


ACROSS THE AISLE



P CHIDAMBARAM

The FM's maiden Budget will be judged by its potential to revive economic growth and create jobs. On employment, the FM should not fall for the temptation of quoting the numbers of Mudra loans, Uber drivers and EPFO enrollments. The only reliable measure of unemployment is the Periodic Labour Force Survey. The FM should remember that the unemployment rate is 6.1 per cent, the highest in 45 years

The economy that she inherited

I HAVE admired the swift rise of Mrs Nirmala Sitharaman from party spokesperson (2010) to Commerce Minister (2014) to Defence Minister (2017) and to Finance Minister (2019). At every rise she broke a glass ceiling. That should encourage more women to prove that they are not less capable than men.

No Finance Minister (FM) starts on a clean slate. The slate is always full of writing — some helpful, some harmless, some a headache and some a hindrance! The former Chief Economic Adviser, Dr Arvind Subramanian, has cast a shadow on the growth numbers and has, in a way, concurred with the long-time critics of the methodology employed to calculate the GDP. It is too late to repent. Leaving that aside, the place to start is to take stock of the economic situation without a pre-disposed mind. Here are some facts and indicators.

LOW INFLATION, BUT SLOW GROWTH

■ Inflation is low. WPI is at 3.07 per cent and CPI at 3.05 per cent. Low inflation is due to an over-tight monetary policy and low commodity prices, but both are changing.

As long as inflation is low, government expenditure can be increased, but is there money?

■ Growth slowed down rapidly in 2018-19. In the four quarters, it was 8.0, 7.0, 6.6 and 5.8 per cent. It will probably decline further in April-June 2019.

Anticipating a downtrend, RBI has lowered the forecast for 2019-20 to 7.2 per cent.

■ The farm sector grew at 2.9 per cent in 2018-19. Agricultural wages grew at 4.64 per cent in 2018. Over 10,000 farmers commit suicide every year. In Maharashtra alone, 808 farmers have taken their lives so far in 2019. Farmers will not brook neglect any longer.

MISSING INVESTMENTS

■ Investment is the prime driver of growth. In 2018-19, FDI inflows into India declined for the first time in the last six years, falling by 1 per cent to USD 44.37 billion. Gross Fixed Capital Formation was 29.3 per cent (current prices) last year. Promoters are loath to invest because capacity utilization has been low: e.g. in manufacturing, it was 76 per cent.

■ Foreign Institutional Investors (FII) pulled out money in 2018-19. Net FII last year was USD (-) 3,587 million.

■ Manufacturing is in a slump. Between 2015-16 and 2018-19, the growth rates of IIP for manufacturing were 2.8, 4.4, 4.6 and 3.5 per cent. Now, vehicle manufacturers have reported declining sales and have cut back production.

■ Merchandise exports, under NDA, crossed the level achieved in 2013-14 (USD 315 billion) only in 2018-19. Unfortunately, protectionism is on the rise and trade/tariff war is in the offing.

The new fiscal has started poorly with merchandise exports in April at only USD 26 billion.

■ The health of the banking sector is poor. Gross NPAs at the end of March 2019 stood at 9.3 per cent of outstanding loans and a humongous sum of Rs 5,55,603 crore has been written off by banks since April 2014. In the second term, the FM cannot blame the UPA government (as her predecessor was wont to do) for the woes of the banking sector.

■ Bank deposits are growing at 9.4 per cent, but credit is growing at 13.1 per cent. RBI has cut the policy rate and wants banks to cut interest rates for borrowers. Banks will not cut rates for borrowers unless they can also cut rates for depositors, which will hurt deposit growth. There is no easy solution.

WORRYING FISCAL SITUATION

■ The trade deficit was USD (-) 176.42 billion in 2018-19. This is putting pressure on the Current Account Deficit (CAD) which was USD (-) 51.8 billion in the nine months ending December 2018. The CAD is a number watched by analysts and currency traders. The FM too should watch it.


■ Tax revenues took a big hit in 2018-19. The revised estimates (RE) for 2018-19 made on February 1, 2019, have turned out to be a joke. Total tax revenues were Rs 13,16,951 crore against the RE of Rs 14,84,406 crore — a loss of Rs 1,67,455 crore. Obviously, the FM cannot stick to the Interim Budget Estimates for 2019-20 and has to present completely new estimates. Not a happy start.

■ During the 5 years of NDA, the fiscal deficit (FD) was compressed by only 1.1 per cent. Massive expenditure cuts were made in January-March 2019; otherwise, the FD would have been 4.1 per cent in 2018-19, not 3.4 per cent. If fiscal consolidation remains a prime objective of the government, the FM has to do a fine balancing act between revenue (more without hurting) and expenditure (less without offending).


