CHATTERBOX

Foes or friends?

From friends to enemies at one fell swoop? Telangana Chief Minister K Chandrasekhar Rao thought that the Bharatiya Janata Party (BJP) was a friendly ally till the Lok Sabha elections, when BJP candidates defeated his daughter and sitting MP Kavitha in Nizamabad and his trusted aide B Vinod Kumar in Karimnagar. Speaking to his newly elected Lok Sabha members in Hyderabad earlier this week, he is said to have observed: "We are neither friends nor enemies with the BJP. They don't need our support as they have sufficient strength in the Lok Sabha, so expect them to be lukewarm to our demands or requests."

BJP's Telangana unit President K Laxman has added to the growing distance between the two groups. After a meeting with Amit Shah in Delhi earlier this week, Laxman is said to have commented that the BJP would definitely come to power in the state in 2023. "Now our focus is on Telangana and we will make every effort to capture power from TRS," Laxman told reporters.

It hasn't helped that KCR wanted to meet Prime Minister Narendra Modi to invite him for the inauguration of the Kaleswaram irrigation project and was ready to come to Delhi, except that Modi's office communicated that the PM had no time to meet the Telangana CM. KCR was so annoyed that he called off his Delhi tour altogether and as a result, skipped the NITI Aayog meeting of chief ministers as well.

DID THEY REALLY SAY THAT?

"Sanskrit is in the DNA of India, it is now limited to the work of priests."

UP CM, Yogi Adityanath on why UP government press releases will now be issued in Sanskrit in addition to Hindi, English and Urdu, Lucknow, 17 June

CHECKLIST

MAMATA BANERJEE: THE ENFANT TERRIBLE OF INDIAN POLITICS?

■2016: Banerjee locked herself up at the state government secretariat "guarding our democracy" and claimed that the Indian Army's presence at toll plazas in the state was akin to a military coup. She even accused the Army of lying. The Army had to immediately clarify via Twitter that the presence of soldiers was a part of the routine exercise in all northeastern states.

■On demonetisation: During a *dharna* in Patna, Banerjee flayed Bihar Chief Minister Nitish Kumar. Without naming Kumar, she called him a *gaddar* and said, "*gaddari karne walon ko nahin chhodenge* (betrayers will not be spared)". Kumar openly supported demonetisation and boycotted any opposition group protesting against the move.

■On Narendra Modi: The Prime Minister asked all BJP MPs and MLAs to submit details of the bank transaction done by them during November 8 to December 31, 2016. Banerjee's response: "Why only account details from Nov 8? Just 3 weeks. Why not last 2 1/2 years all details? PM *Ji* you think you alone are intelligent...and the rest are ... ??? After your 21 days of *note bandi*, the whole country is *ghar bandi* , so why this farce?"

■During the 2019 election campaign: "Where will the country go if Narendra Modi comes to power again? He is the greatest danger of the country. West Bengal is a place where all religions co-exist. I will give my life to see that no riot takes place in the state".

■After electoral losses and TMC defections in 2019: "The TMC is not a weak party. If our MLAs want to leave, they can. I do not care if 15-20 councillors quit the party by accepting cash. We don't want thieves in TMC. If one person leaves, I will prepare 500 more".

OPINION

SHAKTIKANTA DAS

Role of central bank is important, crisis or no crisis

Though there is no unique solution to these policy issues confronting the global economy, we could clearly draw three broad inferences:

■First, the central banks' role is important, both during normal as well as crisis times. While mandates for the central banks broadly remain same during both the periods, weightage attached to competing objectives and the choice of policy instruments become crucial in the crisis periods.

■ Second, communication by the central banks is very important that may be different in crisis times than in normal times. Not only it helps convey decisions in a more transparent way, it also signals the present and future policy stance of the central banks. In fact, unconventional monetary policy measures undertaken by the central banks during the crisis period worked mainly through the confidence and signaling channels. The US Federal Reserve's statement on December 16, 2008 provided a clear forward guidance for the markets. On the other hand, only a mere hint of monetary policy normalisation by the US Fed (popularly known as taper tantrum) in May 2013 triggered portfolio outflows from some emerging market economies (EMEs). This led to high volatility in equity, debt and currency markets. In fact, such market volatilities in EMEs could have been avoided through clear advance communication.

In the Indian context, the Reserve Bank of India (RBI) communicates its monetary policy decisions in terms of changes in the policy repo rate and stance based on an assessment of the current and evolving macroeconomic situation. The stance of the monetary policy is communicated as neutral, accommodative or calibrated tightening in consonance with the mandate of achieving the medium-term inflation target of 4 per cent ± 2 per cent, while keeping in mind the objective of growth. The RBI's approach to communicate the policy stance is to explain it with rationale, information and analysis to enable market participants and stakeholders to have better clarity.

