



The Indian EXPRESS

FOUNDED BY

RAMNATH GOENKA

BECAUSE THE TRUTH INVOLVES US ALL

DOLING OUT QUOTAS

Bombay HC clears reservation for Marathas. But more quotas are a blunt instrument, don't answer complex problems

THE BOMBAY HIGH Court has upheld the Maharashtra government's decision to extend reservation in education and employment to the Maratha community on the basis of a report submitted by the Maharashtra State Backward Classes Commission. While it pared down the proposed quota from 16 per cent to 12 per cent in education and 13 per cent in government jobs, the Court said it was convinced that the Marathas, a politically dominant community, were educationally backward. The Maratha quota takes reservation in Maharashtra to 65 per cent, beyond the 50 per cent limit imposed by the Supreme Court following the 1992 *Indra Sawhney* judgment. The HC has justified this transgression of the SC benchmark citing "exceptional circumstances and extraordinary situation" and the "legislative competence" of the Maharashtra government to enact the Socially and Educationally Backward Classes (SEBC) Act, 2018.

The law is likely to be challenged in the apex court. And the outcome has implications for the architecture of the politically fraught OBC reservation system in the country. The Patidars in Gujarat, Jats in Haryana and Kapus in Andhra Pradesh — all socially and politically powerful communities — have been demanding quotas on the basis of claims similar to those of the Marathas. The concerned state governments may now be forced to engage with the issue afresh, and even legislate favourably. Though the "legislative competence" of the state governments must be respected, it is important to recognise that numerically strong, socially dominant and politically powerful intermediate castes now covet the "quota" as a convenient option to advance their economic interests. Caste constituents are mobilised in large numbers — the Marathas did it and so have the Patidars, Jats and Kapus — to press their case and to signal to political parties that there will be consequences if their demands are ignored. These political mobilisations, even when peaceful, bring pressure to bear upon governments to acquiesce. This approach is far removed from the radical, constitutionally-mandated policy and purpose of caste reservation, anchored by a moral argument for fair representation of historically marginalised castes and communities in educational institutions and the bureaucracy.

The government gives in to the "quota" claims since it helps assuage the restive intermediate castes. The crisis in the agrarian sector and slowdown in the rural economy have turned many rural communities insecure. The absence of social security nets, employment stagnation in the formal sector, limited opportunities in higher education, underlie the demand for reservation among them. These issues call for imaginative interventions from the state. Providing quotas may temporarily address the insecurity among socially dominant communities, but it is no remedy to a complex structural problem.

STATE OF STABILITY

The good news is that bank NPAs have fallen. But NBFC troubles continue to pose risks

THE BROAD MESSAGE from the RBI's latest financial stability report is that, despite some recent dislocation, the financial system is stable. Specifically, the problem of bad loans that has plagued the banking system appears to have been arrested. Gross NPAs of banks declined to 9.3 per cent of advances at the end of March 2019, from 11.5 per cent the year before. The central bank expects them to fall to 9 per cent by March 2020. Further, the number of banks with more than 20 per cent NPAs — mostly public sector banks — has also come down. The provision coverage ratio has also improved, indicating an improvement in asset quality. This is good news. Quick resolution of cases that are currently stuck in the IBC process would further aid the sector's recovery.

But the liquidity and solvency issues of non-banking financial companies continue to pose risks to the financial system. According to the RBI, NPAs of NBFCs have risen to 6.6 per cent in FY19, from 5.8 per cent in FY18. This is likely to be an underestimate. While an asset quality review could reveal the true extent of bad loans, and help identify the bad apples, the process will only delay an end to the uncertainty surrounding the sector. Already, the ripple effects of the crisis are being felt in the larger economy. Data released by the finance industry development council shows that loans sanctioned by NBFCs (excluding HFCS) fell by 31 per cent in the fourth quarter of 2018-19.

