

# Tech-enabled government

Modi 2.0 should strike a balance between quality access to technology and data security to ensure effective governance



## NOT FOR PROFIT

NIVEDITA MOOKERJI

Interacting with bureaucrats for the first time in his second stint, Prime Minister Narendra Modi listed “more technology in government” as a priority area. Along with vision for a five-year plan and other goals such as improving

the ease of living for citizens, any mention of technology could get lost in the larger scheme of things. But greater adoption of technology in the government can be a game changer for any country, as numerous research papers and surveys have shown.

Use technology to improve outcomes and efficiency in each department, the PM told the senior-most officials in the government. India’s improved ranking in e-governance last year may have prompted him to keep tech in the top list. In 2018, the country moved 22 places up to be in the first 100 of the United Nation’s E-government Development Index 2018. From 118th in 2014, it reached 96th in 2018. If the government is serious about making technology an integral part of governance and see real outcomes, it must look at Denmark, Australia, South Korea, the UK, Sweden, Finland,

Singapore, New Zealand, France and Japan — the top 10 in the global index. While there’s a direct correlation between income levels and e-governance performance, the development of online services contributed significantly to the overall score in the index in 2018.

Against that backdrop, quality access to internet data is the basic requirement for India’s e-governance score to improve. And the access has to be device and technology agnostic; wireless and wireline. For that, telecom companies and the government need to be on the same page, or at least near about — whether it’s on the date of the next spectrum auction, on the quantum or on the pricing. At this point, the message going out is that two leading telcos, Bharti Airtel and Vodafone-Idea, are reluctant to go for an auction this year, while Reliance Jio seems ready. The government, on its part, is looking at the last

quarter of this calendar for holding the auctions. Going by the current level of internet connectivity, there’s no doubt that telcos are either running low on the appropriate spectrum or they are not spending enough on the required infrastructure. Either way, the telecom operators, reeling under financial stress, must invest.

To come out with a successful e-governance model, the government needs telcos and other technology companies as partners. And therefore they cannot work in silos. A meeting of the Digital Communications Commission (earlier Telecom Commission) on Thursday is likely to give some clarity on the way ahead.

Whether or not Chinese major Huawei, caught in a massive global jam, can be part of the telecom universe in India will also tilt the pace of the government’s tech initiative. India hasn’t spelt out its stand on Huawei yet.

Digital India, a signature scheme of this government since it came to power in 2014, has seen mixed results so far. For it to stand out and blend with the PM’s latest focus on “more tech in government”, all ministries and departments must walk the talk on things like

artificial intelligence, blockchain, internet of things and big data.

If the 2019 Lok Sabha election was fought on the might of online social media, similar internet-led services could be used for governance as well. PM Modi had begun his first stint with visits to top tech campuses in America’s Bay Area and followed that up with meetings and interactions for collaborations towards ease of living and ease of doing business. The momentum was lost somewhere in between and tech majors such as Google, Facebook, WhatsApp and Twitter made headlines mainly for breaches ranging from data leak to inappropriate forwards to not having India representatives in place.

In fact, a draft e-commerce policy prepared by the Department for Promotion of Industry and Internal Trade a few months ago was largely dedicated to data localisation, sending confusing signals to stakeholders.

While data security is a priority for any government, Modi 2.0 should strike a balance to shift its goalpost towards quality access to technology, which will enable both effective governance and ease of living to the citizens of this country.

## CHINESE WHISPERS

### High drama in Congress meet



Senior Congress leaders appear utterly helpless in containing fights among local leaders. A meeting chaired by party general secretary Jyotiraditya Scindia, AICC in-charge of west Uttar Pradesh, apparently ended up in fistcuffs among members, which continued even after the members emerged from the party’s war room at 15 Gurudwara Rakabganj Road in Delhi, and moved to another location. In the meeting held on Tuesday, some leaders raised questions over ticket distribution and blamed senior party leaders for the poll debacle in the state. An argument on the issue quickly descended into an exchange of blows, bizarrely in the presence of national leaders like Scindia and Raj Babbar.

### Offering a credible alternative

The Communist Party of India (Marxist) has had a terrible Lok Sabha election. It is now hoping to align with the Congress party in West Bengal. At the meeting of its central committee, the CPI (M) said the Congress unit in the state committed a mistake by not aligning with the left parties, which led to their supporters voting for the Bharatiya Janata Party (BJP) in the state as they did not think of either of the two as credible alternative to the Mamata Banerjee-led Trinamool Congress. The CPI (M) is hopeful that the Congress state unit will see reason and join hands with it for the next Assembly polls, due in the first half of 2021. However, many in the CPI (M) and Congress believe the Banerjee-led government might be dismissed and election held under central rule earlier than 2021.

### No power cut at 'power centre'

Unscheduled power cuts have become an issue of great concern for the Madhya Pradesh government. As expected, a blame game has ensued. Chief minister Kamal Nath has accused “BJP-minded” officials of sabotaging power supply; the Bharatiya Janata Party, on its part, has labelled the government “inefficient”. But there is good news from the Chief Minister’s home district, Chhindwara. On Tuesday, as the rest of the state suffered intermittent power cuts, Chhindwara faced a minor outage, of just 38 seconds. The nearby districts of Jabalpur and Siwani faced at least an hour of power cut each. Nath has represented Chhindwara eight times in the Lok Sabha. After he took over as CM, his son Nakul Nath is representing the seat in the lower house. The state produces 19,000 MW of electricity every day and its average consumption, in summer months, is 9,500 MW.

# The deconstruction of Foodpanda

The company, which was bought to compete with UberEats, lost its way. But how?

PATANJALI PAHWAA

It was a frantic call. “Where are the orders? You had promised 1,000 of them,” said the owner of a popular dessert franchise in Bengaluru.

“Sir, they will come. It will be 1,000 before the day ends, I promise,” says one of the area managers of Foodpanda. He left the company soon after this call.

“It is 5pm and there is not one order.” There was silence. The area manager was at a loss. Why was there not a single order? The dessert chain was in one of Bengaluru’s busiest and most upmarket neighbourhoods. There were a mix of startups and residences. If anyone would order, they would. And especially because there was Crave Party on, which is a special offer Foodpanda ran offering deep discounts on food, especially dessert.

In December 2017, when Ola bought Foodpanda, it was the company’s second attempt at food delivery. It had made one before via Ola Cafe, which didn’t work. Ola had to shut it down and fire a whole lot of people. About two years later, Ola tried again, this time taking the acquisition route. It didn’t work either. When Ola bought Foodpanda, Bhavish Aggarwal, founder and CEO of the ride hailing company, went on YouTube to announce that he would be asking his close ally Pranay Jivrajka to be CEO of Foodpanda and he would spend \$200 million to make the company a force.

In May 2019, just one-and-a-half-years since that pledge, Ola decided it didn’t want to be a marketplace anymore, it pivoted and became a cloud kitchen company. Where did the idea

come from? It came from a small cloud kitchen company Foodpanda acquired in 2018 called HolaChef. The Mumbai-based startup had run out of cash and was forced to down shutters. Ola bought the company, essentially at zero value, after promising to pay off its dues. Ola is now adapting the model of that company for its new avatar.

What brought Ola (and Foodpanda) to this point?

In late August 2018, Foodpanda launched a too-good-to-be-true offer called Crave Party. It offered desserts at ₹9, snacks at ₹19 and biryani at ₹79. These prices, Foodpanda’s decision-makers believed, would be able to take orders away from Swiggy, Zomato and especially UberEats. Once customers saw the superlative delivery standards and the prices, Foodpanda would become their default app. They already used Ola twice a day, they’ll keep opening the app for food.

“The plan within the company was to make Ola like Grab,” said a senior Ola executive. Grab is the south east Asian ride-hailing company that bought out Uber from the region and has a food delivery, ride-hailing and concierge service. If Foodpanda worked, Ola planned to extend Foodpanda and expand it to grocery delivery as well. Very similar to another failed experiment, Ola Store. This was the entire plan. But this is how it unravelled.

Let’s go back to the call. While there were these few seconds of uneasy silence, the area manager went through everything he had done. Did he miss anything? He hadn’t. He promised the owner he would get back to him within the hour. “I panicked and called head office



To a few small restaurants in Gurgaon, Foodpanda promised a revenue of ₹1 crore

in Gurgaon. They didn’t know why,” the former Foodpanda employee said.

Over the next few hours, the employee got three more calls from other restaurants all saying the same thing. You promised us 1,000 orders. “I was later told the same thing was happening in other cities,” he said. The area manager was told that it was tech issue. A lot of restaurants who had signed exclusive deals with Foodpanda appeared offline to the customer. For that particular dessert chain, the restaurant didn’t come online for 21 days. The restaurant had to throw away the excess dessert it had ordered. “It wasn’t just that the restaurants had to throw out food,” said another senior former Foodpanda executive. “It was the deals that Foodpanda struck.” The food tech company was footing most of the discount bill. “If an ice cream cost ₹90, they were giving it at ₹9. Who was paying the balance ₹81?” he asked. In most cases, it was Foodpanda. “Sometimes, if a sales manager was good, he would strike a deal in which the restaurant would give a 20 per cent



## INSIGHT

# Mutual funds vs the Sebi



J N GUPTA

Looking at the headlines over the past few weeks if one gets the impression that all is not well between the Securities and Exchange Board of India (Sebi) and the mutual funds, one wouldn’t be too off the mark. The question is, why is it so when both have a similar objective — that is, to develop the mutual fund industry, while protecting investor interest. The crux lies in a crucial difference: MFs have a commercial objective as well — they not only earn for the investor but also for themselves. The Sebi has no commercial objective.

At the root of the present spate of show-cause notices issued by the Sebi to various MFs lies the failure of promoters of Zee Media to honour their repayment obligations upon the maturity of debt instruments, where the security were the shares of the Zee Group. While the Sebi as a regulator understands that risk of failure cannot be ruled out in any transaction, it had problems with the actions of the MFs, before and after the default. The MFs, however, claim they had acted in the best interest of the investors and that their actions speak volumes about

their commitment to the investor and to the need to avoid losses.

While the argument of the MFs appears genuine and in accordance with the role expected from trustees, questions are being raised on the Sebi’s lack of “sensitivity”. It is believed that any other action by the MFs would have been against the interest of the investors. Does the Sebi want investors to suffer? The answer is a big no. While the Sebi is being made out to be the villain of the piece, it certainly is not — at least not in this case.

The question is whether investors were made aware of the risks involved and the consequences. This is more of a case of disclosures, transparency and procedure. Were the investors aware that investments by MFs could become bad debt? Can MFs enter side agreements with borrowers and roll over maturity of a fixed maturity plan (FMP)? It must have come as a shock to investors to find out one fine morning that the maturity proceeds of their FMPs, which were due in the coming days, won’t be coming, and that if at all they did, the investors did not know how much they could expect and when.

The Sebi’s objections concern the roll-over of maturity (extension of maturity) and a private deal to allow time to the borrower without proper disclosure in the scheme to investors. The argument from the MF side is that not all situations can be envisaged and that many MFs had offered various options to investors. The question is, whether a notice or information to investors post an event is as good as prior information and disclosure. The answer is, post event information or disclosure has no meaning and is just fait accompli.

It is not as if the Sebi hasn’t made provisions in the law for such a contingency. Way back in 2002, the Sebi had envisaged that such events might happen, and that on or before maturity date an asset might turn illiquid or an NPA. Sebi circular clearly laid down what MFs can do in such an eventuality. In fact, the said circular provided two-years’ time to realise and distribute proceeds, if any, from the NPAs.

Based on the demand from the industry and realising that instances of default and illiquidity could rise, the Sebi in December 2018 permitted side-pocketing of money market and debt instruments in case of a credit event. The circular detailed the conditions and the procedure. The heart of the circular was facilitating MFs while protecting the interest of the investors and ensuring transparency. One condition was that the scheme document must have enabling procedure for side-pocketing. All that was required was an amendment in the scheme document enabling MF trustees to create a side-pocket portfolio, if the eventuality so arose. Obviously, this enabling provision was required to be incorporated before and not after the event.

Ironically, the MFs failed to create side-pocketing provisions in their schemes and when they got hit by a credit event, they took decisions in desperation, which might have been in the interest of the unit holders, but were technically non-compliant.

While the Sebi needs to be complemented for providing a legal framework to deal with a credit event, MFs will get their share of bouquets as well as brickbats. Bouquets because notwithstanding the chance of facing regulatory ire, they chose what they

felt was in the best interest of the investors. Trustees behaved in the manner they would have done if they were dealing with their own investments. They had the choice of ignoring investors’ loss and liquidate investments at whatever value possible and honour the commitments. While this could have saved them from regulatory ire, they would have had to face agitation from investors and possible loss of reputation and confidence. Reputational loss due to regulatory action was a risk they chose to accept. It is well-known that when a problem is an industry-wide problem, adverse impact of regulatory action is minimal. So this was a calculated gamble.

The industry deserves brickbats for the simple reason that it failed to visualise that in the prevailing atmosphere the chances of a credit event crystallising were real. So why did the industry fail to act and incorporate a simple side-pocketing provision? It is not difficult to guess. If it was mandated and was done by the entire industry, investors would have been agnostic. Any fund taking the first step would have given out a wrong signal — of an inherent problem — and run the risk of avalanches of redemption request, potentially having a cascading effect. This business risk is too big to take. The industry or its associations have not developed the wherewithal to take up issues with the regulator.

My experience tells me that we have yet to mature and establish a healthy regulator-regulated relationship, where communication can flow without fear of reprimand. I can almost definitely say that the fear in the minds of the regulated entity is absolutely misplaced. Most of the

time, choices offered are not taken up and everyone waits for the other to act first, a la “*pehle aap*” (you first). My conversations during my stint at the Sebi gave me the impression regulated entities were hamstrung by the “please make it mandatory and we will do” syndrome. Culturally, we want regulatory fiat in everything.

While the Sebi is technically right in pulling up the MFs, it must also take into account the intent of the MFs. They must not work at cross-purpose. The Sebi must take into account the phenomenal growth that the industry has achieved over the past few years, where the industry-level assets under management have almost tripled. With reduced avenues to deploy incoming funds, the risk for both the investor and the industry have multiplied. Unless safe profitable avenues for deployment are available/created both the investor and the industry are at risk.

While accepting that challenges exist, non-compliance cannot be brushed away and the Sebi has to take an action, which may even be symbolic. Going forward, the industry and its association, the Association of Mutual Funds in India or the AMFI, must improve their communication with the Sebi. The AMFI must become a vehicle to ensure compliance as well as good governance. Every crisis is an opportunity to become better and the industry must not miss it. The Sebi and the MFs might be at the crossroads, they are certainly not at cross-purposes. The regulator must support MFs as much as the latter support investors as both can only exist and prosper together and not in isolation.

The author is MD, Stakeholders Empowerment Services

## LETTERS

### Jagan: A model CM



Minister Y S Jaganmohan Reddy (pictured) and Prime Minister Narendra Modi is noteworthy. The two belong to different parties having different ideologies and principles but setting aside all differences, the two leaders have shown respect for each other and good mutual understanding. Even though the YSR Congress Party is not part of the National Democratic Alliance, the way Jagan went to meet Modi immediately after the election results were announced and requested help for his state is commendable. Modi was also given a warm reception by Jagan during his Tirumala visit. Only time will tell if Jagan’s party will be part of the NDA, but what really matters is the way in which the chief of a state is ready to shake hands with the Centre keeping in mind only growth, welfare, progress, development and prosperity of the people and the state.

It is for this reason that Jagan can be regarded a model chief minister. There are some who have time only to fight and combat with the Centre because of ego and ideological differences. There are some who are mere opportunists, who start spitting venom at the Centre when things don’t go their way. Jagan has shown he is a leader ready to carve a niche of himself in the political world. His goal is to work for the betterment of his state and its people.

M Pradyu Thalikavu Kannur

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## A reality check

Ex-CEA makes a strong case for re-examining growth numbers

Recent research work from former Chief Economic Advisor Arvind Subramanian, which has now been published as a Harvard University Centre for International Development working paper, has reignited the debate over the quality and credibility of Indian data. In this paper, Dr Subramanian examines the so-called “new series” of data regarding the Indian economy and compares its estimates for gross domestic product with those under the previous system, which also had a different and earlier base year for calculating real GDP. He discovered that the new series of GDP was much more disconnected from other indicators of the economy than the old series, and that this level of disconnection, in fact, rendered India an outlier among comparable economies. The paper presented a difference-in-difference regression comparing the old and new series and data from peer economies, and estimated that GDP growth might, in fact, be several percentage points lower than estimated. It is important to note that the former CEA did not use either the “back series” recently released by the NITI Aayog for growth in the 2000s or the revision of the new series for recent growth, and argued that both of those would, in fact, further overestimate recent growth. The years affected cover both the National Democratic Alliance and United Progressive Alliance governments, so it is unfair to impute a political motive to the research.

The specific estimates presented for the amount by which growth has been overestimated are arguable. But whether real GDP growth is 4.5 per cent or higher is not the point. The paper merely shows systematically what was already known or suspected, that the official GDP growth numbers are out of line with independent economic variables like exports and freight movement. Dr Subramanian had, in fact, made that point even when he was the CEA, arguing that it was rare to see growth in an economy where exports and credit and investment were stagnant or decreasing. This has serious implications for both investors and policy-makers, and should no longer be dismissed or denied. Officials have argued that the new series follows internationally accepted statistical methods. This may well be true but does not address the core questions of comparability and reliability. Whatever the process or method being utilised, the end results have to be subjected to a reality check — and it is clear that the current growth methods do not pass that test.