■Third, the global financial crisis was also a testimony to the fact that coordination of policies both at the global and domestic level is important for macro-financial stability. It is only through better coordination between the central banks and between monetary and fiscal authorities in the domestic sphere that adverse consequences of spillovers and spillbacks could be contained. The fact remains that as most policy makers have domestic mandates, international cooperation may be hard to engender if international outcomes militate against domestic policy preferences. Therefore, success of coordination depends on deft calibration of policies by major stakeholders.

Issues in the current context

Even after more than a decade of global financial crisis and six years after taper-tantrum, the global economy is still not on a stable growth path. Following an upward swing in 2017, there has been growing evidence that global growth and trade is weakening. Unsettled trade tensions and developments around Brexit are imparting further downside risks to the outlook. While signs of weakening world industrial production and trade volume were discernible in early 2019, other business confidence indicators have also dampened in many OECD countries. Taking cognisance of these factors, projections of world growth for 2019 have been revised down by the IMF, World Bank and the OECD in their latest assessments.

While the global economy is still to recover to the pre-crisis growth path, India has continued to exhibit robust growth driven by consumption and investment demand in the last three years. However, we have seen a loss of speed in the second half of 2018-19 as some drivers of growth, notably investment and exports, slowed down. On the supply side, activity in agriculture and manufacturing moderated sharply. It is expected that the end of political uncertainty associated with an election season and continuation of economic reforms would lead to a reversal of the current weaknesses in some of the indicators in our economy.

To reinvigorate growth by improving investment climate, a healthy financial sector, inter alia, plays an important role. In this context, the RBI has accorded high policy attention to reform both banking and non-banking sectors. We have been taking several steps to strengthen the regulatory and supervisory frameworks in order to increase the resilience of the banking system. New guidelines have been issued for resolution of stressed assets, which will sustain the improvements in credit culture.

In the non-banking sector, the RBI has recently come out with draft guidelines for a robust liquidity framework for the NBFCs. We are also giving a fresh look at their regulatory and supervisory framework. It is our endeavour to have an optimal level of regulation and supervision so that the NBFC sector is financially resilient and robust. The RBI will continue to monitor the activity and performance of this sector with a focus on major entities and their inter-linkages with other sectors.

Interplay between inflation and growth objectives

At the end, let me highlight the role of the RBI in the context of the mandate under the Reserve Bank of India Act, 1934: "to regulate the issue of Bank notes and the keeping of reserves with a view to securing monetary stability in India and generally to operate the currency and credit system of the country to its advantage". This mandate has been interpreted over time as to maintain price stability, financial stability and economic growth with the relative emphasis between these objectives governed by the prevailing macroeconomic conditions. This role of the RBI has been restated as per the amendment in the RBI Act in May 2016 according to which "the primary objective of the monetary policy is to maintain price stability while keeping in mind the objective of growth". Therefore it has been our endeavour in the RBI to ensure price stability under the flexible inflation targeting regime and simultaneously focus on growth when inflation is under control.

Edited excerpt from a speech by RBI Governor Shaktikanta Das at the Lal Bahadur Shastri National Academy of Administration, Mussoorie, June 17

ILLUSTRATION BY BINAY SINHA

Anuradha Chenoy, retired professor, School of International Studies, Jawaharlal Nehru University, and former director and chairperson, Centre for Russian and Central Asian Studies, tells **Aditi Phadnis** how India and Russia can deepen their strategic relationship and not look at it through either the United States or Pakistan lens. Edited excerpts:

'India needs to walk a tightrope with US'

Vladimir Putin was the first leader to congratulate Prime Minister Narendra Modi on his re-election. On the same day, the spokesperson of the Russian MFA spoke at length on the recent intensification of Russia's contacts with Pakistan. What, if anything, should we read into this?

In the current fast track international system with transitional geopolitics where multiple powers exercise leverage, both Russia and India have to craft multiple options in foreign policy. This means that influencer powers like India and especially Russia cannot depend on singular relations. India has developed strong relations with the US, EU, Japan and others. But there is clarity in India (so far) that each relation should not be at the cost of others. Especially Russia.

Russia is in a different position. They have fewer options. The deep state in the US is structurally in opposition to Russia. Even though President Donald Trump tried changing this in a limited way. The US and others have imposed unilateral sanctions on Russia. Further, they also threaten to impose sanctions on third states that trade with Russia through their 2017 law called Countering America's Adversaries Through Sanctions Act (CAATSA). This has driven Russia strategically and economically closer to China. China is the only power that has expressed outrage against CAATSA and has the capacity to impose counter sanctions, tariffs and withstand trade wars. China has put pressure on Russia to improve its relations with Pakistan.

