seem a charmed life from the outside but there are huge pressures, he says, adding that is "the professional hazard of an type A personality". At 53, Singhania does have his plate full. There's the disruption across industries, geopolitics and the shifting sands of leadership in corporate India on the one hand, and his growing realty business and an unfortunate and very public spat with his father and former Raymond Chairman Vijaypath Singhania, on the other.

Waiters silently bring foldable tables in front of us to set them up for lunch.

Did it have to come to what it did with his father? Singhania pauses,

then says: "There is nothing hidden about the dispute between my father and me. He wants me to do things that are not possible. The company is on one side and my father on the other. The dispute is personal and my job is to firewall my family issues from that of the organisation." Is resolution likely? "God willing, hopefully one day, who knows. I've tried my best and of course I'm open to it. Who wouldn't like to resolve issues?"

Waiters return bearing silver thalis.

Laid out in neatly arranged identical bowls are *paneer masala*, *navratan korma*, *jeera aloo* and cucumber *raita*. These are accompanied by warm, crisp naans. We dig in with our hands. The food is simple, but fresh and perfectly prepared with minimum spice and oil. Singhania speeds through lunch; I follow suit. "I'm a pretty normal guy who is doing his job," he says almost reading my mind as I wonder if *jeera aloo* is what the yacht-owning, Lamborghini-driving, vicuna-jacket-wearing promoter consumes every day.

The Cathedral & John Connon School alumnus remembers taking work trips in Dakota aircraft to factories at Bilaspur and Allahabad and the diet on the plane would be home-cooked fare like *puri saag* and curd along with chatter on business. "I'm simple about everything: I like non-spicy vegetarian food, family is very important, and religion is part of my life."

But of course: he takes his wife and daughters on skiing trips to Switzerland when he takes a breather, I learn. The lesser known facts include his regular visits to the Venkateswara temple in Tirupati every quarter and the frequent talks he hosts for spiritual leaders.

While Singhania has been at the helm of Raymond for close to two decades now, in the late 1980s he also ended up working for *The Indian Post*, a family-owned news-

paper. "It was challenging to go from textiles to newspapers, which was a perishable commodity and which I knew nothing about. But my time there was great," he says. "In the end, I was caught between other media giants and an unfortunate political

situation and the paper was sold to *Gujarat Samachar*."

Today, Raymond has over 1,100 stores across 550 cities, a retail distribution network spread over 20,000 locations, from metro cities all the way to tier 10 towns. But there are challenges. If earlier it was about licences to do business — one could get by even if the product was bad — today there are more companies in the fray, consumers are sharper and the whole game has changed, says Singhania. The emphasis is on the brand and the marketing. The real "chall-enge" — he stretches the word for emphasis — is how you keep reinventing things and make them new.

At the B2B end, Raymond is making made-to-measure suits and supplying fabric to international chain stores such as Macy's, JC Penney and Debenham. "Trump's sparring with China is good for business," he says. Khadi has been added as a fabric and apparel choice, as has ethnic wear to include ornate shervanis. Singhania has consciously pushed men's accessories. "A very senior industrialist's wife reached out and said that her husband wanted to have all their shoes done by us," he recalls. He told her: "We can do all the suits also."