An independent re-examination of the methodology and results being used for official statistics is the only way out if their reliability and credibility is to be restored. The Economic Advisory Council to the prime minister has termed parts of Dr Subramanian’s research report as a “most unusual exercise” and said that it would issue a “point-by-point rebuttal.” This may well be a valuable contribution to the academic debate, but it cannot be an adequate response. Dr Subramanian has provided a strong case for a re-examination of the new GDP estimation process as well as the high-growth assumptions guiding policymaking over the years. Thus, a proper response would be to accept that a cloud hangs over Indian growth data which will only be dispelled by greater transparency and investigation of its disconnect with reality.

## Overflowing granaries

Shanta Kumar panel’s recommendations have been ignored

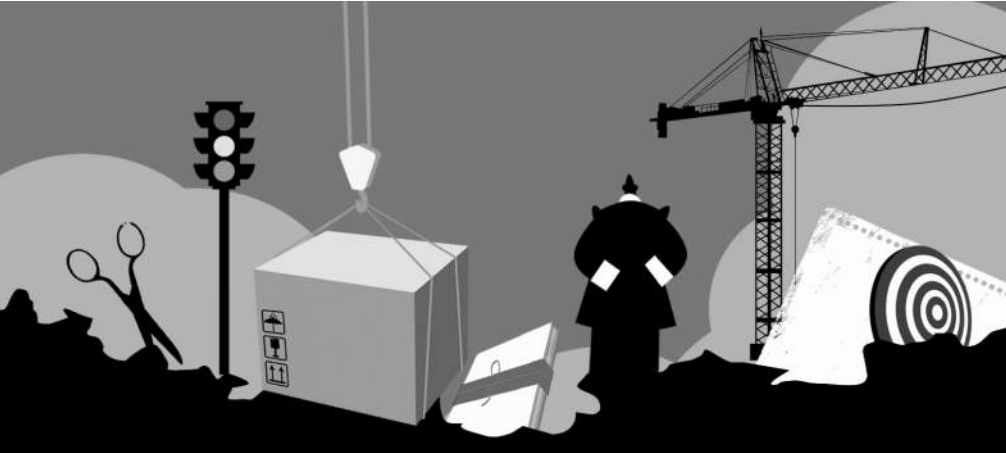
With the government’s foodgrain coffers brimming over and more stocks pouring in regularly, thanks to an open-ended grain procurement policy, the country’s food surplus has become unmanageable. By official reckoning, the total inventories in the Central grain pool are close to twice the desired stockpiling of 41.1 million tonnes in the beginning of June. Though the fiscal load of the excess stocks is hard to assess precisely as it keeps varying with size of inventories, duration of storage and procurement incidentals, rough estimates put it at over ₹1 trillion. The carrying cost and the interest on the funds spent on its acquisition and upkeep by the Central and state level food handling agencies are in addition to this. All this ultimately inflates the food subsidy.

A sizeable part of the food stocks is held in the states where these have been purchased on behalf of the Centre. The governments of these states, notably Punjab, Haryana and Madhya Pradesh, are pressing the Food Corporation of India (FCI) to expedite evacuation of these grains as their godowns are overflowing and monsoon is approaching. The FCI’s own warehouses, too, are bursting at the seams. A part of the procured grains is, therefore, lying in the open under the improvised Cover-and-Plinth (CAP) system of storage where these face a high risk of rain damage and pilferage.

Overstocking of foodgrains could be justified in the past on grounds of food security, but not in today’s stable food surplus economy. This year, too, the FCI and the state agencies have mopped up 76.1 million tonnes of staples (33.8 million tonnes wheat and 42.3 million tonnes rice) though the anticipated requirement of the public distribution system and welfare schemes is only around 61 million tonnes. Such imprudence in handling the food economy is untenable. The Shanta Kumar Committee on the FCI and food sector reforms had specifically cautioned against overstocking in its report presented in 2015 and pointed out that it entailed heavy costs without serving any purpose. It suggested offloading inventories in the domestic or export markets as soon as these tended to exceed the buffer stocking norms. But this wise counsel has gone unheeded along with many other sound recommendations of this panel. Only last week, an indication came from food minister Ram Vilas Paswan that the functioning of the FCI would be streamlined as per the recommendations of this committee.

The oversupply of foodgrains is attributable also to steady uptick in the output of cereals in the absence of a reliable export outlet. The need, therefore, is to reorient crop production in favour of high-value and export-worthy products. Paddy can easily be substituted in the north-western non-rice consuming region with crops like basmati, cotton, maize, soyabean and others which are in demand at home and abroad. Haryana has already begun doing so by offering cash incentives and free seeds of alternative crops. Similarly, procurement as a means of lending price support to a crop can be replaced with systems like price deficiency payment and direct income support to farmers. Unless policies are modified on such innovative lines, especially in the regions where the food stocks are facing the risk of rotting for want of safe storage, the country’s granaries might turn into graveyards of grains.

ILLUSTRATION: BINAY SINHA



# Confronting macro challenges

With key macro indicators flashing amber or red, business as usual is not an option

As the freshly mandated National Democratic Alliance government prepares its first Budget, it confronts a daunting set of macroeconomic challenges, with every key macro indicator (except, importantly, inflation) flashing amber or red: ■ Recently released official data show that GDP growth slowed markedly in the final quarter of 2018-19 to 5.8 per cent, the slowest in 20 quarters, thus bringing down the full year growth estimate to 6.8 per cent, the slowest in five years. This confirmed the sharp slowdown signaled earlier by many high frequency indicators such as the Index of Industrial Production, trade statistics, auto and consumer goods sales, purchasing managers’ indices, corporate earnings and so forth.

■ Real investment growth in 2018-19Q4 tumbled to 3.6 per cent, manufacturing to 3.1 per cent and agriculture to minus 0.1 per cent. Private investment has been stagnant. ■ On the same day, the government finally released the Periodic Labour Force Survey report by NSSO for 2017-18, which confirmed that the employment situation in the nation was the worst in several decades, with just under half the working age population actually working or seeking work (the labour force participation rate or LFPR). The LFPR for females was down at a dismal 23 per cent (one of the lowest in the world), and that for female youth at a pitiful 16 per cent. Among those in the labour force, unemployment was at a 45-year peak of 6.1 per cent, with very high rates among youth, ranging up to 27 per cent for urban females.

■ The nation’s external financial balance is under stress, with the current account deficit in the balance of payments at an uncomfortably high 2.5 per cent of GDP. Worryingly, the single largest credit item, merchandise exports, has been stagnating since 2011-12, leading to a drop in its share of GDP to 12 per cent in 2018-19, compared to 17 per cent seven years ago.

■ The country’s fiscal balance remains under pressure, with the combined deficit of the Centre and state governments at about 7 per cent of GDP, and the Public Sector Borrowing Requirement (PSBR) estimated at around 9 per cent of GDP. The latter yardstick has become more relevant given the growing propensity to manage fiscal deficit targets by transferring government expenditure (and associated borrowing needs) to public sector entities such as the Food Corporation of India. The government debt-to-GDP ratio is close to an uncomfortable 70 per cent of GDP and contingent liabilities are rising.

■ The financial sector has been highly stressed for several years because of the “twin balance sheet” problem of high levels of non-performing assets (NPAs) of commercial banks and the correspondingly high burden of unserviced debt obligations of companies (mainly) and households. There were some signs of having turned the corner over the past year, until the dramatic implosion of the hydra-headed Infrastructure Leasing and Financial Services (IL&FS) company last September, which has spread substantial contagion in the universe of non-bank finance companies (NBFCs) and beyond.

■ Finally, the global economic environment of volatile energy prices and major trade wars is not conducive for an early economic recovery in India.

So what can be done to revive growth, investment and employment, improve macro balances and strengthen financial stability, both through the forthcoming Budget and outside it? Let us consider the usual macro level policy tools.

**Fiscal policy:** Given the high levels of the combined fiscal deficit and PSBR, there is no room for additional fiscal stimulus. As it is, they are preempting all of the



### A PIECE OF MY MIND

SHANKAR ACHARYA

# The insular world of Indian business

About two decades ago, three corporate gurus wrote a book called *World Class in India*. Two of the authors were Indian: The late Sumantra Ghoshal, who was then founding dean of the upcoming Indian School of Business (he died in 2004 at the absurdly young age of 56), and Gita Piramal, a respected historian of Indian business. The third writer was Christopher Bartlett from Harvard Business School who co-authored other books with Ghoshal on the nature of global corporations.

The book made waves not least because of the chain-smoking Ghoshal’s electric presence at seminars in the run-up to the launch of McKinsey-promoted ISB. Those were also heady days of hope for India Inc. Indian business had, contrary to the dire predictions of the early nineties, survived the tides of global competition. The powerful industry lobby CII under the quietly charismatic Tarun Das was being heard at the highest levels of policy-making. Chandrababu Naidu, then chief minister of undivided Andhra Pradesh, had created the novel image of the investment- and tech-oriented politician with a “corporate” approach to development, long before Narendra Modi made it a national phenomenon. From airports and roads to flashy new TVs and mobile phones, India Inc seemed poised to become China’s rival soon.

*World Class in India* underwrote that mood of general optimism. It presented case studies of a range of companies in India that appeared to have the qualities to qualify for the tag. The list included Reliance, Ranbaxy, Wipro, Bajaj Auto, Hero Honda, HCL, Infosys and Hindustan Lever (those are the names I can recall — my copy of the book is in the possession of a reluctant borrower). These companies, the authors said, com-

bined a focused management strategy with an emphasis on people and processes, all the hallmarks of future greatness.

From the distance of two decades, at least some of those names would raise a wry smile. Ranbaxy was embroiled in multiple scandals that had a deleterious impact on the Indian pharma industry for at least a decade and has had two owners in six years as a result. Its original promoters hog the headlines with controversies that are breathtaking, and sometimes comical.

Hero and Honda ended a quarter-century relationship and went their separate ways though both retain their top two positions in terms of market share. The IT giants have been in the headlines as much for management changes — Infosys (controversially) and Wipro in particular — as for their efforts to move up the value chain of global IT services. And Hindustan Lever has lost its reputation as the giant of India’s fast moving consumer goods market.

Ghoshal et al’s list demonstrates the risks of predicting corporate greatness in a world of constant flux. Seen from that distant vantage point, it would have been difficult to foresee the rise of corporations such as Titan, IndiGo, Airtel, Paytm, Flipkart, Oyo, Bharat Forge, Royal Enfield, Sun Pharma, GMR, GVK and a raft of strong private sector banks.

Equally, though, yesterday’s optimism seems naive when you survey the corporate Indian scene today: In 2000, Jet Airways was a feted competitor to Air India (then Indian Airlines) and IL&FS the infrastructure financing juggernaut of the future. Companies



### SWOT

KANIKA DATTA

annual flows of household financial savings. Any further increase would simply crowd out private investment and shore up the already high levels of real interest rates on medium- and long-term loans. Given existing expenditure commitments, unprecedented recent revenue shortfalls and growing payment arrears, it will be a challenge to keep the Centre’s fiscal deficit at the already budgeted 3.4 per cent of GDP. Ideally, a modest reduction would be desirable. Strengthening the revenue yield of the Goods and Services Tax (GST) through procedural reforms and rate adjustments will be crucial, as will be the broadening of the base of direct taxes.

**Monetary policy:** Through three successive policy statements (the most recent last week) the RBI’s Monetary Policy Committee has reduced the policy repo rate by a cumulative 0.75 per cent, of which it estimates only about 0.2 per cent has been successfully transmitted to fresh bank loans thus far. This is hardly surprising, given the high levels of government borrowing (to fund fiscal deficits), which keep the long rates high. The overhang of high NPAs in public sector banks (mostly) and the elevated costs and risks associated with these, as well as the stresses in the NBFC sector, are also impeding transmission and reducing any positive impact on investment. Basically, fiscal dominance and financial sector stress are undermining monetary policy. These have to be resolved or reduced before expansionary monetary policy can become really effective.

**Trade and exchange rate policy:** The government needs to urgently reverse the past two years’ trend towards higher customs tariffs and overvaluation of the rupee and also engage more proactively with regional trading arrangements, notably the Regional Comprehensive Economic Partnership. Only then will the declining share of exports in GDP be reversed, India’s participation in global value chains enhanced, import substitution efficiently encouraged and growth impulses strengthened.

**Reforms thrust:** The best way to trigger higher private investment and growth is to launch a much-needed set of economic reforms. Even though the pay off will take time, clear and credible announcements of a package will revive “animal spirits” and spur investment in the short-run. The key reform areas include: Measures to overhaul labour laws and regulations to make them simpler and incentivise fresh employment in the organised sector; initiatives for easier land acquisitions for non-farm uses; a big push on agricultural marketing reforms and an overhaul of the very costly and distortionary public foodgrain procurement and distribution system; and strengthening the Insolvency and Bankruptcy Code process.

**Ease of doing business :** Much has been done; but much more needs to be done, especially with regard to exports and imports (trade facilitation).

None of this is new. But it’s all still necessary to revive growth, investment and employment. Business as usual risks the perpetuation of low growth, poor employment, financial fragility, and vulnerability to volatile oil prices and external capital flows.

*The writer is Honorary Professor at ICRIER and former Chief Economic Adviser to the Government of India. Views are personal.*

# Coalition *dharma* and *karma*



### BOOK REVIEW

ARCHIS MOHAN

A book on the history of coalition governments at the Centre and in states, their contradictions, failures and successes, may seem incongruous, even anachronistic, when the Indian electorate has delivered a single-party majority for a second successive Lok Sabha election. The last time this happened was in 1980 and 1984.

Senior journalist Sunita Aron may have written the book on the assumption that Narendra Modi-led Bharatiya Janata Party (BJP) would struggle to attain a majority in

the 2019 Lok Sabha polls and that India would return to the era of coalition politics.

Ironically, the author has dedicated the book “to the Indian voters, whose political acumen has failed the best poll pundits in the country”. That does not take away from the interesting insights, delightful anecdotes and political prophecies in the book. It is also a ready reckoner of the history of coalition politics in India.

Chapter three, “The Bihari Fusion”, tracks how George Fernandes and Nitish Kumar, after parting ways with Lalu Prasad in the mid-1990s to launch the Samata Party, knocked at nearly every door, from the Communist parties to Mulayam Singh Yadav and Kanshi Ram, but were turned away.

Fernandes and Kumar, the author writes, eventually aligned with the BJP, with the blessings of socialist leader Chandra Shekhar, who had won the 1996 Lok Sabha polls from his stronghold in

Uttar Pradesh’s Ballia with the BJP not fielding a candidate against him.

The Samata Party-BJP alliance did away with the political untouchability the Atal Bihari Vajpayee-led government, which had fallen after 13 days, had faced in 1996. Fernandes’ presence in the National Democratic Alliance (NDA) helped the BJP get the requisite number of allies in 1998.

Ms Aron writes that if the United Front government of 1996 to 1998 laid the first mechanisms on how to run a coalition government — a common minimum programme and steering or a coordination committee — the Atal Bihari Vajpayee-led NDA coalition should be credited with introduction of “groups of ministers” and chief ministers’ conference as coordination devices.

With an all-powerful Prime Minister’s Office under Mr Modi, the spirit of coalition politics appears to belong to a different era. Ms Aron obviously wrote the book

before the Lok Sabha results, but her reading of Bihar Chief Minister Nitish Kumar and likely developments in that state ahead of Assembly polls in 2020 is perspicacious.

The author writes that the BJP could want the chief minister’s post for itself in Bihar, while Mr Kumar “harbours the ambition of being the prime minister”. The author states that Mr Kumar “cultivated” Rahul Gandhi and Sonia Gandhi but “overstepped” during the presidential polls of 2017.

Mr Kumar had then wished the opposition declared him the head of their coordination committee, which would have meant the opposition accepting him as their leader to challenge Mr Modi in the 2019 polls. Those close to Mr Kumar argue the Congress first family was “arrogant” in not offering him the political space he justifiably deserved. A couple of months later Mr Kumar ditched his allies to align with the BJP. His Janata Dal (United) now has 16 Lok Sabha members and his archrival Rashtriya Janata Dal none. Interesting developments could be in the offing in Bihar politics over the next year.

Ms Aron remains one of the most authoritative political observers on India’s most populous state, and the three chapters on political developments of the last three decades in Uttar Pradesh make for an interesting read. The Samajwadi Party (SP)-Bahujan Samaj Party (BSP)-Rashtriya Lok Dal grand alliance in UP failed to stop the BJP’s juggernaut in the 2019 Lok Sabha polls, but continues to be formidable with a cumulative vote share of 38.89 per cent.

The book tracks the events leading up to the first SP-BSP alliance in 1993, when industrialist Jayant Malhotra and a couple of politicians from south India brought SP’s Mulayam Singh Yadav and BSP’s Kanshi Ram together. The differences between the two leaders started even before the Uttar Pradesh Assembly polls of 1993, Ms Aron writes.

She has argued the media and BSP has unjustifiably vilified Mr Yadav for causing the break-up of the alliance in 1995, when BSP’s Mayawati had taken to issuing provocative statements routinely during that time. On transfers and postings of bureaucrats during the SP-BSP alliance gov-

ernment, Ms Mayawati had taken to say that if “Mulayam (Singh Yadav) is CM, I am super CM.”