Russia also needs Pakistan to fulfil its policy for a stable Afghanistan and Central Asia. So Russia is balancing China-Pakistan without upsetting its relations with India. Similarly, despite the US raising tariffs on Indian exports, India is balancing its relations between the US with Russia, by seeking to accommodate its defence purchases with Russia by seeking special exemptions from the US on CAATSA on the one hand, while offering the US low hanging fruit like new defence deals with the US and Israel and others.

Will this come up on the sidelines of the G 20 conference when the two leaders meet?

India cannot afford to link foreign relations and ties through the Pakistan lens. If she did, how could she develop relations even with the US that has been Pakistan's major supporter and still treats it as a client state?

India and Russia have important issues that include:

■Strategic issues: India and Russia share a common understanding of terrorism and their interests in Afghanistan have some convergences. Even though Russia now appears to be ready to have the Taliban on the peace table that India still resists, the end goal of a stable Afghanistan is of common interest to India and Russia. India has to leverage Russia for deepening development partnerships in Central Asia and Afghanistan.

Russia has an interest in the Indian Ocean as a zone of peace. The interests of great powers increased in the Indo Pacific with differences between China and the US. The US wants to engage India in its plans. India has been taking tiny steps like the partnership of the QUAD (USA, Australia, Japan, India) India and Russia need to collaborate in the Asia Pacific and Arabian Sea and the Gulf. They can work with Vietnam and others in the Pacific also.

■Transport Corridors: The most critical aspect on which India and Russia have been negotiating is the International North South Corridor. Given the huge plans of the Chinese Belt and Roadway Initiative (BRI), and India staying away from it, India should no longer do a "go slow" on this. President Putin, is likely to talk of this.

■Energy: India has major interests and investment in Russian hydro carbons. These interests have been under the radar, but are important to both. The two heads of state need to review if Indian investments in Sakhalin I and II have been beneficial and set rules for Russia as a player in the private energy market in India.

■Economic and trade issues: There will be discussion on the hurdles on increasing trade and investment especially in the context of sanctions. In this light, it would be useful for India and Russia to consider a debt swap and trade in national currencies. While it was tried earlier as rupee rouble, the old experience minus the problems is worth looking at more so because Russia and China have worked out a good deal on this. Further countries blocked by the US like Venezuela, Iran and others are engaging with Russia and China in local currencies. Of course, India would not like to anger the US, but it needs to keep an Indian perspective.

Defence platforms in India remain structurally aligned with Russia, despite Indian diversification. It is likely that the Indian side would like not just transfer of technology in defence sectors but also to commercial sectors.

There have been proposals that Russia should accept Indian migrant and skilled labour. This will be a major opening for India with high unemployment levels and Russia with labour shortage. Missing out on this will be a hugely missed opportunity.

The US principal deputy assistant secretary for South and Central Asia, Alice Wells recently stated at a congressional hearing that Washington had 'serious concerns' over the USD 5 billion deal signed with Russia in October 2018 to procure the S-400 Air Defence Systems. Will India be forced to choose between Russia and the US?

No country can be forced to make a strategic choice. India's national interest will be jeopardised if it makes a jump into the US strategic plans of isolating Russia and containing China. The US does not have equal relations with countries. They have primarily different levels of client states. India will have to resist US pressure. India can only do this if they are determined to continue with strategic autonomy. This is possible with counter pressure and retaining multiple choices. The Russians are not pressurising India not to diversify their relations, because they respect india's sovereign choices.

According to the Russian constitution, this is President Putin's last term in office and Russia will elect a new President in 2024. Jockeying for power appears to have begun already. Who are the leaders in line to become Putin's successor and what are the implications for the internal politics of Russia? Especially in the light of the country's economic problems and specifically, unpopular pension reforms?

Q&A

ANURADHA CHENOY

Retired professor, School of International Studies, JNU

Putin who had high popularity ratings, suddenly sees a decline in his popularity. He is concerned about his legacy. Yes, it is clear that he led the revival of the Russian state and stabilised it politically and economically. He has challenged the liberal democracies through the concept of 'sovereign democracy'. The pension reforms have been unpopular but he has tweaked them, especially after Russian women and others resisted and criticised these. Russia has big problems of stagnation, multiplied because of sanctions. China is making big inroads by dumping cheap goods and connecting roads to Europe through Russia. But at the same time Russian manufacturing has improved. Education and health is better.

As far as successor goes Putin will try and put his own man in the Kremlin. Opposition leader Alexei Navalny has been working hard in difficult conditions. What and who emerges, time will tell. This is always a problem with centralised political systems.

A key element in India-Russia ties is the relationship between Russia and the US. Do you expect conditions to improve? or deteriorate further?