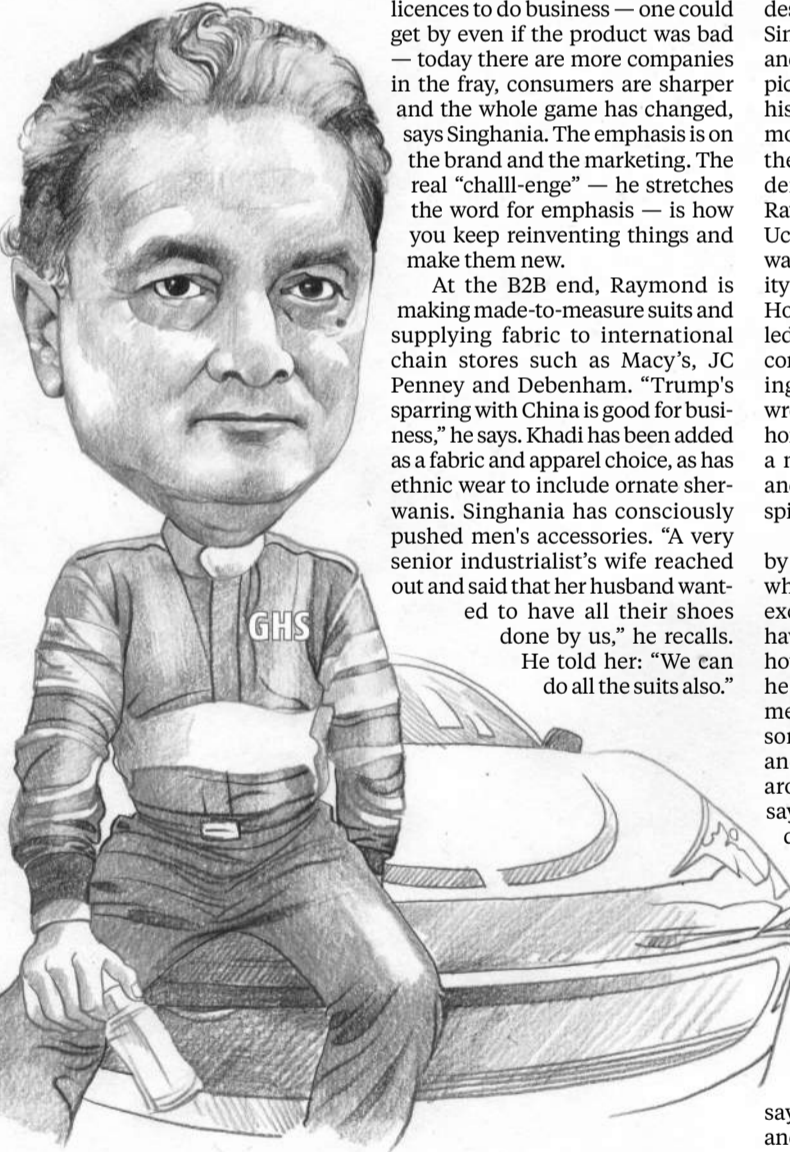


ILLUSTRATION BY BINAY SINHA

Beti padhao, dowry badhao?



PEOPLE LIKE THEM

GEETANJALI KRISHNA

The other day, when Ram Kumar Singh came to say goodbye before leaving for his village, I asked why he was going at this time. He wanted to cast his vote, he said. "And I also have to check out a prospective groom for my daughter," he added. I was immediately interested, having had many conversations with him about his eldest girl. Strained financial circumstances might have forced him to seek employment in Delhi, but every time he spoke it was evident that Singh's heart was with his daughter, a final year student in Allahabad University. "She's not keen on marriage right now as she wants to study further to become a teacher," he said. "But

I have told her that she should do that if she's lucky enough to marry someone who lets her."

I wondered aloud why Singh was hell-bent on getting his daughter married. She was a bright student and likely to make something of herself with his support. Singh responded by saying that he just couldn't afford it. For people like him, higher education for daughters entailed expenditure not only on tuition fees, but had other invisible consequences. When he explained these consequences, I realised that "Beti Padhao, Beti Bachao" and other government programmes to empower girls would be more impactful if there were a concurrent effort to change mindsets and cultural practices.

"If I succeed in arranging my daughter's marriage right now, I'll have to give maybe a motorcycle and some gold in dowry," Singh said. "In my community, marriages without dowry are unheard of." However, if he were to let his daughter study further, that too a vocational course in teaching that was bound to get her a good job, circumstances would change. For then he would have to look for grooms with qualifications and jobs better than those of his daughter's. "Usually, boys in my community who have good jobs in banks or the government demand a house or car at the time of marriage," he

said. Singh, who works as a security guard in Delhi and earns about ₹14,000 per month, can't afford to give so much. "I also have a younger daughter to marry off in a few years," he said.

There was another equally compelling reason why he wanted his daughter to get married instead of studying further and getting a job. The older she became, the more he would have to give in dowry. Singh explained that in his community, if a good job made a bachelor more eligible, it was youth which was a girl's most saleable asset. "So, much as I love my daughter," he said, "I will be happier to see her married young than have a successful career."