Mr Ram had approached leaders, including Mr Vajpayee, to help him unseat Mr Yadav, the author writes. In almost a repeat of the current scenario, the BSP was routed in the mid-1995 zila parishad elections and Assembly by-polls and blamed the SP for not ensuring a transfer of its votes.

The Mulayam Singh government soon fell and Ms Mayawati, who by now had BJP’s support, was administered the oath of office on June 3, 1995. About the SP-BSP-RLD alliance of 2019, Ms Aron wrote how their politics “is dominated and driven by personal ambitions to grab power”. The people of UP appeared to have agreed.

### BALLOTS AND BREAKUPS: The Games Politicians Play

David Robson

Sunita Aron

Bloomsbury, 342 pages, ₹499



RationalExpectations

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# Govt gets tough with auditors, at last

Given their role as watchdogs, auditors must pay the price for negligence; complex structuring, though, makes auditing tougher

**A**FTER BEING QUITE lenient, thanks partly to a sluggish oversight body, the government is cracking down hard on audit firms. While the last big action taken was against Pricewaterhouse Coopers (PwC) for not detecting the Satyam fraud even while it was its auditor—Sebi banned it from auditing for two years and fined the firm ₹13 crore—a few days ago RBI banned EY affiliate SR Batliboi from auditing banks for a period of one year, and now, the government has approached the NCLT for a five-year ban on audit firm Deloitte Haskins & Sells and KPMG affiliate BSR & Co for their alleged role in the IL&FS Financial Services (IFIN) meltdown/scam.

The government has tightened the rules, so apart from compulsory auditor rotation, the law now says that the parent firm will also have to bear the liability in case of audit negligence/fraud; a new regulatory body, the National Financial Reporting Authority (NFRA) was also set up once it was found the existing oversight body, the ICAI, wasn't really taking much action against erring auditors/firms. Given the spate of NBFCs—not just IL&FS—whose accounts are turning out to be much worse than imagined, and the serious flaws in audits of bank defaulters that detailed forensics have now revealed, it is not clear that the changes have had the desired effect; NFRA is, of course, relatively new.

What has happened, though, is a flurry of auditor resignations, possibly due to the fear that, this time around, the government/NFRA will take action. According to NSE Infobase, while 12 firms' auditors quit in both 2016 and 2017, this rose to 48 in 2018 and 14 in the first half of this year. PwC is the latest to resign, as an auditor of Reliance Capital and Reliance Home Finance. While the two firms have said that they have furnished all necessary clarifications/documents to PwC, the auditor maintains that Reliance Capital had not convened an audit committee meeting on time; PwC also said it had not received a satisfactory response to its queries.

While the charge in the IFIN case is that the two audit firms colluded with IFIN's management to hide the details of bad loans, the net could widen further since, while IFIN had a large amount of hidden debt, much worse happened in the case of the parent firm IL&FS where auditor fees rose from ₹4.5 crore in FY15 to ₹15.9 crore in FY17, before falling to ₹13.7 crore in FY18. The IL&FS annual report for 2018, for instance, stated that the company's net profits for the year were ₹584 crore within the first few pages, but it took till the 210th page to know that group incurred a net loss of ₹1,869 crore that year. And while the company's borrowings are ₹15,935 crore, it is only in the consolidated balance sheet—also in the same annual report—that you get to know the group debt is ₹106,483 crore. While reporting the data, the auditor says there are 141 subsidiaries, 12 associates and 26 joint ventures whose accounts were audited by other firms, and, additionally, it did not audit the financial statements of 18 subsidiaries, 6 associates and 17 joint ventures.

You would think that, given that the auditor knew that there were such a large number of subsidiaries and related entities where close to ₹90,000 crore of debt was parked, it would have flagged this and pointed out that it needed to audit the step-down subsidiaries as well. And surely the auditor was derelict in not pointing out, upfront, that the rosy financial ratios in the annual report meant little once the overall group picture was looked at?

It is, of course, also true that given the financial jugglery many firms such as IL&FS indulge in, auditing has become a lot more complex. The latest report on India's NBFCs by market intelligence firm REDD points out, for instance, that several of these high-profile firms use what they call 'box companies' to hide loans/debt and to avoid regulatory requirements such as on capital adequacy or exposure to related parties. As REDD puts it, "By using the box structure, we also reckon that some of these companies have found an alternative to the concept of a rollover or evergreening ... Banks and NBFCs just lend to a new proxy/dummy entity which advances funds to the borrower entity to repay the loan to Banks/NBFC, avoiding reporting NPAs and a knock-on effect on equity multiples".

While the authorities need to examine the intricacies of these structures and the fund flows that REDD details, the government also needs to revisit the issue of how many layers of subsidiaries should be allowed; IL&FS had 347 entities held via four levels of step-down subsidiaries; and there were 142 entities at level 4! And while the government is penalising auditors, no action has been taken against the company's independent directors—the risk management committee, headed by the LIC managing director, met just once in three years, years when the consolidated debt almost doubled.

And, while it is true that the rating agencies also gave IL&FS a good rating by failing to look at consolidated accounts, they weren't the only ones at fault. Apart from the fact that regulators like RBI were napping, it is shocking that Sebi was willing to put in abeyance its August 2017 circular that made it mandatory for all listed companies to disclose all defaults in payment of interest and repayment of the principal within one working day. Not only did RBI fail to realise what was happening in IL&FS despite it being classified as a systemically important company but also it continued to push for not making names of defaulters public along with the dates of default—without 24x7 defaults data, how can a rating agency construct a model to predict default? Nor did any regulator insist that all firms be forced to put out some basic group-level data. With India being rocked by one NBFC crisis after another, the least one should expect is that the government will come out with a comprehensive solution, and take more than action on banning auditors.

## AilingREGULATION

Without an effective grievance redressal body in the healthcare space, violence by patients' families will continue to occur

**T**HE RECENT ATTACK on doctors in a public hospital in West Bengal, by a mob alleging medical negligence, is a symptom of a larger unmet need—a formal mechanism for grievance redressal in healthcare that inspires trust. While it is not known yet if there was, indeed, negligence as alleged in the Bengal incident—given the typical burden on government hospitals, it is likely that the staff was already stretched too thin—there are enough cases of medical negligence and malpractice while patients have very little recourse against transgressing doctors and hospitals. Indeed, while the now-defunct Medical Council of India (MCI)—the regulator of the healthcare ecosystem in India that comprised solely of medicos and degenerated into a cabal that protected corrupt doctors and hospitals—had no data on medical negligence, a 2016 Parliamentary Committee report notes that just 109 doctors had been indicted by the MCI's Ethics Committee between 1963-2009.

Although the proposed National Medical Commission Bill, which creates a body to replace the MCI, has several progressive clauses on regulation of malpractice and misconduct by hospitals, it is still hanging fire in Parliament. While taking the legal route is one option—under IPC provisions, under the Consumer Protection Act following the judgment in the *Indian Medical Association vs VP Shantha*, or tort laws, that path is beset with delays. Till the government provides for an effective redressal mechanism, West Bengal like incidents, however unfortunate, will continue to occur.

**I**TTOOK FIVE YEARS of the Modi government for the Enforcement Directorate to summon former civil aviation minister Praful Patel for questioning "over an alleged aviation scam".

While law will take its own course, this article jogs your memory with what happened then—Air India/Indian Airlines merger, acquisition of aircraft and bilateral traffic rights.

One, have you heard of a company that makes a financial commitment of about ₹67,000 crore for purchase of 111 (AI 68, IA 43) aircraft on an equity base of ₹586 crore (AI ₹153.84 crores, IA ₹432.13 crore) and carry-forward losses of ₹776 crore (Indian Airlines brought forward loss of ₹957 crore less Air India profit reserves ₹181 crore) as on March 31, 2006?

According to a 2011 *India Today* report, it is clear that Air India's financial problems began in 2004, when Praful Patel chaired a meeting of the board, in which, the airline suddenly inflated its order for new aircraft from 28 to 68 without a revenue plan, or even a route-map for their deployment.

This is substantiated by the former executive director of Air India and author of *The Descent of Air India*, Jitender Bhargava: "The Air India Board-approved purchase of 28 aircraft in November 2003 includes 10 medium-capacity long haul aircraft. During UPA, the number of long-haul aircraft was increased from 10 to 50," and, "despite the recommendations of the techno-economic committee and the AI board that two-third of the 50 aircraft should be ordered on a 'firm basis' and the rest on 'option', the empowered group of ministers decided to order the entire lot on a firm basis."

Two, one does not need to be a qualified accountant to know that making huge financial commitments on a low equity base is a precursor to bankruptcy or a government bailout.

It can be argued, fairly, that aircraft orders were placed because IA had not purchased any new aircraft since 1990. However, financial commitments must be based on the ability to repay debt.

**IN A COMMODITY** business, cost is king. The efficient producer ultimately wins more business and more investment—and that is as true for countries as it is for companies.

The shale boom, along with slowing energy demand growth in much of the industrialised world, has changed the global oil and gas business. Rising productivity in areas such as the Permian and Appalachian basins has been a deflationary force rippling out across the industry, forcing producers everywhere from Canada's oil sands to Brazil's deep-water fields to cut costs.

Similarly, North America has become a magnet for investment, with even such former globetrotters as Chevron Corp. and Exxon Mobil Corp. rediscovering an affinity for home. In parallel, Schlumberger Ltd., a bellwether for upstream spending beyond the U.S., trades around levels reached in the depths of the financial crisis, despite the fact that we are now about three years into a recovery in oil prices.

Oil and gas companies are working, with varying degrees of success, to redefine themselves in the face of this, with a particular focus on keeping costs down. One of those costs is largely out of their hands, except in the sense that they get to choose where they drill: taxation.

In a report published last month, analysts at Morgan Stanley surveyed nine countries, other than the U.S., where oil majors have typically been active. They found that the government's share of net present value in its remaining resources averages about 63% under current fiscal terms for those countries. The U.S. figure, meanwhile, is just 36%.

Industry griping about harsh fiscal terms is an old sport and one that amounted to little when it was thought that ever more of the world's supply

**SANJEEV NAYYAR**  
Chartered accountant and founder of eSamskriti.com. Twitter: @sanjeev1927. Views are personal

Three, the UPA presented the merger of Air India with Indian Airlines as a solution to their problems. Before the merger proposal, UPA changed the name of Indian Airlines to 'Indian' accompanied by a smartly designed logo.

Even before all the IA aircraft sported the new logo, the Ministry of Civil Aviation, in a letter dated April 20, 2006, asked the Air India board to work towards a merger with Indian Airlines.

Further, Bhargava wrote, "It took more than two years for the ministry to initiate action on a merger, and then the matter moved with uncharacteristic haste. What makes the timing suspect is that it was done barely months after both airlines had placed their orders for large number of aircraft IA 43 and AI 68. If merger was on the cards the orders could have been placed together and NACIL could have gotten a far better deal."

The merger of AI with IA was to give scale and integrate operations, but many issues, including human resources, were left unresolved.

With this, the 'Indian Airlines' brand, as much a part of our lives as Colgate, was now dead.

Four, in a July 18, 2009, *Business Standard* article, Surajeet Dasgupta says, "Within the overall west Asian pie, Emirates has seen its capacity rise four-fold, from 12,400 seats per week in 2004 to 48,600 in 2008; Etihad Airways from 1,600 to 8,500, even tiny Air Arabia's capacity is more than that of British Airways and is quickly closing in on Lufthansa."

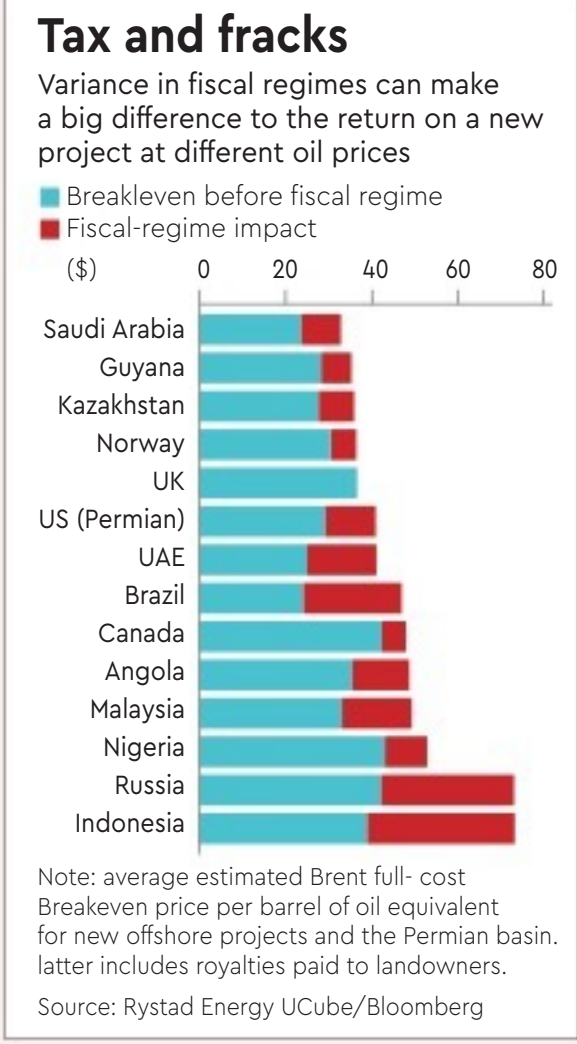
Further, a January 21, 2013, *Business Standard* report states, "The Comptroller and Auditor General (CAG) on Thursday criticised the civil aviation ministry for granting "massive increases" in bilat-

eral air traffic rights to Gulf nations in 2004-05, despite Air India's (AI) "strong reservations," as this was its most profitable international sector. Between May 2007 and March 2010, the Dubai sector saw the number of seats per week rise from 18,400 to 54,200."

Five, the same report also tells how 6th Freedom rights, under which foreign carriers can fly passengers from one country to another while stopping in their own country, choked AI: "Airlines like Emirates, Lufthansa, British Airways, Qatar, Gulf Air and Singapore Airlines—which operate large hubs (like Emirates in Dubai) and offer passengers onward flights to the US and Europe—have used it (the sixth freedom) effectively to increase their Indian market share at the expense of Air India (AI)." It further states, "the percentage of sixth freedom carriage in 2009-10 in the total passengers carried was as high as 59% for Emirates, 78% for Qatar Airlines, 87% for Lufthansa, 49% for Singapore Airlines and 61% for British Airways, among others. Nearly one-fourth of the sixth freedom carriage was done by Emirates alone, which has been one of the chief beneficiaries."

Acquisition of more aircraft than required, a badly planned merger, massive increase in bilateral air traffic rights to Gulf nations and grant of sixth freedom rights to foreign carriers took Air India to the ICU.

Since then, the national airline has received thousands of crores of taxpayer



**Acquisition of more aircraft than required, a badly planned merger, and massive increase in bilateral air traffic rights to Gulf nations took Air India to the ICU**

money as a bailout, as it continues to be on life support.

It is possible that this policy resulted in substantial foreign policy gains. Fair point, but can UPA publicly state such gains for India?

The first key beneficiary of UPA's actions was Emirates. Now, it was time to help Etihad.

Perhaps with good reason, the ministry felt the Etihad deal was critical for the survival of India's second-largest airline by passengers: its debt, then, stood at \$2.6 billion. *A Mint* editorial, dated April 25, 2013, wrote, "Jet Airways had sought additional rights for the next three years to fly 41,600 seats a week to Abu Dhabi, ahead of the deal to sell a stake to United Arab Emirates' national airline, Etihad Airways PJSC. Following the announcements on the Jet-Etihad deal, the Indian government said late on Wednesday that seats would increase by 36,670 until 2015."

In a response to *Business Standard*, Bhargava wrote, "Was the grant of additional seats factored in for Jet Airways to obtain a higher valuation compared to what was being discussed in January 2013? Given that the two announcements—stake sale and grant of additional seats—came within hours of each other, was an assurance on additional seats demanded by the airlines and given by the government before the pronouncement of stake sale?"

Indians are forever defensive about dependence on oil and remittances from Gulf countries. Has anyone tabulated how India has contributed to the prosperity of select Gulf-based airlines?

The people of India would be grateful if the government pursues the current round of investigations and takes them to a logical conclusion. We hope it is not intended to pressurise formidable political opponents ahead of the crucial Maharashtra Assembly Polls.

Providence, Rhode Island, a town three hours from New York City, runs a public bus system that is quite extensive downtown but non-existent on College Hill. This becomes inconvenient for wheelchair users staring down a slope on their "walk" to college. Studying the transport system there and now shifting my focus back to India, the issue at hand in Providence is not as dire as what one sees in New Delhi.

Even though the city is well connected with its public transportation, mobility is an embarrassing nightmare for wheelchair users. From buses not stopping for special needs riders, to bus stops being higher set, mobility becomes impossible. Here we begin to merely scratch at the surface. This is a direct result of a lack in planning and design, which is often made up for by 're-designing' for disability. However, what if designing for disability isn't a politically correct afterthought, but a part of the design process? It would benefit the DTC well to shake hands with industrial designers (skill) and NGOs (knowledge) to plan and set systems in place that work, and, is sustainable and permanent. Thinking of access and elevation so individuals with special needs can board public vehicles. Low-floor buses are of no use, if there's no space to stow a wheelchair. Thinking of designing universal objects and systems is the need of the hour. Inclusive design, not redesign. Government grants to fund design research of the these critical issues and possible solution hunting through design competitions would snowball into a substantial understanding of the situation. Only then we will begin to start making changes that matter.