President Trump has tried to contest the structural animosity of the US State and Military Industrial economy against the US. His plan was that China is the main competitor of the US and the US can no longer afford two major antagonist powers. He therefore has been trying to refigure US relations with Russia. But the allegations of his personal close relations with the Putin regime, American outrage at the alleged intervention in elections (as if the USA has never intervened in any other countries elections) etc have made a firewall for Trump. So US-Russia relations have worsened with sanctions. India will have walk a tightrope to understand and maintain their relations with the US and their strategic partnership with Russia.

Lives that should matter

The death of seven workers in a manhole in Gujarat has yet again brought to focus state apathy towards manual scavengers. Despite an SC ruling, availability of modern methods of sewer cleaning, there's a clear sign of neglect and don't care attitude among the state machinery, writes **Sneha Bhattacharjee**

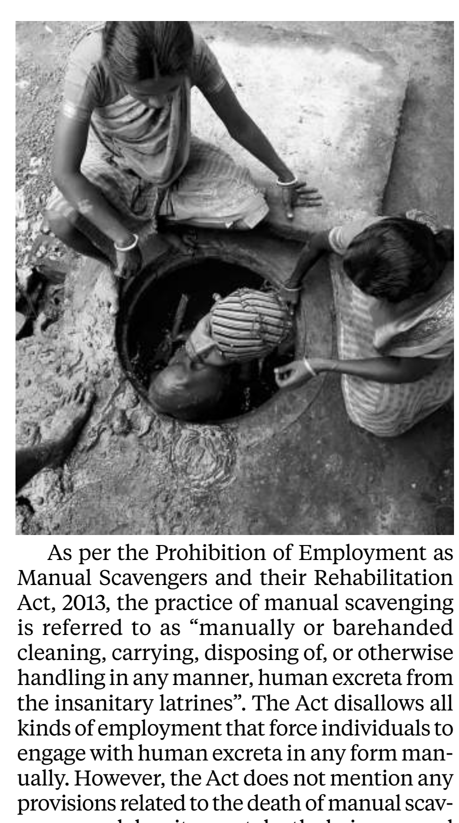
THE OTHER INDIA

In February this year when Prime Minister Narendra Modi washed the feet of sanitation workers at Kumbh Mela, his gesture was seen as symbolic of his support for them. However, a symbolic gesture does not necessarily amounts to benefits for sanitation workers across the country, who risk their lives day in and day out without any protective gear.

Take the recent case of seven workers — three employees and four sanitation workers — who died after inhaling toxic fumes while cleaning the sewer of a hotel in Vadodara, Gujarat. The incident has invoked angry reactions from several people on social media. Mahindra Group Chairperson, Anand Mahindra, sharing the news on Twitter, questioned what was stopping the authorities from employing safety measures. He even offered funds if that was the reason for the authorities' unwillingness to adopt safer methods of cleaning manholes.

But is it really a lack of funds that's stopping the governments to adopt mechanical methods of sewage cleaning or is there more than meets the eye? National Convenor, Safai Karmachari Andolan, Bezwada Wilson , calls it the state government's denial to accept that manual scavenging is prevalent. Citing the example of Gujarat incident, Wilson says, "the government is downplaying the incident. They do not want to accept any machinery help or rehabilitation drive for the workers." "We are willing to offer solutions to them, but the safai karmachari commission in the state has to be open to accepting them. They don't want to because that would destroy their image of a model state," he adds.

It is not just the denial of the government but also the notion of "they were born to do this job" that has been reverberating in the minds of the state machinery. "*Log toh mil he jayenge* (you will find people any way) is the standard mindset. Caste plays an important role in determining this mindset too. There is no point of all the modernisation when everything revolves around the fact that there are some castes that are born to be manual scavengers," says the author of the book *Unseen: The Truth about India's Manual Scavengers*, Bhasha Singh.



As per the Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013, the practice of manual scavenging is referred to as "manually or barehanded cleaning, carrying, disposing of, or otherwise handling in any manner, human excreta from the insanitary latrines". The Act disallows all kinds of employment that force individuals to engage with human excreta in any form manually. However, the Act does not mention any provisions related to the death of manual scavengers and despite most deaths being caused by lack of safety equipment, it fails to explain what qualifies as an "appropriate safety gear". In 2014, the Supreme Court while expanding the contours of the Act, declared ₹10 lakh as compensation in case of death.

Singh notes, it is not just the compensation that the state machinery is supposed to provide to the family of the deceased worker, but also education and housing. However, the state openly flouts the SC ruling by providing either a compensation less than the requisite amount or employing the wife in the same job. "The state machinery basically acts like a mediator. Once they enter into the job, the families are forced to decline on the compensation. They are made to believe how beneficial they have been by getting a 'job'. The families are in no position to ask for their compensation," Singh adds.