So far, the RBI has resisted calls to set up a special liquidity window for NBFCs. The central bank is rightly worried about issues of moral hazard. And the sector, which has seen unsustainable growth, requires a shakeout. But the situation appears to be worsening. Recent reports suggest that some of the bigger players in this segment are struggling to meet their loan obligations. It might be a mistake to assume that this poses no systemic risk. RBI's own tests show that failure of the largest NBFC/HFC will not only erode part of the banking system's tier 1 capital, but will also lead to the failure of one bank. Given the interlinkages in the financial system, that is built on trust, this could have cascading effects. The shortterm consideration should thus be to prevent the situation from worsening further. Perhaps backstopping the 263 systematically important non-deposit taking NBFCs could be a start, while putting in place a turnaround plan, and tighter regulations.

BOWLED OVER

Three deliveries in the cricket World Cup will leave behind three memories

NOTHING EXPLODES LIKE a magical delivery. A graceful cover drive fleetingly enthralls, like a feathery leg glance or a text-book straight-drive. But they can't have cult status like an artiste's single — like John Lennon's *Imagine* or Bob Dylan's *Like a Rolling Stone*. That's the reason there exists a ball of the century, and not a shot of the century. They evoke an immediate mental reel — a casual reference and the entire sequence plays out in front of the eyes. In that sense, this World Cup is blessed. In no particular order, Mohammad Shami's nip-backer to Shai Hope, Mitchell Starc's yorker to Ben Stokes and Kuldeep Yadav's floating beauty that foxed Babar Azam.

Generally, it is the quality of the ball and context of the game when it is bowled that determines how long they are remembered. So, first the quality. Shami's ball swerved in the air before it seamed in. More dramatically, Starc got it to curl away with the angle before it swung back deviously. As for Kuldeep, his flighted delivery drifted away before spitting back into Babar. Now the context. India weren't defending a formidable total and Shami nailed West Indies's anchorman. Stokes was digging England out of trouble when Starc struck. Babar had added 104 runs with Fakhar Zaman when Kuldeep beat him.

These game-changing deliveries gave a fillip that this World Cup desperately required. Disturbed by showers and disenchanted by one-sided matches, monotony had been gnawing at cricket's biggest event. Some felt it was too long, some quibbled at the quality, others called for revoking super sixes and eights. Interest in the slow-burning tournament was dying a slow death. But before the clouds cleared up, the meek started fighting and the bowlers began to turn on the magic, so much so that even if the World Cup is long forgotten, these three balls (maybe a few more) would live to tell the tale.



HARISH DAMODARAN

"NOBODY EVER IS an entrepreneur all the time, and nobody can ever be only an entrepreneur", wrote Joseph A Schumpeter in his 1939 classic *Business Cycles*. Equally famous is the passage from John Maynard Keynes' *A Treatise on Money* (1930): "If Enterprise is afoot, wealth accumulates. and if Enterprise is asleep, wealth decays".

Truth be told, entrepreneurship in India is today comatose, if not dead. And it has been for much of this decade. For proof, one need just look at the first two decades after economic reforms. That period after 1991 saw the emergence of new capitalists, and also the rise of the old not-so-big, on an unprecedented scale.

Their firms belonged to diverse sectors: IT (Infosys, Wipro, HCL, Satyam); pharmaceuticals (Sun Pharma, Dr Reddy's, Aurobindo Pharma, Biocon, Serum Institute); automotive components (Motherson Sumi, Amtek Auto); aviation (Jet, IndiGo); telecom (Airtel); infrastructure & mining (Adani, Vedanta, GMR, GVK, Lanco, Navayuga, IRB, IVRCL, Soma Enterprise); banking & financial services (Kotak Mahindra, Yes Bank, Indiabulls, Shriram Group, Dewan Housing, Edelweiss, Motilal Oswal, JM Financial, India Infoline); media (Zee/Essel, Sun Group, Network 18, NDTV); gems & jewelry (Rajesh Exports, Su-Raj/Winsome Diamonds, Gitanjali); modern retail (Future Group, Kalyan); and renewable energy (Suzlon). Many of these were relatively new industries that had benefitted from globalisation or been liberalised for the entry of private players.