— Rohit Sen, Gurugram

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## LETTERS TO THE EDITOR

### Inclusive designing

Providence, Rhode Island, a town three hours from New York City, runs a public bus system that is quite extensive downtown but non-existent on College Hill. This becomes inconvenient for wheelchair users staring down a slope on their "walk" to college. Studying the transport system there and now shifting my focus back to India, the issue at hand in Providence is not as dire as what one sees in New Delhi.

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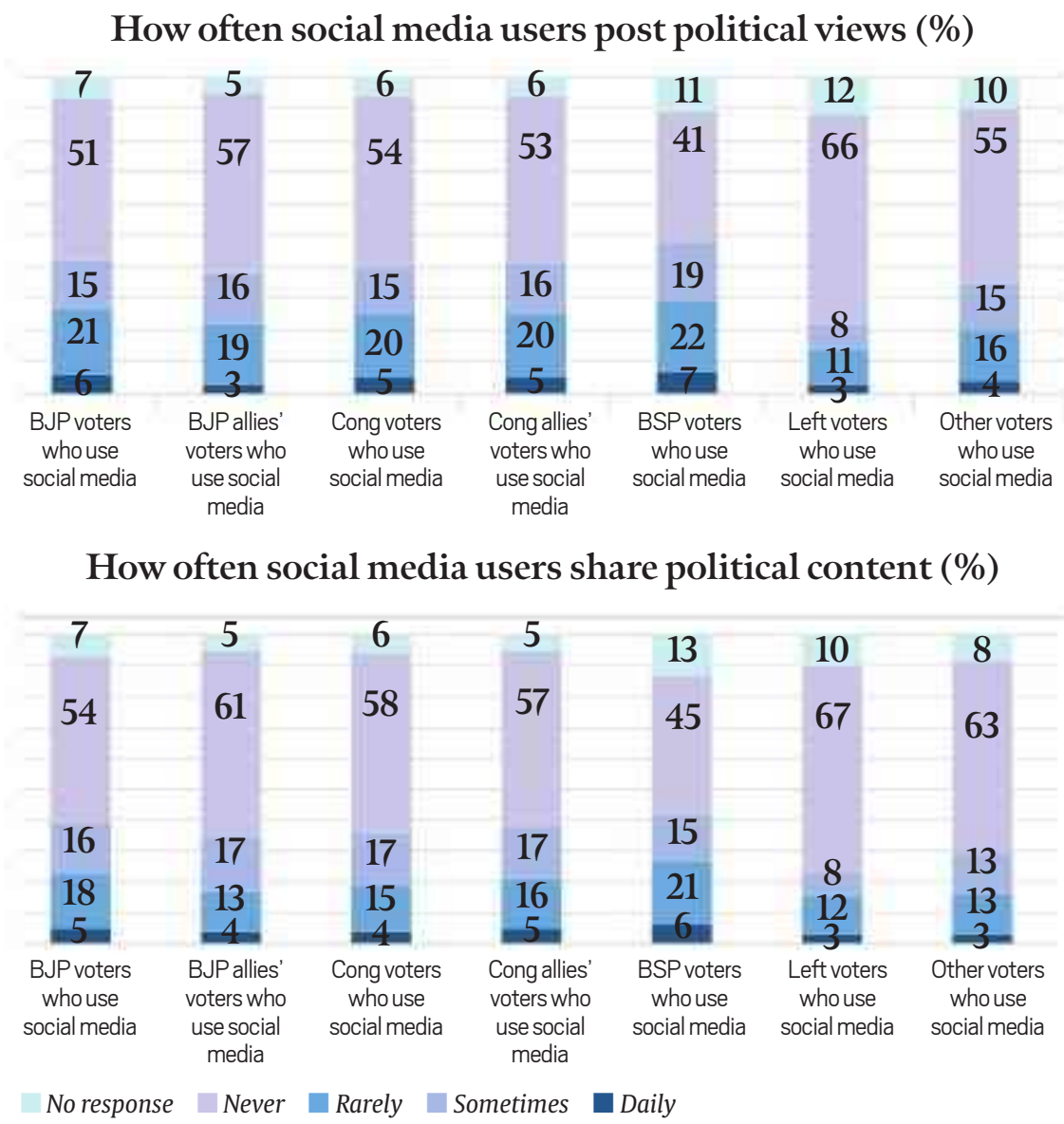


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## Telling Numbers

## Voters rarely share political views, content online: Study



Source: Centre for the Study of Developing Societies

IN A new study that examined links between social media use and political behaviour, some aspects of which were reported in *The Indian Express* on Tuesday, the Centre for the Study of Developing Societies (CSDS) asked social media users how often they express their political views online, and how often they share political material. Very few of them were found to do so. Only one in every four users express their personal views on politics daily or sometimes, and over half said they never do it. Again, only one in every five users said that they share or forward politics news/material daily

or sometimes, while a majority said that they never do so.

The CSDS study found very little variation between BJP and Congress voters. Most of these voters said that they never do either of the two things, and only about one-fourth said that they do both regularly (daily or sometimes). BSP voters who use social media, on the other hand, were slightly more likely than voters of other parties to say that they express their political views and share political material on social media regularly. Left voters on social media were found to be least likely to do so.

## This Word Means

### Fruit Bat

Also called flying fox, the suspected source of Nipah virus in Kerala. How is it different from other bats?

LOOKING TO identify the source of the Nipah virus that has caused one confirmed infection in Kerala this month, scientists are examining if it came from a guava he had eaten (*The Indian Express*, June 12). The reasoning is that the guava itself could have been infected by a fruit bat. The Nipah virus is zoonotic — it spreads primarily between animals and humans — and fruit bats are known to spread it. Fruit bats, as opposed to insectivorous bats, survive largely on a diet of fruit, which they locate with their sense of smell (insectivorous bats locate their prey through echolocation, or by locating



Indian flying fox.  
Wikipedia

as *Pteropus spp.* (the suffix indicates that the exact species within that genus has not been confirmed).

the source of the echoes of their own sound). Fruit bats belong to the *Pteropodidae* family; those in the *Pteropus* genus within this family are natural hosts for the Nipah virus. Such bats are widely found in South and South East Asia, and are also known as flying foxes.

After last year's Nipah outbreak in Kerala, which claimed 17 lives, studies by the National Institute of Virology had concluded that the virus was first transmitted from fruit bats identified

### How severe is the crisis?

Until June 3, residents of 5,127 villages and 10,867 hamlets were solely dependent on tanker water supply for their daily needs. Between May 20 and June 3 alone, 512 villages and 728 hamlets were added to the list of areas being catered.

More than half the tankers have been deployed in Marathwada, which is the worst-hit region. These include 1,146 tankers in Aurangabad, where more than 761 villages are facing water shortage, and 939 tankers in Beed (652 villages).

In North Maharashtra, 822 tankers have been deployed in Ahmednagar and 358 in Nashik. In Western Maharashtra with its drought-prone belts, Solapur is the worst-hit with 275 villages and 1,671 hamlets facing a shortage. The water scarcity has also hit livestock, with about 10.68 lakh animals sheltered in cattle camps for fodder and water needs.

### How much water is stored in reservoirs?

Out of 17 major reservoirs listed by the Central Water Commission (CWC), with a total live capacity of 14.073 billion cubic metres, the live storage until June 6 is just 0.778 BCM, or 5.5%. A CWC bulletin listed live storage as nil in five of these — Paithon, Bhima (Ujjani), Yeldari, Upper Tapi and Pench. In eight more reservoirs, current



## NOT A DROP

PART 2

Maharashtra



A parched area in Palghar district, where villagers often walk miles to fetch water.  
Amit Chakravarty

live storage was between 1 and 10%. Only Khadakvasla (39%), Bhatasa (28%), Upper Vaitarna (15%) and Upper Wardha (14%) had more than 10%.

### How depleted are groundwater levels?

The latest survey of the Groundwater Survey and Development Agency found that of Maharashtra's 353 talukas, 279 have experienced depletion in ground water levels. Parts of Marathwada and North Maharashtra are among the worst-hit. In 2,642 villages across the state, groundwater levels were found to be more than 3 metres lower than the five-year average — a pointer to uncontrolled extraction of water and damage to groundwater aquifers. GSDA officials blame non-implementation of the Maharashtra Groundwater (Development and Management) Act, which was enacted to regulate extraction. With food production in rain-shadow belts also dependent on groundwater use, depleting water levels are



**29 of 34 DISTRICTS**  
With tankers deployed; over 5,000 villages and over 10,000 hamlets

**5.5%**  
Live storage in the state's 17 major water reservoirs

**27%**  
Rainfall shortage in Marathwada (15% in Madhya Maharashtra)

# Hijacking Act: why a hoax led to a life term

### DEEPTIMAN TIWARY

NEW DELHI, JUNE 12

ON TUESDAY, a special court in Ahmedabad sentenced a man to life and fined him Rs 5 crore for creating a hijack scare aboard a Jet Airways Mumbai-Delhi flight and forcing it to land in Ahmedabad in October 2017. Birju Kishor Salla had left a printed note claiming there were 12 hijackers aboard. Arrested by the National Investigation Agency, Salla was not armed and his intention was merely to ensure that his girlfriend, a Jet employee in Delhi, moved to Mumbai after this scare.

Yet it invited a life sentence, because of the provisions of the recently passed Anti Hijacking Act, 2016. This is the first conviction under the Act.

### Why the new Act

It was brought in to replace the Anti Hijacking Act, 1982, which the government considered obsolete in the face of emerging threats. The new Act aims to enforce the Hague Hijacking Convention and the 2010 Beijing Protocol Supplementary to the Convention.

The Hague Convention (Convention for the

Suppression of Unlawful Seizure of Aircraft) sets out the principle of *aut dedere aut judicare* — a state that is party to the Convention must prosecute an aircraft hijacker if no other state requests his or her extradition for prosecution. The 2010 Protocol Supplementary, which made amendments and additions, came into effect on January 1, 2018, and had 27 signatories as of September 2018.

### Threat counts as hijack

The Act aims to punish not only an actual act of hijacking, but even a false threat that may appear genuine. It practically means that a hoax call that forces an aircraft to land at a place different from the place intended would be treated as hijacking and attract similar punishment.

The Act takes into account that armed possession of an aircraft may not be necessary for hijacking and that it may be hijacked remotely through a technological threat.

Under section 3(1): "Whoever unlawfully and intentionally seizes or exercises control of an aircraft in service by force or threat thereof, or by coercion, or by any other form of intimidation, or by any technological means, commits the offence of hijacking". It adds that "a

person shall also be deemed to have committed the offence of hijacking" if such a person "makes a threat to commit such offence or unlawfully and intentionally causes any person to receive such threat under circumstances which indicate that the threat is credible".

Hijacking attempts, directing others to commit hijacking, being an accomplice and assisting another person to evade investigation are punishable as hijacking. So is preparation for hijacking. Whether or not actual hijacking has even been attempted, if a person has agreed with one or more persons to commit such an offence and any act in furtherance of the intention has taken place, it shall be deemed hijacking.

### The punishment

If hijacking leads to death of a passenger or a crew member, it is punishable with death. If not, the hijacking is punishable with life imprisonment.

The Act also provides for fine and confiscation of movable and immovable assets. The hijacker would also be charged with any other offence that takes place during the hijacking.

The Act provides for detention in custody for up to 30 days, and a bail application will not

be entertained unless the public prosecutor is given a chance to oppose it. If opposed, the court would have to be reasonably satisfied that no offence of hijacking was committed.

### Old Act, new Act

The key new introductions are the death penalty, life sentence for hoax calls, and a wider definition for aircraft "in service".

Under the old Act, an aircraft was considered "in service" between the time the doors shut and the time every passenger had disembarked. Under the new Act, "an aircraft shall be considered to be 'in service' from the beginning of the pre-flight preparation of the aircraft by ground personnel or by the crew for a specific flight until twenty-four hours after any landing". In case of forced landing, "the flight shall be deemed to continue until the competent authorities take over the responsibility for the aircraft".

The new Act applies even if the offence is committed outside India but the aircraft is registered in India or leased to Indians, or the offender is Indian, or the offender is stateless but lives in India (such as an illegal Bangladeshi migrant), or the offence is committed against Indians.

# What SCO summit means for India's global and regional interests

### SHUBHAJIT ROY

NEW DELHI, JUNE 12

ON THURSDAY, Prime Minister Narendra Modi will travel to the Kyrgyz capital Bishkek to attend a summit of the Shanghai Cooperation Organisation (SCO). Formerly the Shanghai Five and formed in 1996, the SCO has eight members today including India and Pakistan, which became part of it in 2017.

### What kind of a grouping is the SCO?

After the collapse of the Soviet Union in 1991, the then security and economic architecture in the Eurasian region dissolved and new structures had to come up. The original Shanghai Five were China, Kazakhstan, Kyrgyzstan, Russia and Tajikistan. The SCO was formed in 2001, with Uzbekistan included. It expanded in 2017 to include India and Pakistan.

Since its formation, the SCO has focused

on regional non-traditional security, with counter-terrorism as a priority: The fight against the "three evils" of terrorism, separatism and extremism has become its mantra. Today, areas of cooperation include themes such as economics and culture.

### Under what circumstances did India enter the SCO?

While Central Asian countries and China were not in favour of expansion initially, the main supporter — of India's entry in particular — was Russia. A widely held view is that Russia's growing unease about an increasingly powerful China prompted it to push for its expansion. From 2009 onwards, Russia officially supported India's ambition to join the SCO. China then asked for its all-weather friend Pakistan's entry.

New Delhi expressed its serious interest to join the grouping in 2009. Months after the Mumbai terror attacks in November 2008, Prime Ministers Manmohan Singh and Asif Ali Zardari had their first meeting

in Ekaterinberg in Russia in June 2009. The occasion was the annual summit of the SCO, where both India and Pakistan were "observers". The highlight was Singh's message to Zardari: "'I am happy to meet you, but my mandate is to tell you that the territory of Pakistan must not be used for terrorism.'"

It was the first time India had shown an interest in joining the SCO. Ten years of efforts, pushed by then Joint Secretary (Eurasia) Ajay Bisaria, who is currently India's High Commissioner to Pakistan, fructified in June 2017, when the SCO inducted both India and Pakistan in Astana in Kazakhstan.

### How does membership of the SCO help India?

For India, two important objectives are counter-terrorism and connectivity. These sit well with the SCO's main objective of working cooperatively against the "three evils". India wants access to intelligence and information from SCO's counter-terrorism



**The summit provides Indian and Pakistani leaders an opportunity to meet informally.**

body, the Tashkent-based Regional Anti Terror Structure (RATS). A stable Afghanistan too is in India's interest, and RATS provides access to non-Pakistan-centred counter-terrorism information there.

Connectivity is important for India's Connect Central Asia policy. Energy cooperation dominates its interest - and it's in China's neighbourhood. But India will also

have to deal with an assertive China, which will push its Belt and Road Initiative during the summit.

SCO membership also bolsters India's status as a major pan-Asian player, which is boxed in the South Asian paradigm.

### How does global geopolitics play out for SCO and India?

The US' power struggle with China, exit from the Iran nuclear deal JCPOA (affects India's oil imports from Iran), and adversarial attitude towards Russia (affects India's defence purchase like S-400) have forced India to choose sides. While Washington's stance against Islamabad after the Pulwama attack was evidence of its support to New Delhi, India has had a strained relationship with China after the Doklam stand-off, followed by attempts to reset relations in Wuhan.

In the SCO, India's sitting down with less-than-free regimes, Russia and China has always had the West worried. India, however, has always been tactful in not



# Forging national security

Defence reforms should be a priority, the most vital being the creation of a Chief of Defence Staff



ARUN PRAKASH

EACH OF INDIA'S post-Independence conflicts has seen the Indian public aroused by intense patriotic fervour; a phenomenon duly accompanied by suitable bombast from politicians. But no sooner has the crisis passed, that more mundane and pressing concerns about issues like “*roti, kapda, makan, naukari*”, rightly, resume their significance in the lives of people as well as “netas”. India's politicians have, traditionally, not considered national security worth their time and attention because it was never a “vote-catching” issue. Therefore, for 70 years, they happily left the management of defence and security to the bureaucracy, and devoted themselves to political survival.

The run-up to the 2019 general election seems to have changed this forever. The Pulwama terror strike and its sequel saw a major shift of political focus with national security issues being accorded prime importance in election rhetoric. Post-election analysis has convincingly shown that the ordinary voter was indeed swayed by security issues. The NDA government's show of resolve, as demonstrated by the September 2016 cross-border raids and the February 2019 air strikes on Pakistani targets, was noted and applauded. These audacious actions also seemed to have mitigated resentment on account of demonetisation and overtaken concerns regarding unemployment and other issues amongst both rural and urban voters.

While this dramatic paradigm shift may have upset the Opposition's calculations and led to their rout, it should bring cheer to the security and defence establishments. National security, having proved itself a prime “vote-catcher”, is guaranteed henceforth to garner the politician's close attention. Another more recent development that prima facie bodes well for national security is the upgradation of the NSA from minister of state to cabinet rank.