Both Singh and Wilson lament the fact that despite being an illegal activity since 1993, there have been no policy on eradication of manual scavenging. "Instead there is a deliberate shift towards building more toilets and declaring states open defecation free," says Singh. No questions are raised on where the "shit" is going? According to Singh, not a single city can boast of having direct connection to sewer lines. "How is human waste being cleaned then?" she asks.

A classic example of the state apathy is the declining allocation to the Self Employment Scheme for Rehabilitation of Manual Scavenger, launched in 2007 by the government of India (GoI). In FY 2013-14, the GoI had allocated ₹70 crore, it decreased to ₹47 crore in FY2014-15 and further to only ₹5 crore in FY 2015-16.

"Instead of focusing on how to construct sewage management systems, research and develop more on this sector, we are running towards building toilets that are lying unused," Wilson says. He adds that declaring a state open defecation free will not serve a purpose. The government has to look at human perspective — who is cleaning those toilets, how are they doing it, do they have the requisite machinery? "A *safai karmachari* is not keen on going into a manhole that stinks, it is the notion that they are born to do this, which needs to change," he observes.

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Facebook's Libra gamble

RBI should stay firm in not allowing it in India

Facebook's planned 2020 launch of Libra will mark a paradigm shift by taking the cryptocurrency concept mainstream. The Libra will be backed by a basket of assets. By enabling fast, seamless cross-border transactions and micro-payments, it could substantially reduce transaction costs and address the needs of the unbanked. Facebook has a user base of over 2 billion and it has signed up some of the biggest names in financial services to join the new initiative. While FB will back the initiative through its subsidiary, Calibra, the currency will be managed by an independent foundation, the Libra Association. It is based in Geneva, and other members will have voting rights. The Association already includes Visa, Mastercard, PayPal, Uber, Lyft, Spotify, Coinbase, Vodafone, and several large Venture Capital firms. Any reputable entity can join by paying $10 million into the reserves.

The Association will take independent decisions on currency management. Libra will be a "stablecoin" issued on the currency board principle: Every coin will be backed by assets. The reserves will consist of a basket of fiat currencies, gold, etc, and it will be regularly audited. Libra would be issued to all Association members against the membership fees payable. The digital wallets will be issued by Calibra to users of Facebook Messenger and WhatsApp, after KYC certification. Transactions will be handled by Calibra, which will do verifications on a "permissioned" blockchain. The blockchain will be open-source. But access to carry out transaction verifications will be restricted to Association members. Calibra has invented a new computer language, Move, for the specific purpose of handling Libra-related activities.

The social network has said there will be a "Chinese Wall" between the parent Facebook, and Calibra, to prevent Facebook accessing sensitive transaction data. In a nod to the practices in bitcoin, and other cryptocurrencies, users may own multiple Calibra wallets used under pseudonyms. This would help them maintain secrecy from other users, although Calibra would be able to map transactions and wallets back to the owner's KYC, preventing easy money-laundering. Putting together the financial muscle and reach of the Association members, Libra would be available to nearly 3 billion individuals scattered across the globe. This also means that it would be widely acceptable to all sorts of vendors, and easily vetted by central banks.

This could dramatically reduce transaction fees in many domains, by for example, charging a small flat fee for every transaction, regardless of the transaction size. Unlike bitcoin, or ethereum, or other cryptocurrencies, a stablecoin also rules out wild speculation that characterises cryptocurrencies backed by nothing. The supply of Libra depends on the value of reserves held by Libra, implying non-volatile exchange ratios depending on the movements of fiat currencies. This also means it is easily and seamlessly convertible back to fiat currency. The social network is also setting up a technical and organisational structure that complies with both local and international regulations, and anti-money-laundering norms.

Questions remain, of course. For example, it's not clear how Libra intends to comply with the know-your-customer norms for the unbanked - reason why it is unlikely to be available to customers in India, one of the world's largest remittance markets. Though it could, among other things, save non-resident Indians huge fees and commissions on the $80 billion they are expected to remit in 2020, the Reserve Bank of India is unlikely to grant it permission despite India being Facebook's largest user-base. Privacy is also a huge concern, particularly in view of Facebook's dubious record in this respect. In any case, the central bank has been dead-set against cryptocurrency and in April 2018 had given regulated entities a three-month deadline to stop dealing in virtual currencies due to associated risks. The argument in favour of Libra has been that it is a stablecoin — a cryptocurrency whose value is pegged to be as stable as the dollar. But the RBI should stay firm in its decision not to allow any form of cryptocurrency due to legitimate concerns around tax evasion, money laundering and fraud.