I realised that with the deeper penetration of education, Singh's daughter's generation could look forward to better livelihoods than those of their fathers. Yet, their lives continued to be governed by regressive cultural practices like dowry. "I probably won't be able to afford getting my daughter married if she became a government school teacher," he said. "Neither can I afford to gamble with her future by waiting for a good dowry-less match," he said. That's why he believed that women's empowerment schemes, were good for empowered women. "For girls like my daughter," he said, "early marriage is the best."

Gangland? No way!



PEOPLE LIKE US

KISHORE SINGH

Of all the sobriquets heaped by the right — "sickulars", "libtards", "presstitutes" — the one I'm most partial to is Khan Market "gang". As a partial liberal, part-time secular, disqualified member of the fourth estate, it felt good to be nominated for the moniker on the very day a bunch of us chose to partake of its dubious pleasures. It wasn't entirely to our satisfaction because election-induced prohibition took the edge of what could have been a pleasant weekend lunch. Far from planning coups or bandying politics, the only thing subversive on our mind was the option of choices on the menu. Not quite a gang, we were just a bunch of giggly, gossipy ex-colleagues somewhat melancholic for lack of liquid sustenance.

Khan Market is useful if not central to our existence. For most of us, its book stores have been a biologic-stop for piling up the latest thrillers, biographies, summer reads and those endlessly banal books on the state of India's society, politics and business. My own children don't visit the bookstores but do keep their many bars and restaurants in reasonable profit. My wife shops — or sends me to shop — for meats and cheeses, and I stock up on tonic water and handy bites while there. There's a reasonable variety of breads to be found. My son discovered, quite by chance, a haberdashery where he gets his office wear tailored. There used to be an apothecary we would patronise, but it deals more in spa and beauty products than medicines now.

There's other stuff we pick up from Khan Market — the season's first cherries, for instance, our dog's pet snacks and shampoos, gifts for friends, crockery, cutlery, readymades and shoes. I've had paintings framed here, and bought condiments. Flowers too, though they're expensive and best bought outside the cemetery behind the market. My driver used to take our cars there for repair, and for reconditioning audio systems or ordering upholstery and floor mats, but has since shifted his custom to another,

cheaper place. Those of us who don't have the patience to shop for lights in the wholesale markets of Old Delhi find Lok Nayak Bhawan convenient, though there's a part of it that stinks inexplicably of urine.

Khan Market's come a long way from when it had neighbourhood-style *kirana* shops, a *mithaiwalla* from where we bought *samosas*, one of the best music shops in the city, and a butcher who would make fresh *keema* while you waited. These have all gone the way of history. Khan Market is now more expensive and caters to the well-heeled, an aberration in the government colonies that surround it. But it has something the tonier malls don't — a sense of belonging, a place for people like us who don't flash branded bags and tint their hair blonde. It may be mere coincidence that it shares the vicinity with India International Centre and India Habitat Centre where the literati and culturati meet, and remains a place where you're more likely to bump into friends and acquaintances than at most soirees.

It doesn't feel "gang" like, and the parking can be an ordeal, but if there is a Khan Market tribe, it isn't something to be wary of. That it comes without a membership fee and doesn't require prior approval is merely a bonus.

Fertile ground for populism

Once the dust raised by the elections has settled, a new government will have to deal with the economic slowdown. The issue to focus on is not the usual one of how long growth will stay in the 6.5 per cent region before moving back up to 7 per cent and beyond. First, because we should not assume automatic reversion to what existed before, and second because the credibility of the GDP (gross domestic product) numbers has been shredded. Instead, the focus has to be on real numbers that can't be fudged, and these tell a troubling story.

Merchandise exports have been flat for most of the last five years. This reflects the failure of domestic manufacturing, and has made the economy more inward-looking. Tax revenue was buoyant but has now dropped short; collections from the goods and services tax especially suggest that business is not buoyant. The consumption numbers show a dip across many sectors, affecting corporate sales and profits. Balance sheet stress continues because of high levels of debt. All too many entrepreneurs are still busy with debt reduction efforts; some are giving up and selling out, mostly (it would seem) to foreign investors, and others are simply going bust.