■ Unemployment was the topmost concern of the people, yet the voters in most states voted the BJP back to power. The issue will come back to haunt the government. The FM's maiden Budget will be judged by its potential to revive economic growth and create jobs. On employment, the FM should not fall for the temptation of quoting the numbers of Mudra loans, Uber drivers and EPFO enrollments. The only reliable measure of unemployment is the Periodic Labour Force Survey. The FM should remember that the unemployment rate is 6.1 per cent, the highest in 45 years.

Mrs Nirmala Sitharaman inherited the present economic situation. She deserves our best wishes and all the luck in the world.

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INSIDE TRACK



COOMI KAPOOR

LEFT ALONE

RAHUL GANDHI has reportedly gone abroad and is not planning to return till June 19 when the swearing in of the new MPs is complete. While party spokesperson Ran-deep Surjewala states emphatically that Rahul will continue as president, the buzz in the party is that Gandhi is serious about his resignation. With Gandhi's disappearance the Congress is shell shocked and in disarray, even if the core committee, constituted largely of old timers, is trying valiantly to hold the fort. Without a clear cut central authority, open warfare has broken out in some state units. There is near anarchy in Haryana with followers of former Chief Minister Bhupinder Hooda and PCC chief Ashok Tanwar practically coming to blows. Witnessing the street brawl, Ghulam Nabi Azad, in charge of the state, has simply backed off.


RSS's TAME SHOW

ONCE EID Milan receptions in the Capital used to be major social events with high flying politicians and top media persons marking their presence. But this year the political Eid Milans in Delhi were low key. The RSS's Indresh Kumar hosted an Eid Milan on behalf of the Muslim Rashtriya Manch at the Parliament House Annexe which failed to attract big names. Although a cabinet meeting was held around the same time in the same building, no minister or VIP dropped by. The anonymous guests had to sit in a conference hall, listening to speeches before tea. The Jamiat Ulama-i-Hind of Deoband, which is celebrating its centenary, held two separate functions, reflecting the division in the Madni family. One reception was hosted by Maulana Arshad Madni, the other by his nephew Maulana Mahmood Madni, who has reportedly been sidelined by his uncle. Mahmood's dinner had fewer guests, but it was the one at which the BJP marked its presence, with general secretary Bhupendra Yadav attending. An interesting side-light was that Ahmed Patel and Ajit Doval arrived late and had perforce to sit together at the same table. The two had little conversation to make and indicated to photographers that they did not want their snapshot taken.

OUT IN THE OPEN

THE SECRET understanding between Shivpal Yadav, Akhilesh Yadav's estranged

OUT OF MY MIND



MEGHNAD DESAI

ON JUNE 6, 1944, the longest day, Allied troops landed in Normandy and started the final march to victory in Europe. Last week, the 75th anniversary of the Normandy landings was celebrated by leaders of the US, UK, France and many European countries. Veterans of the landing came dressed in their uniform with their children and grandchildren and were paid tribute for their efforts in win-

uncle, and UP Chief Minister Yogi Adityanath was out in the open last week. When Adityanath called on Mulayam Singh Yadav at his residence to inquire about his health, his brother Shivpal turned up at exactly the same time. Photographers got a shot of the CM with Mulayam, Akhilesh and Shivpal which was flashed in the media. Akhilesh, clearly unhappy, retweeted the photograph, cutting Shivpal out of the frame. Even after the bitter elections, with Shivpal's party eating into the SP vote bank, Mulayam still hopes for a family patch-up. He summoned all family members including Shivpal and Ram Gopal, to his home at Saifai after the poll. But a truce remains elusive.

SOLDIER OF FORTUNE

DANISH ALI's longtime boss H D Deve Gowda lost the parliamentary election in Karnataka and the JD(U), of which till recently Danish was a general secretary, is down in the dumps. But the fortunes of Gowda's one time Man Friday in Delhi, who fought this election on a BSP ticket from Amroha, are on a roll. Ali won from Amroha and Mayawati appointed the newcomer as both leader and chief whip of her 10-member Lok Sabha parliamentary group. Ali was selected partly because Mayawati is keen to showcase a Muslim face as she believes her best prospects are in the Western UP Muslim dominated belt. Her longtime Muslim adviser Naseemuddin Siddiqui was thrown out of the party last year over a money dispute and his replacements, Munquad Ali and Mohammad Jamil Akhtar, have been found wanting. Danish has handled financial affairs for Deve Gowda's family in Delhi for years and Behenji feels his talents could be useful to her.