But this period was also about "new" entrepreneurs in "old" sectors: textiles (Alok Industries, Welspun, Trident); sugar (Shree Renuka); dairy (Hatsun Agro); rice milling (KRBL); and farm solutions (UPL, Jain Irrigation, Mahyco, Nuziveedu Seeds). Besides, there were "old" corporate houses that did things no less entrepreneurial by going global or foraying into new areas: Tatas, Reliance, Aditya Birla, Mahindra, Hero, Bajaj, Essar, Godrej, RP Goenka, Thapar, TVS, Amalgamations and Murugappa. Even the likes of Jaypee and DLF were middling concerns till the 1980s; they became big — the former in cement, power and construction, the latter in real estate — only during the Nineties and Noughties.

The current decade, by contrast, has been marked by a general decline in the supply of what Schumpeter called New Men. Such en-

The Indian economy's crisis is not of GDP growth, but a drying up of animal spirits



Since around October, even the big guns have been feeling the heat, with sales of everything — from cars, two-wheelers and trucks to consumer staples — slowing down. Worse, nobody knows when growth is returning. The slowdown now clearly visible could be the cumulative result of an extended investment famine, which, together with demonetisation, GST, agrarian distress and high real interest rates, has taken a toll on incomes and spending.

trepreneurs, whose growth is a phenomenon of not beyond 10 years, can be counted on the fingers of, maybe, three hands: Patanjali Ayurved, Flipkart, Paytm, Snapdeal, OYO Rooms, Ola Cabs, BigBasket, Byju's, Zomato, Swiggy, InMobi, Bandhan Bank, TeamLease, Dilip Buildcon and Ashoka Buildcon. Most — barring Patanjali (FMCG), Bandhan (banking), TeamLease (human resources outsourcing) and the last two names (construction) — straddle a narrow business segment of e-commerce or mobile-enabled services.

However, the real story of the third decade of reform isn't about new but destruction of existing enterprise. For that, one has to merely identify companies/groups that have been neck deep in debt or gone belly-up in the last 6-7 years. An illustrative list, by no means exhaustive, includes Essar, Jaypee, Videocon, Reliance (Anil Ambani), UB, Jet Airways, Zee, Ballarpur Industries (Thapar), GMR, GVK, Lanco, IVRCL, Soma, Jindal Steel & Power, Bhushan, Electrosteel, Braj Binani, Ruchi Soya, Alok Industries, S Kumars, Amtek Auto, Suzlon, Moser Baer, Nagarjuna Fertilisers, Punj Lloyd, KSK Energy, Era Infra, Dewan Housing, Hindustan Construction, Bajaj Hindusthan, Shree Renuka Sugars, JBF Industries, Unitech, Gitanjali Gems, Winsome Diamonds, Jain Irrigation and Sintex Industries. Many of their promoters are reforms' children, whose capital, accumulated in the first two decades after liberalisation, has undergone destruction.

The above destruction isn't of the "creative" kind that Schumpeter referred to, as there's very little new capital or enterprise replacing what has suffered ruination. Arvind Subramanian has recently claimed that India's annual GDP growth during 2011-12 to 2016-17 may have averaged just 4.5 per cent, as against the official estimate of about 7 per cent. The crisis after 2011-12, though, is not about growth slowdown or credibility of the new GDP measurement methodology. It's about the death of enterprise and a drying up of animal spirits that Keynes defined as "a spontaneous urge to action rather than inaction". When there are no New Men and the old still-surviving ones have gone into their shell — even Reliance Industries and Tata Sons are engaged in deleveraging and consolidation, as opposed to investing — this is an existential crisis for Indian capitalism, no less.

The present crisis hasn't suddenly come

like a heart attack, but spread silently like a cancer. The warnings were there. The "twin balance sheet" problem, a UPA regime legacy, was diagnosed in the Finance Ministry's Mid-Year Economic Analysis report of December 2014. Yet, only in June 2017 did the Reserve Bank push banks to refer the first lot of highly-indebted companies for bankruptcy proceedings. By then, the "stressed" loans of state-owned banks had crossed 16 per cent of their outstanding advances. In the meantime, we had the twin shocks of demonetisation and Goods and Services Tax (GST). However, according to government data, average GDP growth during January-September 2017 — the period when these would have caused significant disruptions — was a decent 6.6 per cent year-on-year, rebounding to 7.7 per cent and 8.1 per cent by the October-December 2017 and January-March 2018 quarters.