The "core sector" output numbers on steel, cement and electricity don't suggest buoyancy. Corporate projects tallied by the Centre for Monitoring Indian Economy are still at a long-term low, and the government funding of projects has been squeezed (or payments not made for past work done) because of the revenue shortfall. The external account is comfortable because of capital inflows, but the current account deficit is too large for comfort.

The financial sector continues to be a drag. Credit flow has recovered but banks are still in trouble (the state-owned banks have provided for bad loans at a staggeringly high level of ₹52,000-plus crore in the latest quarter — nearly twice the earlier figure). The next tier of lenders, the non-banking financial companies, faces a liquidity problem flowing from general loss of confidence about what is hidden in their balance sheets.

What does any government do when faced with such an all-encompassing, multi-faceted slowdown? It uses monetary and fiscal measures to stimulate economic activity. But interest rate cuts by the Reserve Bank have not so far found reflection in the real rates in the market. As for fiscal policy, the deficit is too large for offering any tax discounts, unless the government simply gives up on fiscal discipline. If it does do that, a higher level of government borrowing will create bigger problems for monetary policy. There is a third solution, which is to force down the value of the rupee to make Indian products cheaper overseas and thereby competitive, and to make India an attractive sourcing base for global players, but no one in government has wanted to go down that road.

The real danger is that the momentum created by past reforms has run out of steam, and that we need a fresh set of structural reforms designed to make the system more competitive. There has been all too little of such reform in the last 15 years, and so the agenda remains unchanged: Reforming the factor markets (land, labour, capital). This means changing key laws, and forcing state-owned companies to face hard budget constraints (no bail-outs for Air India and its ilk). This is next to impossible politically, given that the losers will be workers and farmers who are already seen as having lost out.

The flow of facts and logic leads to one conclusion: The country should be ready for slower growth. This is already evident, but has been masked by the fiddling with (and suppression of inconvenient) GDP and employment numbers. The economy dropped to well below the key 7 per cent growth benchmark towards the end of the Manmohan Singh government, and even the official statistics put it at lower than 7 per cent today. Since that is not fast enough to provide jobs for the young, the fall-out will be political and social, on ground made fertile by an under-performing economy for the rise of populism.

If Pragya wins on Thursday

Never has one constituency had such a bearing on Indian nationalism and the pretence of a Gandhian polity. So what if PM Modi doesn't forgive her in his heart?

We have to acknowledge 'Sadhvi' Pragya Singh for one achievement. She has succeeded in doing what no one has yet been able to do to Narendra Modi and Amit Shah: Put them on the defensive.

She also managed to do another thing her party brass truly hates: To lose the power of deciding headlines. After brilliantly using the strategy of changing and controlling the headlines for five years, the BJP ends the campaign with just the one they didn't want. For the first time in this entire duration of their public lives yet, Mr Modi and Mr Shah were given a case even they found indefensible.

A few of the BJP's Twitter-happy usual suspects, including minister Anant Kumar Hegde and IT cell head Amit Malaviya, initially jumped to her defence or to take "the debate on Gandhi and Godse forward". All were squashed. The last five years have shown that the BJP can defend or dismiss as irrelevant anything offensive by a party person against anyone, individual or community. This includes an "Ali versus Bajrangbali" bigot, why should there be electricity on Eid but not on Diwali dog-whistle, a "Modi ki Sena" claim, the "illegal immigrants are termites" slur, the Rahul the "Pappu" has now brought his "Pappu" (Priyanka) crack.

But taking on the Mahatma, forget it. Some might do it in whispers, debate his "blunders", blame him for Partition, but in drawing rooms, *goshthis* or *shakhas*. Never in public. Not after having spent the past seven decades distancing your ideological parent RSS from his assassination.

Here, a prized, saffron-clad candidate, a Hindutva icon under trial in a terror case you fielded and defended with the usual "innocent until proven guilty" line, is calling the Mahatma's assassin a patriot. You do not take on the legacy of a man you also hail as Father of the Nation. Not in the year of his 150th birth anniversary when you've so successfully taken away the Congress party's original icon. The prime minister himself takes great pride in escorting his foreign counterparts to landmarks associated with the Mahatma, rode the train in Pieternitzburg, blogged on the 89th anniversary of the Dandi march, held forth in Champaran on the centenary of that satyagraha, got photographed spinning the *charkha* in Sabarmati and made Gandhi's familiar, rounded spectacle frames the logo of his precious Swachh Bharat programme.