UNCALLED-FOR SNUB

PRIYANKA GANDHI Vadra could have been more gracious while addressing workers in Sonia Gandhi's Rae Bareilly constituency, the only seat won by the Congress in UP. Priyanka complained that the victory margin had come down and lashed out at Congress workers for not doing their bit. If party workers in Rae Bareilly and Amethi have lost some of their enthusiasm, it is because there has been little support from Delhi. There are frequent changes in people entrusted to look after the Gandhis' one-time pocket boroughs. For instance, Dhiraj Srivastava, who formerly worked in the Rajasthan government, was asked to oversee the Amethi constituency only four months back. In Indira and Rajiv Gandhi's time, there was a dedicated team, which knew the people in the constituency personally and ensured that they got special benefits including government jobs in Delhi and VIP treatment when they visited the Capital.

ning back freedom.

But there was another battle at the same time in another part of the world. The European campaign was only to liberate Europe. It was a World War after all. When was Asia liberated? It is forgotten that the toughest land battle of the Second World War was fought on Indian soil, Japan suffered its biggest defeat on land in Kohima in the North East corner of India. This battle and its heroes have been forgotten.


The battle lasted 80 days, from April 4 to June 22, 1944. It was one of the crucial battles of the Second World War. On the one side was the Indian Army led by General (later Field Marshal and Viscount) Slim. On the other side were the Japanese 31st Division led by Lieutenant General

Mutaguchi Renya. He had three infantry divisions. But the poignant thing from the Indian angle was that there were 1,00,000 INA soldiers fighting on the Japanese side against their fellow Indians fighting in the Indian Army. Of course, the INA were once part of the Indian Army when they were in Singapore. When Singapore fell they had to surrender. How they were recruited by Netaji Subhash Chandra Bose is of course well known.

It could be that Indian authorities after independence were ambivalent about Indians fighting each other under foreign leadership. But on each side they fought bravely. The troops of the 33rd Division (known as the Punjabis) on the British Indian side had been declared un-

Women of Punjab

GAINED IN TRANSLATION



BUBBU TIR
ਬੱਬੂ ਤੀਰ

Kinne hi falsafe gaye han sirje, ik teri chup di tarjmani khatir. (So many philosophies have blossomed in your silence.)

THESE LINES best describe women. Still waters, they say, run deep. So does the Punjabi woman. Just a few decades ago, she discovered a world beyond *chulha-chownka* (the hearth). But the seeds of this shift were sown much earlier in the 20th century. After the First World War, the village *fauji* (soldier) came back with a new perspective; women, he felt, needed to be educated enough to hold fort in his absence. This belief led to the advent of a whole lot of schools and colleges in the then prosperous Malwa belt of the state with Ludhiana at its epicentre. The world was finally recognising the need to extend beyond the single hand economy. The Punjabi woman too began to realise her worth, she learnt to gaze into the mirror, appreciate what she saw, and even improve on it. Her mind learnt to reason, ask, and answer. The wings spread and gained power and flight.

But the Punjabi youth was struggling with shrunken landholding, vanishing industry and lack of jobs. Somewhere an innovative peer created an escape route to foreign shores whereas elsewhere else, another peer drowned himself in drugs and drinks. Few managed to stay afloat and keep an illusion of wellness alive. The support system (read government) could not generate enough employment avenues for the ever-growing band of young men. The general public is not protected by quotas, favoured by contacts or supported by finances. But amidst all this doom and gloom, the Punjabi woman, especially in urban areas, continued to aspire, quietly notching better scores in exams, and in some cases, even stepping out of the state to seek a better future.

Punjab di dheer shayad angehli wich hi agge nikal gayi te putt assin saambh nahin sakey. (The daughters of Punjab surged ahead unnoticed and the sons we could not handle)

Therein began another battle. The

Illustration: CR Sasikumar

woman had to re-mould herself to measure up to another role expected of her by a newly emerged society. You began hearing of convent educated, economically empowered, homely brides. The proverbial glass ceiling remains cemented.

One keeps hearing of many schemes for the welfare of the girl child beginning in the womb itself. One wonders, though, what is being done for the ones that are already there. The aimless degree-oriented education system can be substituted with an effective vocational training programme so that the rural women can benefit from it. It might also help revive our art and handicrafts.

Long ago, I would hear my grandma voice her homespun wisdom. *Kithe bhala hona hai aurat zaat banaun wale da* (The maker of a woman is not going to get his dues). A woman, she said, has to prove her worth at every step to each relationship. If a father is to hold his head high in society, the daughter has to comply with his wishes; if a husband has to do well socially, the wife has to subsume her personality; if a child has to excel, it's the mother who has to work, yet no credit ever comes her way. She has to distribute herself in various relationships, yet all of

them put together are not meant to do anything for her emotional sustenance. It holds true even now, especially in the Punjab countryside.