Juggling competing interests

India will need to strengthen ties with Russia and China while simultaneously maintaining its strategic relationship with the United States

ANITA INDER SINGH

Officialese usually conceals more complex situations than it reveals. The invitations India received at the Shanghai Cooperation Organisation (SCO) meeting in Bishkek from China and Russia to strengthen trade ties should not deflect attention from New Delhi's need to craft a strategy to have good ties with them, while simultaneously maintaining its strategic partnership with the US. And the communiqué's call to end terrorism was preceded by China's advice that India should not make an issue of Pakistan, which is also a member of the SCO. Obviously India and China have differences over how to handle Pakistan's training and export of extremists.

When it comes to trade ties, the SCO communiqué's call to protect multilateral trade was preceded by a Chinese call asking India to team up to ward off America's bullying trade practices. India's response will strengthen or weaken India's ties with China, Russia — or the US. The fact that India will retaliate against the US withdrawal of duty-free benefits under its Generalised System of Preferences does not imply that that it is somehow taking sides with China and Russia against the US.

After all, India has a border dispute with China. Should it ever come to the crunch, America's global weight will count with India, because the US is the only country which can counter China's growing military and economic clout singlehanded.

India's attitude to the US is at variance with those of Russia and China. Unlike India, Russia and China are challenging US global primacy. And one of the aims of their strategic partnership is to limit American influence in what they see as their own spheres of influence. For Russia this implies the Eurasian countries that emerged from the collapse of the Soviet Union in 1991; for China, the South China Sea and more generally, the western Pacific. Unlike India, Russia supports China's claim to the South China Sea.

At another level, for all the talk in some Indian circles about Russia being India's tried and trusted friend, Moscow is neutral on the Sino-Indian conflict. It has also advised India to join China's Belt and Road Initiative, which India views as a unilateral push to advance China's interests and a threat to India's sovereignty, because it cuts across disputed turf in Pakistani-occupied Kashmir.

On the US-Russia front, India should not view last October's deal to buy Russia's S-400 missile as implying that Russia has done it a unique favour. The missile will help India to track aircraft beyond its borders and project power in the Indian Ocean, where Beijing has grown increasingly assertive. But Russia has always had two irons in the fire. Moscow offered Beijing the S-400 in 2015 and started delivering the missile to China in 2018. Delivery to India of the S-400 will start in 2020 — if India does not back out of the deal under American pressure to buy the F-35 with the intent of advancing interoperability between Indian and US forces.

Even if India sticks to the deal, the outstanding point is that the S-400 deal will not upset Sino-Russian ties. In fact, India and Russia signed the deal as Moscow and Beijing extolled the highest levels of their ties, and hailed the golden age of their partnership just before the SCO summit.

India's strategy pundits should also take note of other factors that strengthen Russia-China ties. China's need for gas and oil entails amicable ties with neighbouring Russia, which is one of the world's biggest energy producers. Also, with Moscow's consent China has established a sizeable economic presence in Russia and Central Asia. It has built railways in Russia and constructed railway lines connecting Kazakhstan, Kyrgyzstan, Uzbekistan and Turkmenistan to China. Earlier this year, their connectivity was further strengthened by the building of a railway bridge across the Amur River, linking the Russian Far East with northeast China.

India has a border dispute with China. In a crunch situation America's global weight will count with India, since it is the only country that can counter China's clout

The Russia-China call for more Indian investment and trade is welcome. But China is already the top trading partner of the Russian-led Eurasian Economic Union (EEAU). In 2016, India ranked in 18th place in the EEAU's imports and 15th place in the EEAU's exports. Unfortunately, India's efforts to connect with Russia and Central Asia are hampered by the absence of shared borders with any country in the region.

At another level, some in New Delhi wrongly thought that the International North-South Corridor (INSTC) could counter China's BRI. Founded in 2002 by India, Iran and Russia, the INSTC was inaugurated in January 2018. Apart from India, all other members of the INSTC, which include Iran, Eurasian Russia and its "near abroad" in Central Asia, the Caucuses and Europe, have joined the BRI. Each has stronger trade and investment ties with China than with India. And Indian media reports have missed the listing of the INSTC in the Annex to the joint communiqué issued after China's Second Belt and Road Forum on April 27 — though it is not specified what projects China will carry out along the Corridor.

The SCO meeting highlights the necessity for New Delhi to build bilateral ties with Beijing and Moscow. But as it tries to maxmise its diplomatic options, it must reconcile India's need with its wish to strengthen its strategic partnership with the US, whose global ascendancy is challenged by China and Russia.