This, from Pragya Thakur, who actually counts for a big cipher either in vote-catching ability or the party's moral positioning, is a vicious kick in her prime minister and party chief's guts. They can't even complain, because they are the ones who consciously pulled her out of nowhere.

Why, was explained by Mr Shah at his press conference with Mr Modi. He said it was his party's "satyagraha" against the Congress party's campaign

to malign the Hindus by inventing the bogey of safe-front terror.

Please make note of two points here. The first, the reason why it is now impossible for his party to distance itself from 'Sadhvi' Pragya: She was their deliberate choice, to make what they see as a principled point. And second, an irony: Even to explain this political statement, the expression Mr Shah used was a Gandhian trademark: Satyagraha. When you employ the unique form of non-violent protest Gandhi gifted to mankind to defend your choice of a person who hails his assassin as a patriot, you know where you are headed.

Never do the wrong thing even if for the right reasons is a good principle, in life or politics. The BJP has a bone to pick with Digvijaya Singh, we know. He has been the Congress party's most vocal spokesman on "Hindu terror". He has also gotten ahead of himself, raising questions about New Delhi's Batla House encounter and the sacrifice of yet another heroic police officer, Mohan Chand Sharma, decorated with a posthumous Ashok Chakra for that encounter, like Hemant Karkare in 26/11. Later, he also spoke in endorsement at the release of a book calling 26/11 an RSS conspiracy.

In the BJP's view, he deserved to face the most prominent face among the radical Hindu activists arrested on terror charges. Until late last month, when Pragya Thakur made her first headlines by calling Hemant Karkare names and claiming that he died because she put a curse on him and his family (we should remember that his shattered wife also died six years after his death in 26/11, incidentally on the anniversary of the September 29 Malegaon bomb blast), and then boasted she had climbed the dome of Babri Masjid to break it, quick damage control was done. Party by sending her on a *maun vrat* (vow of silence) and partly by counter-attacking Digvijaya and the Congress for having "similarly insulted" Mohan Chand Sharma. Her praise for Godse now leaves her party no place to hide.

Since 1989, the BJP has pursued a sharp strategy of slow and controlled escalation. At any point of time, beginning with the early days of L K Advani's Ayodhya movement, a more extreme "fringe" has been cultivated. In the course of time, some are dumped. Remember Sadhvi Rithambara, Praveen Togadia, even Vinay Katiyar. Some are mainstreamed, from Uma Bharti to Sakshi Maharaj, Sadhvi Niranjan Jyoti (of Ramzade and Haramzade fame), to Yogi Adityanath.

This worked for three decades, but was too clever to last. Some of us had foreseen this. Do check out *Mainstreaming the Lynch-Fringe*, my National Interest just after the Akhlaq killing by *gau rakshaks* in Dadri. Pragya is only the latest, and the most embarrassing example. It can't even be described as a misstep, because the party president has himself told us that this was a deliberate, well-thought out move, a satyagraha.



ILLUSTRATION BY BINAY SINHA

This was an utterly unwise statement of intent, drawn partly from an all-conquering hubris and partly from a misreading of how Indian nationalism has evolved.

It lies in believing that somehow Hindutva (and, by implication, Hindutva) is the primary glue that keeps India together, and defines its nationalism. Further on, it narrows down Hindutva and Hindutva to the RSS-Hindi heartland vision: One faith, one people, one language, one nation. India is much too diverse to keep its cohesion like this. Mr Modi has to remember that even if he gets a full majority, in four of the southern states, Andhra, Telangana, Tamil Nadu and Kerala, the BJP will be blessed to win even two seats out of 103 if at all. All parts of India, like these, will resent this kind of Hinduisation, an immune reaction will kick in, setting off a centrifugal rash. This runs contrary to the vision of our founders who built us as a voluntary federation of states. There was no one vision flowing from a faith, a scripture or an ideology. That is why India has not only stayed together so marvelously, but become stronger and more secure with the passage of each decade. And the ideological state next door, Pakistan, broke up.