The prime minister, by creating a full-fledged “Minister for Security”, has added a sixth member to his Cabinet Committee on Security (CCS), currently comprising ministers of home, defence, finance and external affairs. The present NSA's credentials and expertise in the fields of internal security and intelligence as well as the affairs of our “near abroad” are well-known and his elevation

could be the key to ensuring that focus is retained on national security.

There are, however, certain critical aspects of national security where the current state of play leaves room for ambiguity and uncertainty, starting with haziness of the concept itself. Theoretically defined as “multifaceted and all-encompassing”, national security is often stretched to include a mind-boggling diversity of issues. This is precisely the reason why repeated endeavours at formulating a national security doctrine have failed. India's bureaucracy is simply incapable of digesting and processing draft doctrines that have attempted to address vast agendas ranging from economic, food, cyber and energy-security to border-management, governance and Centre-state relations.

There is clearly a need to view national security through a narrower prism and evolve a less ambitious doctrine that focuses on matters directly related to defence and security. It must provide strategic guidance to the military within clearly defined national aims and objectives. But for this to happen, a crucial “grey area” in our higher defence organisation (HDO) needs to be addressed.

The Chairman, Chiefs of Staff Committee (COSC), has many key roles to play in the HDO but his current status and empowerment constitute a serious national security lacuna, which has neither been acknowledged nor rectified by successive governments. As the senior-most serving officer of the armed forces, the primary function of the Chairman COSC is to oversee functioning of “joint” formations like the Strategic Forces Command (SFC) and the Andaman & Nicobar Command, as well as tri-service training institutions through an Integrated Defence Staff, created post-Kargil to support him.

Far more critical is the chairman's role in the nuclear command chain. As “boss” of the CnC SFC, who tasks the army's missiles, the navy's submarines and air force fighter-bombers for nuclear weapon delivery, he constitutes the key link and military interface between the prime minister, who is the head of India's Nuclear Command Authority, and India's nuclear forces. Bringing clarity to the role and responsibilities of Chairman COSC will reinforce the credibility of our nuclear command and control, especially with

nuclear-armed INS *Arihant* and the Agni-V inter-continental ballistic missile on the horizon.

Under existing rules, this post is held in rotation by serving Chiefs who discharge the chairman's duties on a part-time basis. The enormous incongruity and farcical nature of this system has recently been demonstrated. The retiring Naval chief passed the mantle of Chairman COSC to the Air Chief, who has three months to serve, before the latter hands it over to the Army Chief, who retires just three months later!

Both the UPA and NDA governments have, over the past 15 years, spurned expert recommendations that India's nuclear-deterrent, as well as demands of 21st century warfare call for urgent defence reforms, the most vital being creation of a Chief of Defence Staff. As an interim measure, they suggest the appointment of a full-time “Permanent Chairman COSC” with a fixed tenure. Having ignored this advice, the last government went on to constitute a Defence Planning Committee (DPC) headed by the NSA to “facilitate comprehensive and integrated planning for defence matters”. This step, sidelining the Raksha Mantri, was another reminder that the NSA's role and charter in the nuclear command chain and his relationship with the Chairman COSC need early formalisation and promulgation.

Given the radical military transformation, modernisation and down-sizing recently undertaken by China, it would be extremely myopic for India to stall defence reforms any longer. Such reforms, the world over, are wrought by visionary and enlightened politicians often in the face of fierce opposition by service chiefs. In the UK, three defence ministers — Sandys, Heseltine and Nott — are celebrated for their reformist role in creating a genuinely integrated MoD and enforcing jointness. In the US it took herculean struggle by two pro-active politicians, Senator Goldwater and Congressman Nichols, to bring about radical security reform through an act of the US Congress.

Is it possible that Rajnath Singh could be India's man of the hour?

*The writer is a former chief of naval staff, and chairman of the Chiefs of Staff Committee*

## WHAT LIES BENEATH

Conflict over mining in Bailadila points to a broader issue — the failure of institutions mandated to protect tribal rights

IN ORDERING A stay on all mining in a block at the Bailadila hills in Chhattisgarh, the state's chief minister, Bhupesh Baghel, has flagged an important issue. “We have decided to investigate the gram sabha clearances,” he said. Since the range falls under Schedule V of the Constitution, it is governed by the Panchayat (Extension to Scheduled Areas) Act (PESA), 1996. The Act makes it incumbent on an agency that undertakes development activity in such an area to take the gram sabha's consent. However, Adivasis, who have been protesting against mining in the area, allege violations of due processes. The gram sabha was reportedly convened in July 2014 but the residents contend that the village body's approval to industrial activity was “faked”. The Chhattisgarh government's decision to probe these allegations is welcome.

The Bailadila hills are known for world-class iron-ore reserves. The objections of the Adivasis pertain to one block of the range, Deposit Number 13. Developed by the NCL, a joint venture of the National Mineral Development Corporation and the Chhattisgarh Mineral Development Corporation Ltd, Deposit 13 or Nandaraj is a place of faith for the area's Adivasis — much like the Niyamgiri hills in Odisha. Their agitation also raised concerns about Adani Enterprises Limited (AEL) being contracted by NCL to undertake operations in the area. The state-owned enterprise contends that AEL was brought in only as a “developer” and it has not transferred the mining lease to the private outfit. The Chhattisgarh government has decided to review this permission as well.

The concerns raised during the imbroglis should also occasion revisiting broader issues that lie at the intersection of mineral wealth governance and tribal rights. When it was enacted, PESA was seen as a revolutionary piece of legislation as it empowered gram sabhas to take decisions on contested issues such as land alienation and customary laws. But dogged by low participation and frequent hijacking by influential interests, these bodies have struggled to stay afloat. The Virginus Xaxa Committee report submitted to the NDA government in 2014 noted that “lack of consent before land acquisition... persists in the implementation of PESA”. That is what seems to have happened in Bailadila. The Chhattisgarh government needs to go back to the Xaxa Committee's recommendation: “Strengthen the institutional system to support the implementation of PESA, including the Gram Sabhas.”

## COMING OUT

Bhupen Khakhar's work, now sold at a record price, marks a moment of rupture in Indian art history

FEW MONTHS BEFORE his death in August 2003, Bhupen Khakhar said in an interview, “When I feel I'm telling the truth, then there is no restraint”. It is this absence of restraint that marks Khakhar as a rupture in the history of modern Indian art. A self-taught artist, Khakhar fearlessly spoke his truth to a largely conservative society. The explicit homoeroticism in his canvases was unprecedented in modern Indian art and stands out as one of the earliest attempts at starting a conversation about gay life, his own homosexuality, and gay rights. His paintings, done in bright colours, were remarkable studies of urban life. True to the narrative tradition of the Baroda school, a major influence on his career, Khakhar sought to tell stories, laced with sarcasm and self-deprecating humour. The stories were about people made vulnerable by their sexual choices and hence, forced to embrace a tortuous social exile. Works like *Two Men in Benaras* and *You Can't Please All* challenged the prevailing morality on sexuality.

Earlier this week, *Two Men in Benaras* was sold at Sotheby's Modern and Contemporary South Asian Art sale for Rs 22.39 crore, setting a record for modern Indian art. Three years ago, Tate Modern had held a retrospective of the artist. Both are indicators of a growing international recognition of Khakhar's vision and pioneering radicalism. His unflinching social gaze, risking censorship, ignominy and social ostracisation, speaks of a rare courage that may have resonance in a society that increasingly frowns on artistic license and freedoms.

It's a moot point whether the radical edge in Khakhar's work has seeped down and transformed notions of public morality. For instance, can a 1982-work like *Two Men in Benaras*, at this moment the most expensive Indian painting, be put up for public viewing in India?



FIROZ BAKHT AHMED

BY ANNOUNCING THE creation of 100 madrasas, Prime Minister Narendra Modi has made it clear that there are no walls between the Muslim community and the BJP-RSS. The PM's message to the community is to modernise and while remaining rooted. “Ek hath mein Quran, ek mein computer” (Quran in one hand and computer in the other), he said. Earlier, the PM also expressed his concern for the Muslims being used as a vote bank, stalling their progress.

Fundamental changes have been underway in our educational curriculum. Religious instruction across all faiths cannot stay isolated from this transformation. In 1996, the first BJP-led government under the leadership of Atal Bihari Vajpayee talked of combining the ideals of Vedanta and Islam. I have held the view that it is important to continuously engage with the BJP and Sangh to build a bridge of understanding.

The bitterness which our leaders have allowed to grow between the two sister communities and the immeasurable suffering it has led to, could have been easily avoided. Now, if the Muslim leadership wants to engage, it should be without any preconditions.

Today's Muslim leadership has lost both its voice and utility. Nothing has changed since Independence and Muslims continue to be seen with a begging bowl. During every election, it has been proved that all of them are power-brokers indulging in pernicious

## TIME FOR ASSIMILATION

Muslim voters must give BJP a chance, see if their genuine aspirations are addressed

vote-bank manipulation, then acquiring state patronage themselves and leaving ordinary Muslims to the mercy of God. In terms of electoral politics, the biggest mistake committed by most in the Muslim community has been the diatribe against the BJP, particularly during elections, exhorting people from the community to vote to keep the BJP out. By doing so, they not only communalise the scenario but also help unite the majority Hindu vote.

This ghetto mindset has rendered the 170-odd million Muslim community at a crossroads. Muslims have also observed in the recent election that the “Mahagathbandhan” of the so-called secular brigade too has miserably failed as its sole purpose was not development but to pull the rug from under Modi's feet. After the result, even when the votes of the “Mahagathbandhan” and Congress in UP were added together, they could not overcome the BJP candidate's tally.

This year, Modi magic worked and 10 to 20 per cent or more votes were polled for the BJP in UP alone and 36 constituencies with substantial Muslim presence were won by the NDA-BJP. In East Delhi, which has about 20 per cent Muslim electorate, Gautam Gambhir polled 57,000 votes in Zakir Nagar ward where the number of Muslim electorate is 3.10 lakh. Is the Muslim paradigm shifting?

After Modi had stated in his speech in Parliament that he wanted to provide justice to the exploited Muslim community, it was

welcomed as well as treated with suspicion. Even in 2014, Muslims got to know their political mandate had been rendered futile. Rather than wasting their vote, they should try once at least to consolidate behind the BJP and see if their genuine issues are addressed.

Muslim voters have to shift their perspective from treating the BJP as politically untouchable. They must keep in mind which party and candidate can fulfil their aspirations. At the same time, while Modi believes in making India, some of his MPs and other supporters seem to believe in breaking India through their vitriolic remarks. The lynching of Muslims, which is going on unabated, must stop and those indulging in it must be given exemplary punishment.

If Muslims have voted for the Congress for six decades, they must in the next election, vote en bloc for the BJP and see the change.

The message of the recent mandate for the Muslim community is to distance itself from the rabble-rousing leaders like Asaduddin Owaisi and Azam Khan. This will pave the way for them to enter the political mainstream and reap the benefits that ensue. They should not harp on reservations and raise emotive issues. Assimilation is the watchword for the Muslim community.

*The writer is chancellor, Maulana Azad National Urdu University, Hyderabad*



## JUNE 13, 1979, FORTY YEARS AGO

### RAJ NARAIN REMOVED

THE CENTRAL DISCIPLINARY action committee of the Janata party ordered that the former health minister, Raj Narain, be removed from the membership of the national executive of the party for one year for breach of party discipline. The committee also debarred Narain from seeking re-entry to the executive for one year. While Narain's removal from the national executive has been ordered for his public statements criticising the working of the government and his call to the people to “gherao” MPs of their areas, he has been warned for showing disregard to the party president, Chandra Shekhar.

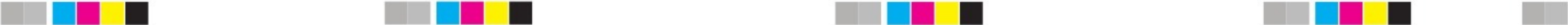
### INDO-SOVIET TALKS

THE TWO-DAY Indo-Soviet talks concluded in Moscow with clear indications that Moscow wants India and the Soviet Union to have a common approach towards ensuring Afghanistan's protection from the threat of incursions from Pakistan. At the banquet speech in honour of the Indian PM, Leonid Brezhnev made it clear that Moscow will not leave Afghanistan in the lurch. Soviet Prime Minister Alexei Kosygin, made it clear that the Soviet Union “will be protecting Afghanistan”.

### NO ESCAPE

THE SUPREME COURT today ordered that

Prabhat Ranjan Sarkar alias Anandmurtiji, chief of the Ananda Marg, shall not leave the country on his return from his foreign tour this month, notwithstanding the issuance of a passport to him. Vacation judge R S Pathak passed the order on a special leave petition of the Union government against the order of the Patna High Court of May 10, directing the authorities to issue him a passport on certain conditions. Sarkar had left on May 6 on a tour of Switzerland, West Germany, Italy, France, Sweden and Spain. On May 4, on an application by the Union government, the SC granted an interim stay of the order of the High Court which permitted Sarkar to leave the country.





# Terms of engagement

The context of India-Pakistan relationship has changed significantly. Any framework for dialogue must reflect the new situation



C RAJA MOHAN

"NO MAN EVER steps in the same river twice", the Greek philosopher Heraclitus had said back in the 6th century BC. He explained by adding, "for it's not the same river and he's not the same man". The thought from Heraclitus might help explain why India is unwilling to get back to the kind of dialogue it pursued with Pakistan in the recent past.

Pakistan premier Imran Khan has written to Prime Minister Narendra Modi, appealing for a resumption of the dialogue that has stalled for some years now. Khan's foreign minister Shah Mahmood Qureshi has urged the same in a separate letter to his Indian counterpart, Subrahmanyam Jaishankar. The Indian response, if any, is not in the public domain. One thing, though, is quite certain. If and when India agrees to resume the dialogue with Pakistan, it is unlikely to be the one that Pakistan wants to resume.

For the context of the relationship between India and Pakistan has changed since the early 1990s, when the current series of talks began. Further, it is not the same India that Pakistan dealt with a quarter century ago. Even more important, PM Modi is very different from his recent predecessors — Manmohan Singh, Atal Bihari Vajpayee, Inder Kumar Gujral and PV Narasimha Rao.

Returning to Heraclitus for a moment, the peace process between India and Pakistan is not the same river and the prime minister of India is not the same man.

The old peace process was dead when PM Modi's visit to Lahore on short notice on the Christmas day of 2015 was followed by an attack on Pathankot when the new year dawned a week later. What was this framework and why is it so difficult to redeem now?

The peace process had its origins in a time when the balance in the Subcontinent tilted in favour of Pakistan. By the turn of the 1990s, Pakistan was triumphalist and India was down in the dumps. Pakistan had acquired nuclear weapons by the late 1980s. That seemed to neutralise India's conventional military superiority over Pakistan and established "nuclear parity" between the two subcontinental siblings. Beyond the nuclear, Pakistan was on high having just humbled a superpower — the Soviet Union. Moscow was compelled to withdraw from Afghanistan after a decade of occupation. Pakistan's use of jihadi violence played no mean part in the strategic humiliation of Russia. To its west, Pakistan was eager to extend its sway into Afghanistan and beyond. In the east, it was time to take revenge for India's vivisection of Pakistan in 1971.

If Pakistan was riding high, India seemed to be plumb new depths. Its economy had collapsed and Delhi went into the IMF's receivership. Political stability was dead with the demise of the so-called Congress system. The weak coalition governments in Delhi that followed had struggled to produce consensus on difficult policy choices. Meanwhile, the



C R Sasikumar

deepening faultlines of caste and religion seemed poised to tear Indian society apart. And its frontier regions — Punjab, Kashmir and the Northeast were all on the boil. Externally, India's lone ally, the Soviet Union broke up into pieces and Delhi had to recalibrate its foreign relations.

Pakistan could easily be forgiven if it had thought India was now a pushover. It turned the Afghan jihadi experience to Kashmir where Delhi had made matters difficult for itself. The strategic impunity created by the nuclear weapons seemed to embolden the Pakistan army. Its immediate objective was to force a reluctant India to open up talks on the Kashmir question. It had two new instruments. One was the leverage over the militant groups in the Kashmir Valley and the creation of a sanctuary for anti-India terror groups. The other was the renewed international interest in resolving the Kashmir dispute. Washington convinced itself that Kashmir was the world's most dangerous nuclear flashpoint. The pressure from Pakistan to reopen the Kashmir question was matched by that from the international community to start talking Kashmir.

India, willy nilly, agreed to put Kashmir back on the table by the end of the late 1990s. But it was only by 2004 — after a series of military crises rocked the bilateral relationship that there was an agreed methodology for a comprehensive negotiation with Pakistan. The three-fold framework involved a commitment from India to negotiate seriously on Kashmir, Pakistan's promise to create a violence-free environment, and a joint pursuit of confidence building measures.

Outlined in January 2004 in Vajpayee's talks with Pervez Musharraf, the process gained momentum in Manmohan Singh's first term. The two sides expanded a range of CBMs, came close to solving some difficult issues like the dispute over Siachen glacier, and negotiated a broad understanding on Kashmir. But the process collapsed for a variety of reasons; there was plenty of blame to go around. From the Indian perspective, though, the main problem was the persistent cross-border terror backed by the Pakistan army.

After his initial outreach to Pakistan failed, Modi sought to break the frustrating talks-terror-talks cycle with Pakistan. The new ap-

proach had a number of elements. First, discard the pretence that the Hurriyat in Kashmir had a role in the talks with Pakistan; two, refuse to talk to Pakistan until it shows real progress on limiting cross-border terror; three, challenge Pakistan's nuclear impunity through military escalation on the Line of Control, cross-border attacks and the use of air power after the Pulwama attack; and mobilise international pressure on Pakistan to stop supporting terrorism in Kashmir.