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PTI

Prime Minister Narendra Modi at the recent Shanghai Cooperation Organisation Summit in Bishkek, Kyrgyzstan. Both Russia and China sought closer economic collaboration with India at the meeting

How to ramp up global climate finance flows

RAJASREE RAY & J M MAUSKAR

From the 1992 Rio Conference to the Katowice Conference in 2018, the United Nations Framework Convention on Climate Change (UNFCCC) witnessed a remarkable journey, with the adoption of a number of agreements, the latest being the Paris Agreement, which aims to strengthen the global response to the threat of climate change. Every nation was called upon to submit its nationally determined contribution (NDC), to achieve the Convention's objectives. India's NDC was on a "best efforts basis", keeping in mind developmental imperatives, envisaging availability of international public finance.

Climate finance is indisputably a key pillar in enabling climate actions. The Convention mandates developed countries to take the lead in mitigation actions and provide financial resources to developing countries for climate actions. For the first time since 1992, climate finance was quantified in Copenhagen in 2009, to induce developing countries to scale up their mitigation actions and a flow of $100 billion a year by 2020 by the developed countries was mooted.

Article 9 of the Agreement stipulates that developed countries shall provide financial resources to developing countries. While the Agreement was hailed by many, all agreed that a new collective goal from the current floor of $100 billion per year be set in 2025.

It is essential to explore innovative instruments to supplement public finance, such as interest subsidies and sovereign guarantees, which can catalyse private finance

There have been various claims about progress towards the Copenhagen goal of $100 billion. Just before the Paris negotiations in 2015, an Indian ministry of finance paper questioned the credibility and accuracy of the reported figures. According to a UNFCCC report, total climate-specific finance flows (self-reported figures) from developed countries in 2016 were only about $38 billion. Estimates suggest that implementing developing-country NDCs would require $4.4 trillion. Therefore, how this quantum jump would be achieved was the foremost question in everybody's mind after the Paris Agreement.

Besides agreeing on new rules of accounting and a reporting framework for climate finance, the Katowice outcome was expected to improve the acceptability of the reported numbers.

In the run-up to Katowice in 2018, India's ministry of finance had released a paper, *3 Essential 'S's of Climate Finance — Scope, Scale and Speed: A Reflection*. The paper analysed post-Paris Agreement developments and the seriousness of discourse needed in the international climate finance arena. In essence, the paper observed that coverage of climate finance was ambiguous, the quantum was insufficient and pace of delivery of finance was slow. The paper also identified essential elements required for a robust and transparent accounting of climate finance flows.

The Katowice decision came out with rules governing climate finance — identification of *ex ante* and *ex post* information on financial support provided and mobilised by developed countries. This stressed greater granularity in reporting — type of sectors for which support is provided, type of financial instruments, etc. Apparently, the outcome was tilted towards developed countries with wording such as "as available" and "an indication", with regard to projected levels of financing and new and additional resources respectively. Financial instruments such as loans and equity were allowed to be counted as climate finance and developed countries were asked to report the grant equivalence on a voluntary basis only.

In effect, the long-standing demand for ensuring clarity in climate finance flows was not delivered. The commitment of finance by developed countries has also been diluted because the $100 billion per year originally meant for mitigation now includes adaptation also. In essence, the Katowice finance outcome was thus a bit of an anti-climax. Since Katowice, the IPCC Report is being used to urge all nations including developing countries to ramp up their already submitted NDCs even before they start implementing it from January 1, 2021. However, it is evident that any increase in ambition will need to be accompanied by an increase in climate finance, on an equal footing.

Some processes tend to put private finance on a higher pedestal. The private sector is likely to invest where returns are high and risks are low. Precisely for this reason, Article 9.3 of the Agreement noted the significant role of public finance. Yet, it is essential to explore innovative instruments to supplement public finance, such as interest subsidies and sovereign guarantees, which can catalyse private finance.

Lastly, a great deal of stress is being laid upon inter-generational equity (the rights and welfare of future generations) in regard to emergent climate actions proposed to be taken by the present generation. However, the imperatives of intra-generational equity, such as eradication of poverty and equitable socio-economic development, cannot be brushed-aside.

The next Conference is to be held in Chile in December 2019. The UN Secretary General, in his World Environment Day message on June 5, stated: "There is no time to lose. This is the battle of our lives. Solutions exist". Implementation of NDCs will apparently hit a roadblock in the face of an uncertain future in the provisioning of climate finance. Under these circumstances, effectively addressing the three "Ss" of climate finance — scope, scale and speed — is necessary for a realistic hope of achieving the goals of the Paris Agreement.