India's great gift to the modern world is its comfort with diversity. This, in a world where different cultures find it increasingly difficult to co-exist, as in West Asia, is a brand value that will have the greatest return on investment, going ahead. And if India is the world's greatest brand for diversity, Mahatma Gandhi is what Swiss philosopher Carl Jung would call its brand archetype.

Fighting, repudiating, bad-mouthing Nehru is easy. Some people already call Indira and Rajiv Gandhi's assassins heroes. Mahatma Gandhi, even for those on the extreme Hindu Right who believe he founded the politics of Muslim "appeasement", is suicidal to target. Mr Modi may indeed be honest in saying his heart will never forgive Pragya. He could begin by praying that she doesn't win next Thursday. Or, it will be an embarrassing five years swearing by the name of Gandhi, and carrying along in your parliamentary party one hailing his killer a hero.

By Special Arrangement with ThePrint

China could pay a high price for US tariffs



MOHAMED A EL-ERIAN

By putting more barriers in China's path to US markets and, in the process, risking some short-term damage to the domestic and global economies, the US President Donald Trump could exact a heavy long-term cost on the world's second-largest economy. Indeed, he may even threaten China's chances of eventually entering the ranks of high-income countries.

Chinese leaders have long known that they need to change their development model if they are to make this difficult transition, powering through the dreaded "middle-income trap" that's tripped up so many

other developing countries. For two decades, they relied on global markets to provide a crucial tailwind while they pursued reforms at home. But this is changing now that the US is increasing tariffs on Chinese imports and limiting their tech companies' access to US markets. Also, some US companies have already begun to reorient their supply chains away from the mainland.

With external tailwinds turning into headwinds, China will need to rely far more on domestic demand to generate prosperity. To do so without building up risks in the financial system, Beijing would need to promote far greater household consumption and private investment, rather than relying on the debt-fuelled government investment and inefficient state owned enterprises that have helped drive domestic engines of growth for most of the last several decades.

This effort will fail unless the government can overcome three habits that tend to reassert themselves whenever economic and financial insecurities increase in China.

The first is the tendency for households to sock away more money as a form of self-insurance. Especially when they're uncertain about their economic prospects,

Chinese households revert to parking away higher savings to safeguard their future ability to pay for things like hospital bills, education for their family, and retirement.

China's success in prudently reducing its household saving rates in recent years appears to have stalled in the last 12 months. The latest high-frequency economic data, including this week's lower-than-consensus expectations for retail sales and industrial output, suggests the problem may get worse before it gets better. China needs to do more to provide households with pooled insurance mechanisms (including improving health insurance, education and pension systems) so that they can feel more confident spending.

The second trend is the tendency for the government to revert to fiscal and monetary stimulus whenever the economy hits a soft patch. Recent evidence suggests that such measures are less effective than they used to be, requiring much more debt per unit of GDP to stabilise growth. This only adds to the risks building up in China's financial system. Most development economists argue that to avoid the middle-income trap, countries instead must lead with the supply side, securing further productivity gains and

diversifying their domestic economic base.

The third is the government's tendency to fall back on state-owned enterprises to boost GDP. Most available evidence suggests that the efficiency and productivity of these companies is low and declining, while their contributions to China's debt load and resource misallocations are increasing. China instead should be empowering its more efficient private companies to be responsible for the bulk of jobs and growth in the economy.

So far China has resisted following the examples of Canada and Mexico in making concessions to the Trump administration in order to defuse trade tensions and build a more sustainable economic relationship with the US. If it also cannot resist indulging these three habits, its multi-decade record of impressive economic performance, not to mention its future prospects, will be at serious risk. That would only further embolden those US policy makers who, driven by both economic and national security considerations, hope their actions now will dampen China's ability to challenge America's global dominance.

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Gizmos & early users

EYE CULTURE

SHREEKANT SAMBRANI

Narendra Modi's claim of having used a digital camera and email in 1987 has got him bad press because of the date, which is close to or before the beginning of their use anywhere in the world. That may not be entirely undeserved. But one's claim to be an early user of an innovation need not be questioned merely because the person is from India, not known for its receptivity to new devices (especially in the last century).