India has had a measure of success with this strategy, thanks to the evolution of the international context and the regional balance of power in India's favour. From pressing India to talk Kashmir after every major military crisis, the major powers (with the exception of China) are now demanding that Pakistan put an end to terror first. Few in the world are today itching to resolve the Kashmir conflict. This change is rooted in turn in the dramatic reversal of the economic fortunes of Pakistan.

Until the early 1990s, Pakistan's economy grew at a much faster pace than that of India. As economic reforms kicked in, India grew rapidly. A quarter century later, the Indian economy is nearly 10 times larger than Pakistan's. Bangladesh, once the poor cousin, is now set to become a larger economy than Pakistan. As its army privileged jihadi violence, Pakistan has long ceased to be the attractive state that it once was — a dynamic economy, moderate political orientation and a natural leader of the Islamic world.

Is India taking full advantage of the shift in the regional balance of power? That is a far more interesting question than others at play today: Whether and when might Delhi talk to Islamabad? If India does resume talks, what weight might Delhi attach to the Kashmir question? If the old framework of dialogue with Pakistan was rooted in India's weakness, Delhi now may see no reason to return to it. But "not talking to Pakistan" can't be an end in itself. It should be about finding new terms of engagement with Pakistan.

The writer is director, Institute of South Asian Studies, National University of Singapore and contributing editor on international affairs for The Indian Express

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## WHAT THE OTHERS SAY

"The US should understand that China's rapid development is driven by the wish of the Chinese people to live a better life."

— GLOBAL TIMES, CHINA

# The enigma of English

Progress can be achieved using the language one is born into and grows up with



DHANANJAY SINGH

WITH ENGLISH, ONE arrives at the doorstep of power. Without it, despite any measure of excellence in any language of Indian origin, there is no hope. While this may be an exaggeration, it is largely true — English is more than a language in India. It is in this context that I disagree with your editorial's assertion that the growth of English is largely organic to India ('Tongue twisted', IE, June 4).

More than 70 years after the end of colonial rule, English sounds still reverberate an aura of awe, especially across large parts of India outside the metropolis. From a small district in Arunachal Pradesh, where my uncle was a schoolteacher, we would go to my village in Bihar for the summer vacation: When I was in Class V, the villagers would often gather around and demand English. Flustered that I still had no expressive abil-

ity, as I studied at a government school, I would utter a flurry of randomly assorted verbs and nouns accentuated with no semantic connections whatsoever, peppered with a long-sounding "and". It left the crowd mesmerised. Years later, when I was in college in Bomdila, I saw my now old uncle come home depressed and humiliated. The district education officer had scolded him publicly: The humiliation felt was particular for being called a stupid Bihari.

With my newly-adorned English reputation, I drafted a letter I would myself be unable to understand a word of. A sense of resentment for the officer combined with compassion for the old teacher produced a mishmash of outlandish words and convoluted sentences that simply made no sense. Subsequently, the intended reader invited me to his office. He looked at me with vague admiration and cynicism. He offered the letter to his subordinate, who read it and looked flummoxed. After some moments of gestural consultation, they looked at me. "Very high class English, umm?" he said. I was offered tea, and asked what I actually wanted. Then, as if to show that he was not far behind in owning English, he dictated a letter of apology, often substituting a simple expression with a verbose one.

It is such attitudes and assumptions associated with the language that the draft national education policy seeks to redress. In villages and small towns, English schools are mushrooming. The teachers in these schools are often less than proficient in the language. They mutter half-understood content to an unsuspecting but confused lot of school children. There is nothing wrong in the intent expressed in the draft

## DEAR EDITOR, I DISAGREE

A fortnightly column in which we invite readers to tell us why, when they differ with the editorial positions or news coverage of 'The Indian Express'

which echoes what the acclaimed Kenyan writer Ngugi Wa Thiong'o wrote in his influential book, *Decolonising the Mind* (1986): "Language carries culture, and culture carries, particularly through orature and literature, the entire body of values by which we come to perceive ourselves and our place in the world." It seeks to find a common ground between the language of culture and language of education and professional life.

The editorial claims "the exhortation," in the draft, "to value languages other than English in the workplace, especially hiring, is perplexing". Well, rather than perplexing, it is seeking a course correction. The consumer base for all the companies ultimately are the masses of the country, and the vast majority of them are non-English speakers. We can already see a change over the last decade or so when it comes to the use of Hindi and other Indian languages in the business world. This has, perhaps, been possible due to the greater presence of these languages in the cultural and public sphere, especially through social media. The draft seeks to ensure that the language of culture also remains the language of education and profession.

The elite, in the universities or the workplaces, often deride and exclude people with weak English language skills. There are cases where a student who is otherwise brilliant either drops out of a university or continues, but with a dented self-esteem adversely affecting their performance. Some may say that English is also a language of emancipation against various inequalities. English lifts an individual from a social environment of deprivation to a life of freedom and prestige. This may be true in particular and limited cases, but widespread progress can be achieved only in a language that one is born into and grows up with, in the family and the society.

However, the Draft is unfairly dismissive of English. It is not English in itself that is a problem: English has been the only available language of communication between Indians who speak languages that are mutually unintelligible. The Indian variety of English is recognised the world over as Indian English, and it has produced some great works of literature and art. The Sahitya Akademi has instituted an award for the best work written in English. For a small community of Indians, English is indeed their first language, and, for many, their second language. A respectable number of Indians living in the cities have English as one of the languages of their bilingual identity. Not only this, socially and culturally, English is lending its words to the languages of Indian origin. Even an unlettered Indian has no substitute, for example, to "missed call" in her own language.

English is an enigma. Like all issues of social importance in the country, there is no one way of thinking and arguing about it.

The writer is professor, Centre for English Studies, JNU



HARSH GUPTA

# Passing the tax smell test

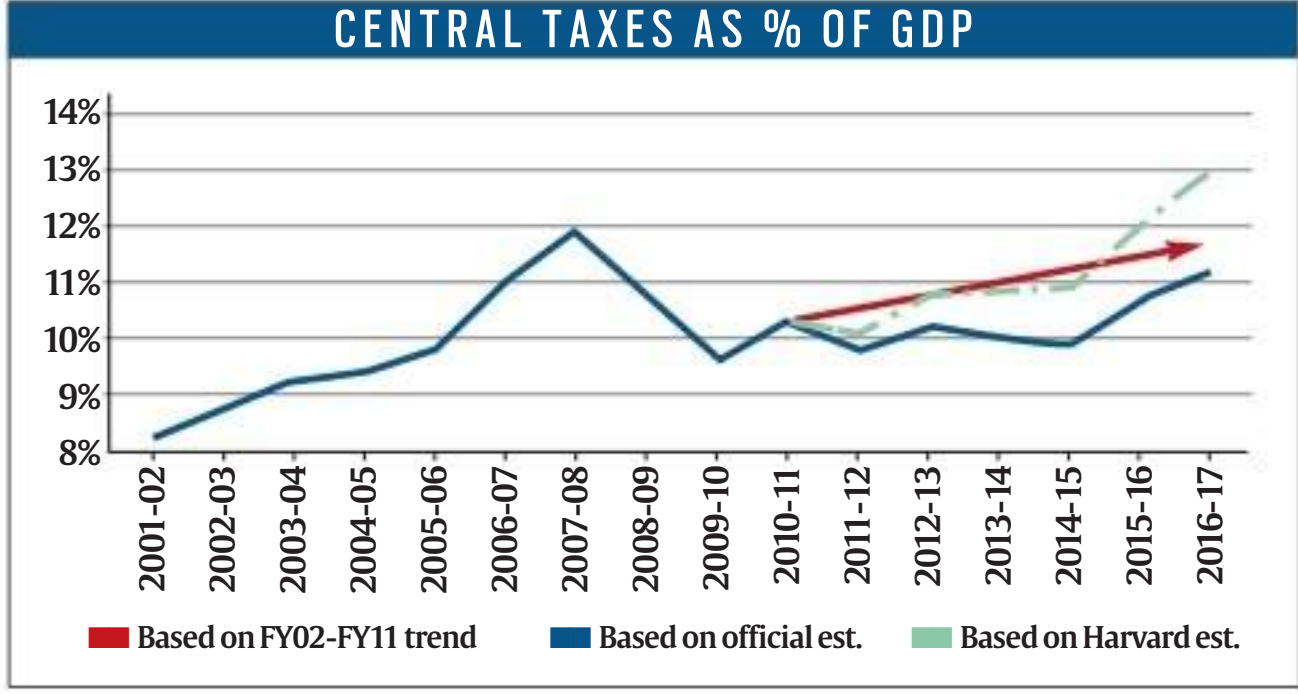
Subramanian's growth claims would imply a strange boost in tax to GDP ratio

FORMER CHIEF ECONOMIC Advisor Arvind Subramanian has released a working paper wherein he claims that the actual growth rate of the Indian economy has been overestimated by around 2.5 percentage points from 2011-12 to 2016-17: He has summarised his argument in these pages ('India's GDP growth: New evidence for fresh beginnings', IE, June 11). Instead of the official growth rate of around 7 per cent, actual growth was between 3.5 per cent and 5.5 per cent with a high statistical "confidence interval".

To arrive at these numbers, he looks at the correlation of growth with some "real indicators" such as two-wheeler and commercial vehicle sales, electricity, inflation-adjusted credit off-take, industrial indices and so on across different periods. He concludes that the economy in FY17 was "overstated by about 9-21 per cent" because of slower growth.

Similar real indicators have been used on the Chinese economy. Therefore, such an analysis on India, albeit a preliminary one, should be taken seriously and must be used as a springboard for further discussion. Moreover, the years under consideration cover both governments almost equally so this should not be taken as a partisan critique.

However, the critique is not without its flaws. Surprisingly, it does "not use tax indicators because of the major changes in direct and indirect taxes in the post-2011 period which render the tax-to-GDP relationship different and unstable, and hence make the indicators unreliable proxies for GDP growth." However, GST (indirect tax reform) came into effect on July 1, 2017 (or FY18 while our analysis stops at FY17) and no radical direct tax overhaul has been implemented since 2011.



Why could this omission be important? Because, the total tax to GDP ratio ("ratio" hereafter) would be unusually higher if the GDP since FY12 was to be reduced by 2.5 per cent every year (cumulatively). If we focus only on the central kitty to begin with, the ratio would be more than 13 per cent in FY17 based on the Harvard paper but based on official estimates it was a bit more than 11 per cent.

The official number is closer to the extrapolated trend from FY02 to FY11: This is important as over time one does expect a secular though gradual increase in the ratio as the emerging economy grows and formalises. Yet, if the economy grew at half the rate of earlier years — one should *ceteris paribus* — expect a significant fall in the ratio as tax buoyancy is sensitive to growth. But based on the Subramanian GDP estimates, our tax to GDP ratio has even crossed the records of the FY08

boom. Remember, taxes are real cash and no one I know is saying even tax figures have been fudged for around a decade.

As central tax numbers above contain a portion that is devolved to the states and since devolution changes due to finance commissions, etc, I conducted a similar exercise with total central and state taxes just to be sure. Again, the same results. The official ratio for FY12 to FY17 is in line with historical estimates, and is in fact a bit below the extrapolated trend based on FY02 to FY11. Subramanian's lower estimates for GDP would mean a 20 per cent ratio whereas the official is at 17 per cent, the trend suggests 18 per cent, and even the FY08 peak had not crossed 18 per cent. If growth really was so slow for around the first half of this decade, the ratio should be much lower.

None of this is, of course, the final word on the GDP debate. I am just raising some pertinent doubts about other valid doubts — even

the Subramanian paper acknowledges the need to double check its thesis by cross verifying production and consumption numbers. However, the big question remains: How does one square the circle of the official numbers suggesting stable and high growth for almost two decades, with the second half, roughly speaking, seeing a slowdown in many real non-government indicators? One hypothesis is an increase in efficiency or total factor productivity (TFP) over and above hard inputs such as capital. This could be due to technology and/or a more literate workforce as well as other factors.

We are selling fewer cars because thanks to Ola and Uber the same number of cars are being used more aggressively instead of lying idle. Blue collar workers have opportunities to work as "delivery boys" almost 24x7 as opposed to jobs where there was often large, though intermittent downtime. The spread of cheap smartphones and the internet is forcing middlemen everywhere to "shape up or ship out". Blue-collar real wages are up and often higher than entry-level white collar post-tax salaries. Farm mechanisation is proceeding despite agrarian distress. Some of it is caught in the numbers — not all of it, yet. And even if growth was overestimated, the extent suggested (150-350 basis points) does seem very high.

TFP is almost always measured as a "residual" — so I cannot further quantify my hypothesis here, but the tax to GDP "smell test" is very real and needs to be answered if the revisionist GDP estimates are to be considered genuinely robust.

The writer is a public markets investor

## LETTER TO THE EDITOR

### KATHUA JUSTICE

THIS REFERS TO the editorial, 'Healing a wound' (IE, June 12). Justice has been delivered for the rape and murder of an eight-year-old girl in Kathua, with a Punjab court awarding life terms to three men and five years' imprisonment to three others. Moral policing and limited avenues for social interactions between adult men and women have created an unhealthy sexual culture in India. Sexual predators are emboldened by a weak policing system. Recruiting more police personnel, improving infrastructure like forensic labs, disposing of cases faster, and making police stations and courts women and child-friendly will require significant public investment. But it is a price worth paying to ensure a safe and humane society.

Sanjay Chopra, Mohali

### MULTIPOLAR ERA

THIS REFERS TO the article, 'India and Sino Russian alliance' (IE, June 11). The US, because of its military prowess and sound economy, has strangled many other economies by imposing unwarranted sanctions. Now, in the wake of a multipolar era, it is not advisable to continue the policy of "America first". Russia getting closer to China is a cause of concern for the global community in general and the US in particular. The US should realise that it needs to follow a pragmatic approach while dealing with the other superpowers now.

Kushal Gadkari, Vadodra

### WAR AND SPORT

THIS REFERS TO the article, 'Must've

## LETTER OF THE WEEK AWARD

To encourage quality reader intervention, The Indian Express offers the Letter of the Week award. The letter adjudged the best for the week is published every Saturday. Letters may be e-mailed to [editpage@expressindia.com](mailto:editpage@expressindia.com) or sent to The Indian Express, B-1/B, Sector 10, Noida-UP 201301. Letter writers should mention their postal address and phone number.

THE WINNER RECEIVES SELECT EXPRESS PUBLICATIONS

been glove, but it's over now' (IE, June 12). The author is right in stating that war is too serious a business to be mixed with sports. However, there is nothing wrong in M S Dhoni wearing his military uniform for an award function at Rashtrapati Bhavan. The author may not be aware that Dhoni has undergone a basic para jump course to earn his para-wing: He took this risk when he was at the peak of his cricketing career. A nasty parachute injury could have permanently sealed his career. Incidentally, a commando dagger is a military insignia and not a para-military insignia as stated by the author.

H N Bhagwat, via email





Values to live by

PM Modi's call for inclusiveness in the Maldives and Sri Lanka is relevant in India too

During Prime Minister Narendra Modi's visit to Male this month, his first trip abroad after his re-election, he delivered a speech rich in meaningful metaphors to the Maldivian Parliament. He referred to the ties that bind India to the Maldives, and which could be extended to other maritime neighbours in the Indian Ocean as well. Pointing out that the waves that wash the Indian shores are the same as those that reach the shores of the Maldivian island chain, Mr. Modi called them "messengers" of peace, friendship and trust that exist between the two countries. Going beyond geographical proximity, the speech spelt out common interests in maritime cooperation, democracy, pluralism, climate change, and in battling the twin scourges of terrorism and radicalisation. The agreements announced during the visit followed these themes as well: including MoUs on hydrography cooperation and sharing 'white shipping' information, and India's decision to fund a conservation project for Male's Friday Mosque built with coral in 1658. The Prime Minister expressed a resolve for the common fight against terrorism and radicalisation, which he called the "litmus test for today's leadership", and said "state sponsorship of terrorism" remains the biggest threat to all humanity today. On his next stop, for a few hours in Colombo, he spelt out the same message, making a detour after landing to visit the St. Anthony's Shrine in Kochchikade, one of the sites of the Easter Sunday terror attacks that left more than 250 dead.

Mr. Modi's twin visits underlined several initiatives that he had promoted in his first tenure, including his commitment to "Neighbourhood First" and "Security and Growth for All in the Region (SAGAR)" for the Indian Ocean Region. Going forward, it is necessary to ensure that these themes receive constant attention through steady communication, and that relations are not allowed to fray as they did in the first few years of that tenure. The next imperative is the delivery of all projects that India has committed to, on time and within the budgets estimated, an area where India's reputation has suffered in the past. Finally, Mr. Modi chose to speak in Male about two important liberal values as common causes: democracy, which he called the Maldives a "glowing example of", and inclusiveness. He repeated his motto, *Sabka Saath, Sabka Vikas aur Sabka Vishwas* (together with all, for the development of all and with the trust of all), and his outreach to the mosque in the Maldives and the church in Sri Lanka reinforced the words. These words must be buttressed by the power of example, as India's neighbours will see whether the same values that India hopes to see in its neighbourhood are implemented within the country.