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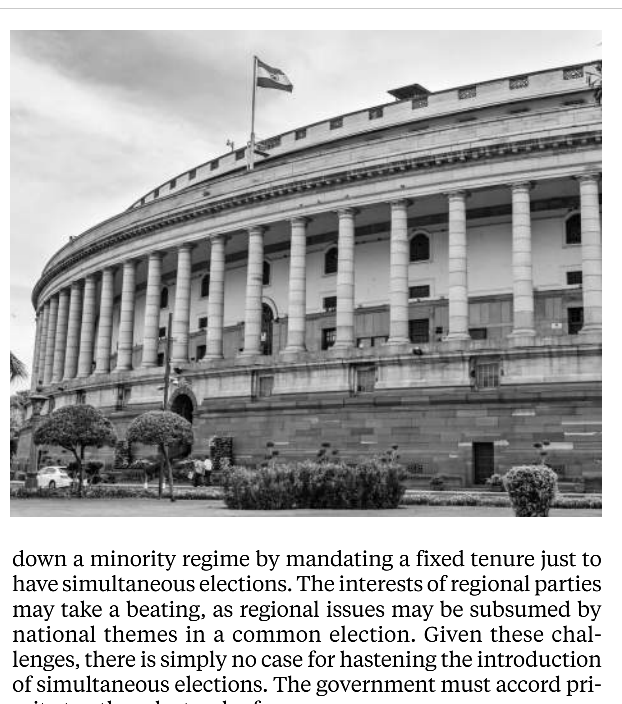
OTHER VIEWS

'One country-one election' move needs rigorous debate

The government must accord higher priority to other electoral reforms

The decision to form a committee to examine the issue of holding simultaneous elections to the Lok Sabha and the State Assemblies is a significant step towards achieving Prime Minister Narendra Modi's objective of synchronising elections across the country. Advocates of such elections point to potential benefits. There is the obvious advantage of curbing the huge expenditure involved and reducing the burden on the manpower deployed. The second point in its favour is that ruling parties can focus more on governance and less on campaigning. But there are challenging questions of feasibility that the political system must contend with. First, it may require the curtailment or extension of the tenure of state legislatures to bring their elections in line with the Lok Sabha poll dates. Another question is: what happens if the government at the Centre falls?

In terms of principle, the main issue is whether getting all elections to coincide undermines representative democracy and federalism. In a parliamentary democracy, the executive is responsible to the legislature; and its legitimacy would be undermined by taking away the legislature's power to bring down a minority regime by mandating a fixed tenure just to have simultaneous elections. The interests of regional parties may take a beating, as regional issues may be subsumed by national themes in a common election. Given these challenges, there is simply no case for hastening the introduction of simultaneous elections. The government must accord priority to other electoral reforms.



The Hindu, June 21

Holistic farm budget needed

Ad-hoc policies must be replaced

The Central government is reportedly planning a big boost for the rural and farm economy in its first budget. The interim budget for 2019-20 presented in February this year had committed a total spending of ₹4.6 trillion for the ministries of agriculture, consumer affairs, food and public distribution, food processing and rural development. Most of the money spent by these ministries goes to the rural economy. However, it can be said that the government will do well to use its historic mandate to unveil some radical reforms in agriculture, not only in the often discussed areas of improving market linkages, but also tackle long-term challenges, especially those regarding climate change and sustainability of our agricultural ecosystem.

This will take a holistic approach towards deciding goals as well as allocating scarce resources. For example, can the government think of a way to incentivise farmers/clusters with regularly updated soil health card based farming practices in its PM-KISAN scheme? Can rural employment guarantee or procurement programmes be tailored to larger goals of environmental sustainability? The short point is Indian farms and farmers will continue to be mired in crisis unless the silo-based and ad-hoc agricultural policies are replaced with goals which have empathy for the Indian farmer as well as foresight.

Hindustan Times, June 21

A beginning for Congress

Karnataka a prelude to wider change?

The dissolution of the Karnataka PCC on Wednesday is the first major step the Congress has initiated after its drubbing in the general election nearly a month ago. Hopefully, Karnataka marks a beginning for the Congress leadership towards reorganising itself and facing up to the challenge posed by the BJP. The Congress continues to be the largest Opposition party in the country and its conduct will have a bearing on political institutions and the democratic process itself. While the KPCC restructuring may shed light on the Congress strategy to rebuild, the party's decline is the result of a process that dates back to the late 1960s. The non-dynasts who helmed the party in the 1990s — Narasimha Rao and Sitaram Kesri — could neither rebuild the organisation nor retrieve lost ground. Sonia Gandhi, the undisputed party chief for nearly two decades since the late 1990s, was successful in keeping the party reasonably intact.

Now Rahul Gandhi's attempt to explain his resignation as party chief within the framework of accountability has threatened to disrupt the leadership model the Congress has subscribed to for many years. Karnataka, a state where the Congress is in office, offers an opportunity to institutionalise inner-party democracy and introduce fresh blood in the organisation.

The Indian Express, June 21