Kuch rishte wagdeyan paniyan warge, adhiyan adhooriyan kahaniyan warge, Kuch hunde najaayaz asley jehe, ansuljhey gunjhal masley jahe. (Some relationships are like flowing water, like half-baked unfinished stories, some are like illicit ammunition, like an unsolved problem.)

We are naturally created to nurture relationships. Our attitude cannot ever be dispassionate towards situations. We are the emotional quotient of society. Had it not been for women, there would be no mending anything broken. The social fabric would not see a stitch in time either. Besides, a woman has no expectations.

Our rural sisters are not aware of their own needs. They are stuck in a groove with little or no escape. Their health is often neglected, the daily chores are endless, insecurities abound and higher education is a distant dream. Farm distress and suicides are only adding to their woes. No wonder "Kaneda" (Canada) has become the sole solution to all unanswered questions.

Bubbu Tir is a Punjabi poet and columnist. Translated from Punjabi by the author

FIFTH COLUMN



TAVLEEN SINGH

A failed opposition

SOMETHING VERY important happened in this general election. Sadly for our opposition leaders, they have not noticed. So their analysis of why they have nearly all ended up on the wrong side of history ranges from the petulant to the bizarre. In the petulant category are those who have convinced themselves that Narendra Modi has become prime minister again only because he spread so much hatred between Hindus and Muslims that Hindutva triumphed over the 'idea of India'. In the bizarre category are those spreading rumours about EVM fraud on such a scale that the entire election was stolen. Not even a magician could do this.

If they want to survive to fight another day it is time our opposition leaders tried to address what actually happened. The Prime Minister described it in one of his speeches as the triumph of chemistry over arithmetic and there was a bit of that. But, something else happened as well. Indian voters have shown in this election that they can no longer be fooled by appeals to caste, charisma, creed or dynasty. They have also shown that they have seen through the veils of secularism and socialism that have been used by most opposition leaders to disguise their real reasons for entering public life. It is no accident that in that bastion of casteism — Uttar Pradesh and Bihar — casteist parties who have ruled like potentates for decades now barely have any seats in Parliament. It is no accident that those political parties who built their political ideology around dynastic succession have also been wiped out.

This has happened because millions of Indian voters are no longer poor and illiterate but middle class and aspirational. If they voted Modi back for a second term, it was because they see him as someone who has understood this. The opposition leaders have been too busy sulking to sit down and do some real analysis of how much the Indian voter has changed so it was ironically a BJP leader who drew my attention to this.

Last week I went to see Arun Jaitley. He is one of the few politicians whom I respect. I have known him from the time I was a junior reporter and can say honestly that he is one of a handful of politicians who is not in politics for personal gain but for public service. He is in the process of moving out of the house in Lutyens' Delhi that was allotted to him as a senior minister. While waiting to see him I noticed blank spaces on the walls where pictures have been taken down. His decision to surrender his government house as soon as he demitted office is remarkable in itself. I know millionaires and maharajahs who have to be physically evicted.

Arun looked frail. He is thinner than usual. But, his mind remains as sharp as ever. When I asked if he had expected that the BJP alone would win more than 300 seats he said that he had never been in any doubt and that he had said as much in interviews to journalists. It was then that he pointed out that 40 per cent of India's voters now are middle class. And, he added, by 2030, half of India's population would count as middle class. It was these new middle class voters, he said, who saw Modi as a man who understands their aspirations.

So the old India is dead. And, this is a very good thing. Having covered every general election since 1977, I have seen Indian democracy transition through many phases. In the seventies and eighties, India's voters were nearly all poor and illiterate and entirely in the thrall of the charisma of our Imperial Dynasty. In the nineties, the Dynasty's appeal lessened mostly because the vote banks that the Congress Party had so assiduously built were broken by political parties that offered people the lure of caste. Casteist chieftains in our electorally most important states were so powerful that Mayawati's voters never abandoned her even when corruption tainted her image. And, it was possible for Lalu Yadav to hand Bihar to his semi-literate wife, Rabri Devi, before being sent to jail. His popularity did not wane.

This election is proof that the old equations have changed. The only people who appear not to have noticed are our opposition leaders who refuse to acknowledge that the reason why they lost so badly is because they were stuck in a complacent little rut while India's voters moved on. If they want to remain relevant they will need to accept that their socialist feudalism is not acceptable today. They can no longer hand their political parties to their children. They can no longer rely on the charisma of family names and the divisions of caste. From the vantage point of an Indian voter, nothing better could have happened.

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