Whether it was demonetisation, GST or crash in agricultural produce realisations, the dominant discourse in policy circles as well as India Inc was that their effects were, at worst, temporary. Low farm prices, if anything, helped slay the food inflation monster. Inflation, as the Prime Minister correctly noted, was "absent" as an election issue for the first time. Demonetisation and GST's impact was primarily on micro, small and medium-sized enterprises that did business in cash and paid no tax. Organised players, including listed companies, were expected to weather the storm better and even gain market share ceded by the informal sector.

But since around October, even the big guns have been feeling the heat, with sales of everything — from cars, two-wheelers and trucks to consumer staples — slowing down. Worse, nobody knows when growth is returning. The slowdown now clearly visible could be the cumulative result of an extended investment famine, which, together with demonetisation, GST, agrarian distress and high real interest rates, has taken a toll on incomes and spending. Behind it all, like an insidious cancer, has been the death of enterprise.

While Schumpeter was right that everyone cannot be an entrepreneur all the time, reviving the animal spirits of those who can be is important. Without such men and women, willing to put money in projects not yielding immediate returns, there can be no sustainable recovery.

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INDIA-PAK, A PIVOTAL MOMENT

India can start negotiating to inaugurate an era of peace, to transform South Asia

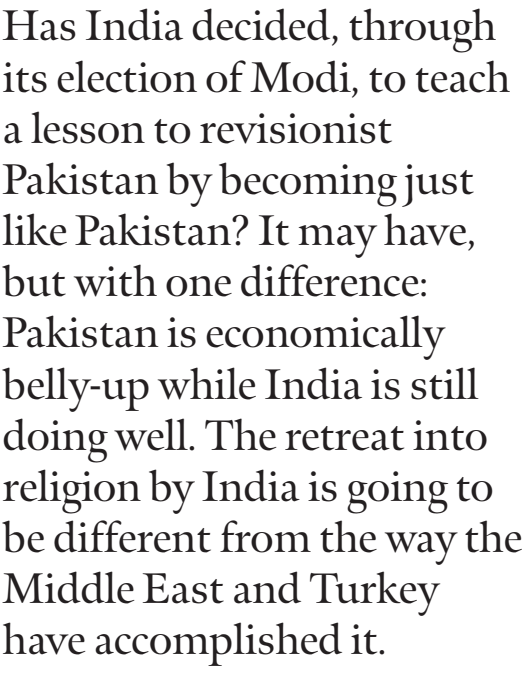


KHALED AHMED

PRIME MINISTER IMRAN Khan is trying to cleanse Pakistan of corruption and set up a new equation with India at the same time. With the first, he refuses to change his style; with the second, he honestly strives for change but is expected to get nowhere for the time being. The military establishment is behind both projects. Army chief General Qamar Javed Bajwa has said so. Khan's political opposition wants relief from the corruption cases against them; and the PM's aggressive but unattractive style of public address ends up giving them some relief.

Pakistan has a long history of ignoring its economy while concentrating on Islamising an already non-secular state. Decades of state evolution has moulded the nation in a direction favouring militarisation aimed at revisionist adventure against India. Few can challenge this direction because of the textbook indoctrination of "homo Pakistanicus", from school onwards.

India didn't reject the Raj completely. Shashi Tharoor embraces the pluralism of an Indian Constitution showing "continuity" with the legacy of the Raj despite his remarkable case-building against its exploitative aspects. Indians living under Ambedkar's constitution have gotten used to accepting the non-Hindus of India as equals. If Prime



Has India decided, through its election of Modi, to teach a lesson to revisionist Pakistan by becoming just like Pakistan? It may have, but with one difference: Pakistan is economically belly-up while India is still doing well. The retreat into religion by India is going to be different from the way the Middle East and Turkey have accomplished it.

Minister Modi has any obstacle standing in the way of his Hindutva drive, it is this experience. In contrast, Pakistan has aspired to the consolidation of the identity of the Muslims.