Starting at three

Extending the right to education to younger children would be a welcome step

India's far-sighted Right to Education Act is making slow progress in mainstreaming equity, in the absence of a strong political commitment in several States. The proposal to extend its scope to younger children through early childhood education is, however, wholly positive. The move suggested in the draft National Education Policy to put children three years and older in a stimulating nursery environment is a welcome logical measure. The pedagogical view is that the pre-school phase is crucial to stimulate a child's curiosity and help her prepare for schooling at age six. The NEP proposal to infuse the existing child development schemes, which are primarily nutrition-oriented, with a learning component is in line with this thinking on holistic development. An extension of the RTE would be a big step forward, but in the absence of measures that will deepen equity, the law cannot be transformative. The Centre has to guarantee that in its totality, the Right to Education will encompass all schools bar those catering to minorities. This is necessary to achieve its moral goal of bringing quality schooling to all in the 6-14 age group; adding the early childhood section, now under the Ministry of Women and Child Development, will then be meaningful. Unfortunately, the evidence indicates that only 12.7% schools comply with the law's requirements, and at the pace seen since RTE became law in 2010, it will take decades to achieve full coverage.

Giving all children aged three and above the right to an education can become a reality only if the state is willing to live up to its promise of devoting more financial resources. An expenditure of 6% of GDP on education could have transformed the sector, given the large wealth generated since economic liberalisation. But far less is spent – for instance, 2.7% in 2017-18. The last years have cost millions a brighter future, but the draft NEP provides an opportunity to make amends. Bringing more children into the formal stream needs a well-thought-out road map. The Centre has to play a leadership role to ensure that States, some of which have done a poor job of implementing the RTE Act, are persuaded to implement urgent reform. The NEP's proposal to have well-designed school complexes, where pre-primary to secondary classes will be available, is in itself an ambitious goal that will require mission-mode implementation. Shortcomings in anganwadi centres must be addressed in the expansion plan. State governments will have to fill teacher vacancies and ensure that the training of recruits is aligned to scientific, child-oriented teaching methods. Education reform is vital to prepare for a future in which cutting-edge skills will be necessary for continued economic progress. Changes to the RTE Act that will prepare all children for a more productive schooling phase can help make India's educational system morally fair and more egalitarian.

A summary of fears and possibilities

Why the Narendra Modi government should be cautious about a majoritarian agenda



HARSH MANDER

In the heady first flush of a newly elected government, commentators often compose, as usually unsolicited counsel, optimistic lists of what the government should do in its first 100 days in office.

Ideologically-driven signals

I am in an entirely different frame of mind after Prime Minister Narendra Modi's emphatic victory in India's 2019 midsummer election. Instead of optimism I experience a mounting disquiet. This deepens when I observe Mr. Modi's choices for India's Home Minister and for the Minister for Human Resource Development.

I worry when against a backdrop of violent cow vigilantism, Animal Husbandry and Dairying is separated from the Ministry of Agriculture and carved into a separate ministry stewarded by three Ministers who have a history of hate speech and hard-line Hindutva politics.

The messaging is abundantly clear. The signals are of a much more openly ideologically-driven government than even the first tenure of Mr. Modi, one determined to advance its agenda of hard-line majoritarianism at all costs. This will play out variously in its approach to fraught questions such as citizenship, Kashmir, Hindutva terror, the Ram temple, and dissent. The government will feel mandated to rewrite history, decarinate left-liberal universities, abandon the scientific temper, and amend cow protection laws to

make these more draconian.

A possible line of action

Therefore, my list here is different. It is of what I hope this government will not do, but intensely dread that it will. I do not fear that the letter of India's Constitution will be changed. But what will be torn to fragments would be its practice. I fear, first, an even more frightening rise in hate speech; and the hate violence that this will instigate and encourage. Lynching should not become an indelible part of the broken social contract, pushing Muslims further into underserved ghettos transacting their lives in everyday dread.

I fear that the National Register of Citizens (NRC) in Assam will manufacture statelessness at a scale no country has known. There is no chance of Bangladesh accepting these so-called 'stateless persons'; so, they will continue to live in Assam: some in concentration camp-like detention centres, but most stripped of rights in local communities. This will create a Rohingya-like situation, with widespread social violence and routinised state repression. The Citizenship (Amendment) Bill, if passed, will ensure that excluded Bengali Hindus will be absorbed as citizens, thereby barring only Muslims from citizenship. This will create a frightening cleavage between communities, reminiscent of Partition, and will be the most decisive death-blow to the Constitution of which the centre-piece is the idea of equal citizenship to people of every faith.

The suffering to millions of Assam's most disadvantaged peoples will then be spread to other parts of India, beginning with Bengal, where the lethal combination of the NRC and the Citizenship Bill will push many millions of India's Muslims into the vortex of dread



GETTY IMAGES/ISTOCKPHOTO

about their futures as Indian citizens, crushed by merciless and partisan state institutions.

Just as a spurious (and unconstitutional) link of citizenship with religion would be created, another bogus link of religion with terror could be re-established. All cases of Hindutva terror would be white-washed and alleged perpetrators such as Pragya Thakur and killers of rationalists such as M.M. Kalburgi and progressive journalists such as Gauri Lankesh will be freed from any taint, and the arrest of Muslim youth for terror will mount once again.

The three Ministers who head the newly created Animal Husbandry Ministry could design even more stringent laws against cow slaughter, with draconian punishments and the dilution of evidentiary standards. This would further encourage cow vigilante groups to extort and lynch Muslims and Dalits. Impoverished Muslim dairy farmers such as in Mewat and Uttar Pradesh, will be forced to abandon dairying, but will find it hard to survive with any other livelihood. Dalits will struggle to look for work which does not require them to skin cattle. The agrarian economy will flounder further. Tribal, Dalit and Muslim communities will lose access to their only source of cheap protein, as beef eating (and even eating meat of

Back to Kashmir with an open heart

Any delay in holding Assembly elections in the State will only deepen the sense of alienation



V. SUDARSHAN

Before the 2019 general election, Prime Minister Narendra Modi asserted that the problem in Jammu and Kashmir has been kept confined to "two-and-a-half districts" and that the panchayat polls (December 2018) were an indication of the enthusiasm in the State for democratic processes. It is surprising that he has been able to make this claim unchallenged. No one asked him which seven-and-a-half districts in the Valley are shining examples of a problem being satisfactorily solved. It is a kind of 'Alice in Wonderland' syndrome. Given the nature of prime ministerial interviews, often minutely scripted and choreographed, his advisers also seem to be suffering from this syndrome, characterised by a significant distortion of reality. The attempt to put off the Assembly elections till after the Amarnath yatra is a piece of this distortion.

Beyond the lockdown

Consider these developments in the State. On April 4, over a month-and-a-half after the Pulwa-

ma attack (in February), an announcement was made that the National Highway between Baramulla and Udhampur would be closed to civilian traffic for two days a week to facilitate convoy movements. It did not get the attention it deserved in the national media, but many security planners were agast.

The highway is a lifeline for the local population, with many later-al roads and passes through more than two-and-a-half districts. The armed forces are so heavily deployed and the necessity for supplies and replenishments so constant that they use the roads more than two days in a week. If the ban now stands lifted, it was because it is untenable.

A sense of alienation

Like Alice in the Hall of Mirrors, Mr. Modi has presented us an illusion. He has slipped into the habit of telling various interviewers the official version of the way people in J&K are warming up to elections. He told one: "You have seen the peaceful manner in which panchayat elections (December 2018) were conducted in the Valley. It has enthused us and shown the love of common Kashmiris for democracy." To another he pointed out: "Local-level elections were not held for many years in the Srinagar Valley. Earlier governments were obstructions. Right now we



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have conducted elections; 75% of the polling took place and there was not a single incident of violence. Hundreds of people were killed in panchayat elections in West Bengal, but there was not a single incident in Kashmir. Are conditions bad in Bengal or in Kashmir?"

The panchayat polls, held over as many as seven phases, were marked by the absence of the mainstream political parties such as the Congress or the National Conference or the Peoples Democratic Party. It is not prudent to interpret the enthusiasm here and project it on to the Assembly elections.

A parsing of the panchayat poll figures also shows a different reality, marked by astoundingly low polling in many wards, no representatives in hundreds of other wards, overall something that was

buffaloes) will become too high risk an enterprise for poor communities.

The Kashmir Valley would burn with an even more muscular militarist approach to protests. But these smouldering fires could explode into terminal explosions of public rage if the Central government persists with its perilous resolve to abrogate Article 370 of the Constitution which accords a special status to Jammu and Kashmir, and Article 35A which flows from this to enable it to sustain the demographic character of the State.

The Central government may use the pathway of legislation to pave the way for the building of a Ram temple in Ayodhya at the very spot where the Babri Masjid was demolished. The communal triumphalism which would accompany this could lead to a rash of anti-Muslim violence in every corner of the country like a raging forest-fire in a dry jungle, as in 1992 after the demolition of the Babri Masjid.

A relook at history

There could be a massive project to rewrite textbooks country-wide, to plant the Rashtriya Swayamsevak Sangh's (RSS's) version of history in literally millions of young minds. Ancient India will become a golden land in which every scientific accomplishment of the 21st century was already anticipated and achieved. Brahmanical violence against Dalits and Buddhists will be air-brushed. Medieval India will become homogenised as an era of unmitigated darkness, in which Muslim rulers oppressed their defenceless Hindu subjects and subdued their religion and culture. India's freedom struggle will discover many unknown Hindutva patriots, and others like Sardar Patel, Lal Bahadur Shastri, and even Mahatma Gandhi and B.R.

reiterated more effectively in the Lok Sabha election.

In the parliamentary constituencies of Baramulla, Srinagar and Anantnag, voter turnout dipped while in the Shopian and Pulwama areas there was hardly any enthusiasm. At dozens of booths no one turned out to vote, the most dismal voting figures since the late 1980s. That's how far back Mr. Modi's policies have set the clock. Not the best advertisement for a problem that is confined merely to two-and-a-half districts.

Worse, this low turnout was not the result of separatists trying to enforce a boycott. All of the Hurriyat leaders have been taken out of the reckoning. As there was not much violence, militants were not out in strength in trying to intimidate people from voting. The people were simply not interested in voting. A great sense of alienation and a rejection of democratic process alone explains this abysmal turnout.

Arresting the drift

Though the Prime Minister often says that he has taken the high road of his predecessor Atal Bihari Vajpayee (recall the former Prime Minister's 'Insaniyat, Jamhooriyat, Kashmiriyat' formulation) there is little evidence of this on the ground and in the minds of Kashmiris. Only if the stage is set for an

Ambedkar will be recast as Hindutva icons. Gandhiji's lifelong struggle for Hindu-Muslim unity and his assassination for this reason in the hands of a Hindutva ideologue will be erased from history.

Progressive thought and dissent in universities will die. Dissenting social movements and civil society institutions will be starved of funds and criminalised. Every public institution including the higher civil services (through lateral entry), institutions such as the Lokpal, the Central Bureau of Investigation, the National Investigation Agency, and even the judiciary will be packed with ideological sympathisers. Even the armed forces won't remain unaffected. Labour, land acquisition and environmental laws and banking regulations will all be 'reformed' to benefit selected big business houses. The media will become even more pliant in its abject metamorphosis into cheerleaders of the government, and its majoritarian and pro-business policies.

We can debate the reasons why so many Indian voters chose Mr. Modi. But there can be no doubt that Mr. Modi and the Bharatiya Janata Party view the mandate as one for consolidating the master plan of the RSS – the ideological mentor of the BJP – and thereby changing India forever.

My wish-list for the new government, therefore, is not of what it should do, but what it should not do. If any or all of this is what the new Narendra Modi-Amit Shah government actually accomplishes, then the country we give our children will no longer be a place of freedom and justice, or even ordinary kindness. I have very little hope, but I would be overjoyed if I am proved wrong.

Harsh Mander is a human rights worker, writer and teacher

early Assembly election can something be salvaged. By not holding Assembly elections soon, the two-and-a-half district problem is not going to be halved. The bulk of the Indian Army is not deployed in West Bengal because of some trifling two-and-a-half district problem. It is deployed in Kashmir. If the problem was indeed so small, it should have been easy enough to have held the Lok Sabha and the Assembly elections simultaneously in J&K. The results of the Lok Sabha election have confirmed the deep political divisions.

Yet now is the time to hold Assembly elections. It is easy enough to find reasons not to hold polls till an option suitable to New Delhi emerges: it is easy enough to cite the "tourism season" and the Amarnath yatra to put off the decision till November, when the capital shifts to Jammu. And so on. In the 1990s, when Governor's Rule was imposed for nearly seven years, militancy soared. The longer the decision is put off, the more young and educated people, who are already disillusioned with the way things are going in that area, are going to drift towards militancy. Now that the Prime Minister has made a conciliatory start, he should extend the same sense of inclusiveness to the Kashmir Valley, and begin anew.

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LETTERS TO THE EDITOR

Letters emailed to letters@thehindu.co.in must carry the full postal address and the full name or the name with initials.

GDP over-estimation

The former Chief Economic Adviser's startling revelation (Page 1, June 12) that GDP figures from 2011-17 were overstated – when growth was actually 4.5% – is a severe indictment of both the UPA and the NDA governments, but more the latter. This was apparently done to show that the economy was doing all right when the situation was not as bright as it was made out to be. This flies in the face of the government trumpeting its achievements and claiming that the country was the fastest growing economy. The sour note is that the former CEA took such a long time to come out with this when he should have done so while in office.

V. PADMANABHAN, Bengaluru

■ Mr. Subramanian's argument needs to be

debated in order to come to an acceptable appraisal of the economy. In the recent past, there has been debate on the methodology adopted in estimating growth rate. Contradictory data relating to the growth rate only create confusion and erode our confidence. The unprecedented rise in unemployment, a fall in industrial production and manufacturing and the alarming issue of non-performing assets can all affect the growth engine. The government needs to take appropriate policy measures and in a transparent manner.

V.V.K. SURESH, Guntur, Andhra Pradesh

■ It is often said that if a group of five economists get together, they will each come out with six different opinions. Therefore, Mr. Subramanian's "revelation" should not be a cause for surprise. The irony is that

during his tenure as the CEA, he "failed" to notice this irregularity. That such over-estimation happened under the watch of Manmohan Singh as Prime Minister – also an economist of repute – makes the issue more intriguing. The common man hardly understands the significance of GDP to an economy, leave alone getting to the roots of methodology or changes in it to estimate the GDP. It would be a pity if he is taken for granted and fed with imaginary figures to make him believe that we are a buoyant economy. Any government will only be willing to project a rosy picture of the economy. However, the reputation and credibility of economists would be under stress if they are inclined to tow the line of the government of the day, ignoring prescribed rules of computing economic data, which is also an unethical act. When there are such

variations advanced by different economists, one wonders how the budgeted estimates would prove effective in a large economy such as India's. Instead of attempting to come up with a defence, the government would do well to revisit the tenuous link between the estimate and reality.

V. SUBRAMANIAN, Chennai

The classroom today

The article, "Truth, technology and the teacher" (OpEd page, June 12), should be read by all those who are involved in making the children of India responsible and better citizens. Today, children, especially those of impressionable age, face a difficult time sorting fact from fiction. As for teachers, they are slowly becoming robotic. Smart boards can probably help supplement a teacher's work but cannot make him a smart teacher. It

is no surprise that children are unable to face the real world, as well-grounded and knowledgeable individuals.

N. NAGARAJAN, Secunderabad

■ There is a misconception that educational technology is the panacea for all shortcomings in the achievement of educational goals. Under this false notion, effective teaching can said to be accomplished through the use of technological gadgets, with most private educational institutions vying with one another in advertising their 'smart' classrooms. No doubt technological gadgets such as radio, television, computer and the Internet can enhance learning and be valuable adjuncts to the teacher. But all these can only supplement a teacher's work and cannot supplant him. Ultimately, it is the teacher

who has to plan, decide and use the most effective tool in his or her teaching. Unfortunately, teachers are being marginalised. Finally, even parents who always dream of instant results as far as their children are concerned have more and complete faith in the 'drill master' in coaching centres than the regular classroom teacher.

A. PANNEERSELVAM, Puducherry

Great humorist

In the passing of "Crazy" Mohan, Tamil Nadu has lost a redoubtable stage artist. His heart and soul were embedded in theatre first and cinema second. His "clean humour", a brand that will be hard to replicate, struck a deep chord with families.

MANI NATARAJAN, Chennai

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# Navigations in Bishkek

The regional aspirations of Central Asian countries contradict India's goals



P. STOB DAN

At the 19th Shanghai Cooperation Organization (SCO) summit in Bishkek, Kyrgyzstan, India will have to navigate between two contradictory imperatives. While on the one hand it must act as a willing partner of regional cooperation led by China and Russia, on the other it must avoid being seen as a part of the 'anti-American gang'. It could also be seen as a paradox that India wants to fight against terrorism through a body that includes states that pose the biggest threats to Indian security.

### Trade and terrorism

In Bishkek, Russia and Central Asian countries are likely to express "broad support" for China in its escalating tariff fight against the U.S. India is equally concerned about this trade war, but it is unclear whether it will join the others in slamming U.S. protectionism. New Delhi is seemingly confident of dealing with the U.S. without necessarily supporting China. For Chinese President Xi Jinping, whipping up anti-Americanism serves to stave off mounting opposition against his anti-corruption campaign and concentration of power. It is also notable that all SCO members barring India are enthusiastic supporters of the Belt and Road Initiative (BRI).