I am almost certainly the first user of laptop computers in India and among the earliest in the world. In early 1985, I had begun an association with a Canadian engineering consulting company working on a project for East India Hotels. We struck an immediate rapport. In the Canadians' Delhi visit in February-March that year, I initiated them into the intricacies of one-day cricket while watching live telecasts of the World Championship Series then being played in Australia (in which Ravi Shastri won an Audi car as the player of the series).

When they returned in April, one of them had a Toshiba T1100 portable computer introduced globally just days earlier, which he had bought right before leaving for India for Canadian \$3,000. The covetous gleam in my eyes was evident to everyone, especially the leader of the Canadian team. He persuaded his colleague to sell the machine to me for ₹30,000 and voila! I was the proud owner of this wonderful new piece of hardware within 10 days of its being on the market.

The Toshiba machine was technically not the first portable computer. Some experimental devices had been on the scene off and on for about a decade. But the Toshiba offering, fully compatible with the IBM PC, was "the world's first mass-market laptop computer," as its manufacturer most truthfully claimed.

A generation later, it can be called with some justification the dinosaur of laptops: It was slow, had only 256 kb RAM, no hard disk, used the then not readily available 3½" diskettes (the standard ones were the 5¼" floppies), had a monochrome orange display and limited graphic ability and bulky as well. Toshiba proudly and rightly said it weighed just 4 kg and fitted into a briefcase (it did, but took up all the space). But in 1985, it was nothing less than a marvel.

I had a presentation to make to the Oberoi board, with such distinguished members as B K Nehru and

Field Marshal Sam Manekshaw. Although I showed the key numbers in an overhead transparency presentation, I had saved the sensitivity analysis on the laptop. The venerable board members were completely convinced when the "little" machine answered all their what-if questions with a few quick key strokes. The happy hour post the board meeting was entirely consumed by their eager handling of the computer.

A few weeks later, I had a meeting with Baba Kalyani of Bharat Forge. He used to come to the office after a morning round of the shop floor. That day he was a little behind the schedule. As I waited, his senior personal secretary wanted to know what was in my shoulder bag. I told her it was a computer. She did not believe it until I took it out and showed her. More than a decade later, I had called up Mr Kalyani's office to fix an appointment. I introduced myself and the voice at the other end said, "How can I forget you? You introduced me to laptops!"

Late in 1985, I went to North America for a series of meetings and discussions. Although airport security then was not as stringent as it is now, I had to invariably take out the laptop every time and demonstrate that it was a computer, much to the great amazement of the security personnel. And if I worked on it during a long wait in the departure lounge, a crowd was sure to collect, oohing and aahing about the little wonder.

It was not just the hardware. The Canadians also gave me Microsoft Word, then just introduced. I found it much more user-friendly as compared to then Indian standard Wordstar and started using it immediately. People did not ask for soft copies of documents in those days, so I was spared the need of converting Word files into Wordstar. But I still think in Lotus 123 before building Excel worksheets!

So Mr Modi might be right in claiming to have used a digital camera in 1987, because Megavision started selling its Tessera camera then. He could have picked it up in his travels abroad or one of his many admirers may have presented him one. But the first truly digital camera, the Fuji DS-IP, came into the market in 1988, a year after Mr Modi claimed to have taken Lal Krishna Advani's digital picture. He could surely not have sent it through email, because the rudimentary, non-commercial services then available to select few anywhere in the world could not handle large picture files. Oh well, that would not be the first time when truth has been embellished a little and certainly not the last!

Celebrity overdose on IPL helps or hurts brands?



YES, BUT...

SANDEEP GOYAL

The IPL this year was an even bigger hit with television reach topping 444 million viewers — 259 million in Urban, 186 million in Rural — in BARC Week 18, May 3 data, and video viewership on Hotstar crossing 175 million in just the fourth week of the tournament. Subsequent weeks data, I am sure, will show even higher numbers. No wonder, therefore, while the eight teams slugged it out for supremacy in the stadia, there was another much bigger battle of the brands raging off the field, on your TV screens. So much was after all at stake.