The summit is likely to have a muted agenda. SCO Secretary General Vladimir Norov has hinted at adopting documents to deepen multilateral cooperation and discussing non-conventional issues such as the fight against drug trafficking, cooperation in IT, environmental protection and healthcare. Terrorism is likely to be approached from the angle of improving the situation in Afghanistan and not necessarily of curbing the terrorist elements emanating from Pakistan. China is sure to offer its experiences of dealing with counter-terrorism, and the deradicalisation measures it has taken in Xinjiang. China's achievement in expanding its high-speed rail network to restate Xinjiang comes with enormous economic and security implications for Eurasia. China has also enhanced its military projection capabilities to meet any potential crises beyond its western frontiers.

Kyrgyzstan is the latest to create an



PM Modi and President Xi Jinping on the sidelines of the SCO in China in 2018. • AP

international near-border trade centre in Alai district bordering China. If the regional countries switch to adopting the Chinese railway track gauge of 1,435 mm, then China will be successful in uniting Eurasia to challenge a united Europe. As the situation unfolds, China and Russia are adopting a new era of global strategic partnership. Where India fits in is the question.

### On the sidelines

Prime Minister Narendra Modi's meeting with President Xi on the sidelines of the summit will be critical, especially as Mr. Modi is now being guided by his new External Affairs Minister. This meeting also comes after China's decision to withdraw its technical hold on listing Jaish-e-Mohammad chief Masood Azhar as a global terrorist at the United Nations Security Council (UNSC). The key concern for the two leaders is the impact of the U.S.-China trade war, but judging from the trends, both sides seem to be gearing up for a big settlement of pending bilateral issues.

Mr. Modi's meeting with Russian President Vladimir Putin is important to save the S-400 contract deal against Washington's mounting threat to act under CAATSA. India and Russia have an ambitious economic agenda drawn up for 2019, and Mr. Putin might reiterate his invitation to Mr. Modi to be the chief guest at the Eastern Economic Forum in Vladivostok in September. It would be a good opportunity for India to explore Russia's Far East region not just for developing economic cooperation but also for exploring the prospects of transferring skilled labourers to offset Chinese demographic threats in the region. Russia is also keen that India joins the Arctic: Territory of Dialogue Forum.

India seems committed to work within the SCO to develop a 'cooperative and sustainable security' framework, to

make the Regional Anti-Terrorist Structure more effective, and participate in efforts to bring about stability in Afghanistan. Even though the regional aspirations of Central Asian countries contradict India's goals, these countries back India's proposal for a Comprehensive Convention on International Terrorism. Mr. Modi is certain to bring up India's resolve to fight terrorism by drawing the SCO's attention to the attacks in Pulwama and Sri Lanka. But China would not like India to use the SCO to name and shame Pakistan.

India may stick to its position on BRI, but accelerating progress on the International North-South Transport Corridor, the Chabahar Port, the Ashgabat Agreement and the India-Myanmar-Thailand Trilateral Highway should be very much on the cards.

### The Pakistan policy

The India-Pakistan stalemate endures but the environment has changed a little since India's air strikes in Balakot. Pakistan Prime Minister Imran Khan has been less belligerent, but whether the Pakistani military is taking tougher measures to curb anti-India terror groups is not known. Mr. Khan will have to demonstrate clearly if he wants Mr. Modi to give diplomacy a chance should they meet on the margins of the SCO meet. Mr. Modi might chart a new policy course in favour of normalising ties, especially since India has scored a point with Masood Azhar being designated as a global terrorist at the UNSC.

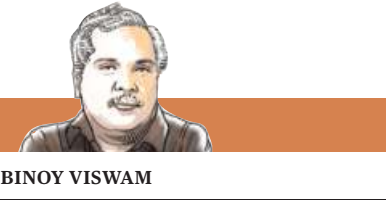
Pakistan places high hopes on the SCO to regulate key regional security issues (Afghanistan and Kashmir) even though the SCO discourages bilateral disputes to be raised. Its other agenda would be to sell the Gwadar Port as a potential passage to landlocked Central Asian states, besides promoting the China-Pakistan Economic Corridor for regional economic integration and security cooperation.

To be sure, none of the institutional-level measures including the joint SCO military exercises have so far entailed any satisfactory results in jointly fighting against terrorism. Nevertheless, the SCO is relevant for India to garner support for reforms of the UNSC to make the latter more representative and effective. India has been lending support to the member countries' candidatures for non-permanent membership of the UNSC for a long time.

Phunchok Stobdan served as India's Ambassador to the Republic of Kyrgyzstan

# A mix of all shades of red

It is time for communist parties to start thinking seriously about reunification



BINOY VISWAM

The 2019 Lok Sabha election was undoubtedly a calculated rightist takeover of the country; a victory so massive that its magnitude was beyond the expectations of even some in the Sangh Parivar.

### A well-oiled machine

It is important to acknowledge that this victory was no overnight incident. The Rashtriya Swayamsevak Sangh (RSS) and its various outfits were working assiduously towards this from 2014. About 6,00,000 well-trained *swayamsevak*s were deployed at the grass-roots level. Social media was used to effectively communicate the Sangh Parivar's message. Thousands of WhatsApp groups worked overtime. A section of the print and visual media aided the RSS, its organisations and the Bharatiya Janata Party (BJP). This well-thought-out strategy and well-oiled machine worked – sometimes visibly, sometimes invisibly – and carried the idea of majoritarian politics all over the country – to cities, towns and villages.

The Election Commission (EC) uses the words 'free and fair' to talk about elections, but these words have become meaningless today. The EC was brought to its knees during this election. Money and muscle power also played a very big role in the BJP's victory. Electoral bonds were seen as a way of bringing accountability and transparency in political funding. But the use of electoral bonds has opened the doors to corporate India to influence the political structure. It is estimated that the BJP was the biggest beneficiary of the electoral bond scheme this time; it reportedly bagged 95% of the funds.

Social engineering was the favourite theme in the 2014 election as well as in 2019. This time, this theme was applied at the micro level. Religion and caste factors were used in a very clever manner, while real issues like unemployment, price rise, the chaos caused by demonetisation, the problems in implementing the Goods and Services Tax, and atrocities against Dalits and minorities were not discussed. History has shown us that rulers who fail to fulfil their promises use war and pseudo-nationalism as their road to victory. This



S. JAMES

was true of this election too. The BJP focussed on the air strikes carried out by the Indian Air Force on Balakot as well as on the 2016 surgical strikes. Questions about the Rafale deal were papered over in the name of nationalism and defence preparedness of the country. Truth was the biggest causality in an enormous propaganda warfare.

### Disunited Opposition

It was against all this that the Opposition had to fight. Ideologically, politically and organisationally, the BJP camp was well organised, whereas the Opposition camp was disunited. Even though almost all Opposition parties, including the Congress, talked about the necessity to defeat the BJP, none of them took the fight seriously on the battleground. Narrow partisan priorities and individual vanities overshadowed their electoral strategy. The Opposition parties were not concerned about securing the future of secularism in India. That the BJP increased its vote share from 2014 means that these Opposition parties need to seriously introspect. If these parties had been united, they could have won the battle. But due to lack of foresight, they missed the bus.

The Communist Party of India (CPI) had put forth the idea of a broad platform of secular, democratic forces and had campaigned for the same. But most of the secular and democratic political parties failed to understand the significance of such a platform. The experience in Tamil Nadu, where the Dravida Munnetra Kazhagam took a commendable position to forge an alliance of like-minded parties, has lessons for the democratic forces.

The call of the CPI for the 'reunification of the Communist movement on a principled basis' has special significance now. Communists accept with humility that they are not such a big force to decide the destiny of the nation

single-handedly. They are aware of the serious setback faced in this election. The CPI and the Communist Party of India (Marxist) together have only five seats in the Lok Sabha, the lowest they have ever had in Parliament. Even in communist strongholds, both parties lost miserably. Naturally they are obliged to look deep into the causes of this shameful defeat. Communists are definitely not going to give up their struggles because of this electoral debacle. They have to be in the thick of things in the days to come – in all the mass struggles.

### A glorious history

Communists have ample reason to be proud of their glorious history of struggle and sacrifice. It is the communists who put forth the agenda of complete independence before the freedom movement, for the first time. In free India, it is the communists who fought for the cause of the oppressed in all walks of life. It is the communists who first raised the slogan of bank nationalisation and called for the end of Privy Purse. It is the communists who fought against separatist forces in Jammu and Kashmir, and Punjab, for the unity of India. Hundreds of communists were martyred in those struggles. In Ayodhya, communists built the wall of love for communal harmony. Communists have championed the cause of secularism wherever and whenever communal forces have come out to undermine the Indian concept of unity in diversity. In the ideological fight against fascism, communists have always been in the forefront, even losing people like Govind Pansare. This great movement which was built on the blood, sweat and tears of the toiling masses cannot be brought down by an electoral defeat.

But the communist movement based on the science of Marxism has no right to close its eyes to the reasons for this setback. Ideologically, politically and organisationally it should introspect and it should do so keeping in mind a unified communist movement. More than five decades have passed since the Indian communist movement split. The communists have fought differently, the result of which is now before everyone to evaluate. At this juncture, the downtrodden who regard the red flag as the flag of hope urge all communist parties to think seriously about reunification.

Binoy Viswam is the secretary of the CPI National Council and Member of Parliament, Rajya Sabha

## SINGLE FILE

# Three stalwarts of a State

Karnataka is poorer without A.K. Ramanujan, U.R. Ananthamurthy and Girish Karnad

DEVAKI JAIN



We have lost all three of them: A.K. Ramanujan, U.R. Ananthamurthy and Girish Karnad. These were the three brilliant thinkers and writers of Karnataka. Now Karnad has joined Ramanujan and Ananthamurthy. They all acknowledged the influence

they had on another.

I wonder whether there are other such small groups of writers in other States who are famous all over the world for their brilliance but who are also rooted in their own culture and language. Even if there are, I haven't noticed it. I haven't come across, say, three Tamil or three Bengali literary giants who were known in both English and Tamil, or English and Bengali, and who lived in the same period.

I bring this up because I think Karnataka is special. Its cosmopolitan nature has been built into it for decades. The erstwhile princely State of Mysore encouraged cultural diversity. We had R.K. Narayan (who was born in Madras and brought up in Mysore) and R.K. Laxman (a Mysorean) sending waves across India and the world with their writing and cartoons, respectively, which were so expressive of 'native' India and yet so relatable in the wider world. This princely State also had a modern touch. It had pioneers in building industrial enterprises. M. Visvesvaraya, for example, is well known across India for entrepreneurship. I believe that Mysore had a civilisational sophistication and an open mind to be able to encourage its 'native' civilisation but also open its doors to modernity.

Karnad studied at Oxford University, which is where I first met him. His brilliance meant that he could live and work anywhere in the world. But he chose to come back to Bangalore where he continued to produce excellent plays that built on our own folk literature and had philosophical underpinnings. Not only did he excel in this field, he was equally outstanding in the films in which he acted. He was also an institution-builder, an activist who hated religious chauvinism, and a friend.

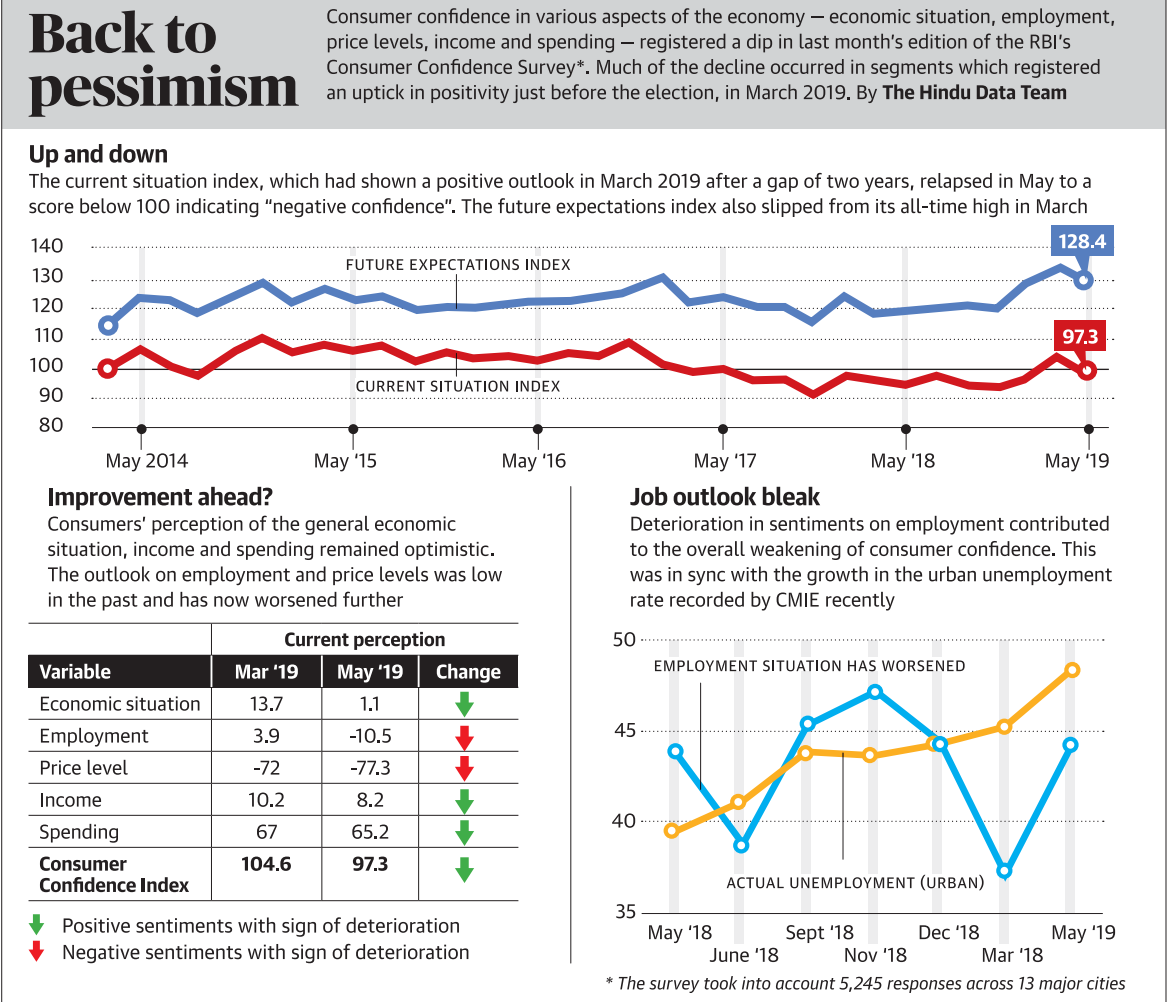
I last met Karnad at the memorial meeting for Gauri Lankesh. He had a placard hung around his neck that read in English and Kannada, 'Me Too Urban Naxal'. After the protest, he dropped me home, all the way wearing tubes and carrying his oxygen cylinder.

Karnad's plays always contained in them, without definition or too much underlining, the moral consciousness of Indians. Perhaps I belong to their generation, but I have not come across new geniuses in Karnataka of the kind that we had in these three stalwarts.

Devaki Jain is a feminist writer and economist



## DATA POINT



## FROM The Hindu. ARCHIVES

FIFTY YEARS AGO JUNE 13, 1969

### Industrial security force for public sector plants

Arrangements are now being finalised for the formation of an industrial security force in the public sector industrial plants in the country. Details of the force - including its strength, service conditions and financial implications - are being worked out by the Home and Finance Ministries in consultation with Ministries such as Steel and Heavy Engineering and Industrial Development and Company Affairs which are in charge of the units concerned. It is expected that the force will start operating in the Durgapur steel plant in the first instance. Later it will extend its activities to cover other units. On a rough estimate installations in public sector units in the country excluding railways and defence are worth about Rs. 5,000 crores. The proposed force will be an all-India force.

A HUNDRED YEARS AGO JUNE 13, 1919.

### Indian Reform Bill. Mr. Montagu's Speech.

The Maharajah of Bikanir, Lord Pentland and a number of Indians were present in the Gallery to-day [of the House of Commons in London on May 4] when [Secretary of State for India Mr. Edwin] Montagu moved the second reading of the Government of India Bill. Mr. Montagu said: In discharging the highly important task of which he fully realised the responsibility, he desired to avoid entering into details of, the necessarily complicated and technical measure the series of elaborate documents, with which he had provided the House and which he would assume the House had mastered, would obviate much technical disquisition. Recalling the origin of the Bill, Mr. Montagu remarked that it was suggested in some quarters that the Bill arose spontaneously in the minds of the Viceroy and himself, without previous enquiry or consideration under the influence of Mr. Lionel Curtis.

## CONCEPTUAL Condorcet's jury theorem

### POLITICS

This refers to a theory which states that the wisdom of the crowds is usually better than that of experts in predicting the future. Decisions made through majority voting, for instance, are better than expert opinion. It is, however, important that a sufficient number of people are asked to participate in the vote to arrive at the right decision. Some believe that the accuracy of predictions can be further improved by limiting the size of the crowd. The theorem is named after French philosopher and mathematician Marquis de Condorcet who outlined it in his 1785 book *Essay on the Application of Analysis to the Probability of Majority Decisions*.

## MORE ON THE WEB

This temple in Assam helps nurture 'extinct' turtle back to life

<http://bit.ly/AssamTurtle>



