Vodafone started a new trend way back in 2009 when they launched a special 'IPL-only' campaign with the ZooZooos, based on the realisation that the T20 tournament is the biggest (and zaniest) television property of the year, by far, and hence merits brand

creatives that are different. The ritual has gained momentum over the years, and today many more brands debut on the IPL, and there are many more who create bespoke advertising only for the IPL window. Tata Harrier, Netflix Selection Day, and Sporto Red were among the noticeable debutants this year; Cadbury Fuse, Dream 11, PayTM, Zomato Premier League, Frooti, Myntra, and Vimal Elaichi, besides some others, broke new campaigns on the six-weeks long tournament on Star Sports. Similarly, on Hotstar, 'IPL-only' campaigns were run by Wrogn, Peter England wedding suits, Netflix-Bahubali, Halaplay, Fanfight, Freecharge, Budweiser, Cadbury gems, and ZooZoo Fanbreaks. All underlining the growing importance of the IPL to most brands seeking millennial audiences.

Yes but, the most dramatic change that the IPL has witnessed this year is the overload of celebrities being used by various brands to stand-out at the IPL. There was not one, not two, not three but four Akshay Kumars on show in the Tata Intra mini-truck ad; Akshay was also seen peddling Envy 'French' deos and Policybazaar; Virat and Anushka were together, yet never in the same frame, in Google Duo and Myntra; Virat was alone in TooYumm; but featured alongside Harmanpreet and Mithali Raj for Royal Challenge; Ajay Devgn was selling Vimal Kesri; newly-weds Deepveer cosied up for Lloyd aircons; Dream 11 had Dhoni who was

also pushing Bharat Matrimony and redBus; Alia Bhatt and Varun Dhawan were seen together in the Frooti Life campaign; new comers Vicky Kaushal and Kartik Aryan were featured by Vivo and Oppo; Aditya Roy Kapur was also roped in by Oppo; Aamir Khan was in PhonePe and Vivo; Shahrukh was playing mentor to kids in Byju and V-Nourish; Hema Malini continued her long-standing support to Kent RO; Mr Bachchan was fixing it for Dr Fixit; Ayushmann played pivot for Polycab; Ranbir Kapoor and Paresh Rawal were paired again in a new commercial for Coca Cola; Ranbir was also paired with Deepika in the Asian Paints ad. Phew! The list could go on and on and on, and if I were to also include the various cricketers from the various franchises featuring in team sponsor ads, it would be endless.

Suffice it to say there was almost as much of Bollywood on screen as cricket and cricketers in IPL 12. Celebrities, young and old, old and new, had been hired by brands as if without them their brand would have no identity. On the contrary, methinks, in the overcrowded celebrity parade during IPL, brands that did not use these famous crutchers perhaps fared better. Swiggy with its endearing advertising, sans any famous faces, had ads that had both cut-through and high memorability. Who can forget the *gula-bjamuni* ad they put out last year, and an equally hilarious sequel this year?

On IPL, there is undoubtedly a lot of

celebrity clutter. To neutralise that, one would presume, brands need to either hire a bigger star to dwarf competition or have creatives that are really outstanding and different. Unfortunately, both formulas don't necessarily always work.

Just having a top-leaguer like Virat or Akshay may not really help because these busy stars are the face of far too many brands. The danger therefore is that the star is remembered, the brand is not. Newcomer V-Nourish must have paid a bomb to hire Shahrukh, and aired its commercials with high frequency in the finals, but few if any would actually recall the brand name. Shahrukh to most viewers was just Byju.

For creatives that stand out, you have to either invest in creating a property like the ZooZooos or there is little hope of differentiation. Ranbir's acting and mannerisms are just the same in Coca Cola and Asian Paints; Aamir in PhonePe as the grandfather is almost wasted; four Akshays in Tata trucks don't tell the story any better.

So, have a celebrity by all means; but let him or her not just merge with the crowd of other famous faces. At ad-spots that cost ₹9-10 lakh per 10 seconds, and an endorsee that puts you back for a crore to 10-crore, if you are on IPL your choices are limited: either stand-out or get-out.

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