PM Modi should look closely at what Pakistan has done to itself. Laws target its unthreatening, minuscule non-Muslim minorities and make their lives untenable, targeting them through what is called the Sharia and special legislation such as the Anti-Blasphemy Law. Pakistan kills its Christians on the pretext of blasphemy. The Hindus of Sindh — some of whom belong to the same Gujarati community as that of the founder of the nation — are being subjected to persecution that the state can do nothing about. It is killing the Muslims, too, because they are Shia; and the world watches the genocide of the Hazaras of Quetta. Is the Modi government going to do the same kind of thing to the non-Hindus? Pakistan has been lynching; now India lynches too. In Pakistan people are scared of protesting against this lynching; in India, too, the secularists are frightened by what is happening in the streets while the state institutions look the other way, just as in Pakistan.

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ically belly-up while India is still doing well. The retreat into religion by India is going to be different from the way the Middle East and Turkey have accomplished it.

India under Modi will hopefully be pragmatic, if only to reap the advantage of being the big and economically dominant state of South Asia. Bangladesh, has prospered by not antagonising it through any kind of revisionism; and has done so well economically that Pakistan has had to take note of it. By changing its current stance of "no-truck" with Pakistan, India can start negotiating to inaugurate an era of peace that may transform South Asia with India as its central power.

If China can be India's largest trading partner why can't India be Pakistan's, burying the issue of Kashmir through free movement of capital and people? It is no longer a secret that behind Imran Khan's peace overtures — so far unsuccessful — stands China, increasingly conscious of the dangers posed to the China-Pakistan Economic Corridor by India's aggressive proxies on the Durand Line. If an Indo-Pakistan normalisation begins, it will transform South Asia and bring prosperity to its impoverished population.

The writer is consulting editor, Newsweek Pakistan

JUNE 29, 1979, FORTY YEARS AGO

OPEC RAISES PRICE

THE ORGANISATION OF Petroleum Exporting Countries (OPEC) today raised the base price of its crude oil to \$18 a barrel. The cartel also said members could add surcharges of as much as two dollars a barrel as market conditions permit, but set the maximum price of a barrel of OPEC oil, including allowances for quality, at \$23.50. The new price structure in fact leaves OPEC a two-tiered system of prices, much like the one the cartel had in the first half of 1977. Saudi Arabia, which had held out for a low price, Qatar, and the United Arab Emirates, will be the only countries actually charging \$18 a barrel.

MP RIVER POLLUTION

EVEN WHILE LARGE-SCALE pollution of rivers and streams in Madhya Pradesh is fast turning them into virtual septic drains, proving a serious health hazard to millions of people, the MP Prevention and Control of Water Pollution Board seems reluctant to take action against erring industries releasing untreated chemical pollutants into the rivers. Only 32 of the 170 industries, which have been given consent by the board, have bothered to install treatment plants to check their pollutants. But even after five years' wait - the board was set up in 1974 - the authorities responsible for checking water pollution in the state have failed to use their sweeping

powers against erring industries.

OPEC IMPACTS INDIA

THE LATEST INCREASE in crude prices announced on June 28 by the Organisation of Petroleum Exporting Countries (OPEC) will impose an additional burden of Rs1,200 crore a year in foreign exchange. This volume of impact will be at the current level of crude imports totalling 16.5 million tonnes in 1979. Speaking at a meeting of the MPs Consultative Committee attached to his ministry, the petroleum and chemicals minister, H N Bahuguna, voiced his grave concern at the 35 per cent rise in the prices of crude approved by the OPEC at its meeting in Geneva.





# 15 THE IDEAS PAGE

## Rethink poverty — and policy

Given the estimated poverty decline in India between 2011-12 and 2016-17, time has come to change our economic policies — concentrate on what causes growth, not what causes poverty to decline



BY SURJIT S BHALLA AND KARAN BHASIN

TODAY IS NATIONAL Statistics Day and there is a reasonable chance that the NSSO Consumer Expenditure Survey report for agricultural year (July-June) 2017-18 will be released over the next couple of weeks. Based on our analysis of existing trends in consumer expenditure and consumer prices, we predict that this will (should) unleash seismic changes in the way Indians (including the Union government) think about absolute poverty and its alleviation, macro-growth policies and micro policies, especially those on agriculture.

First rethink: We are not a poor country any more, not with just 4.5 per cent of the population classified as poor (the Tendulkar poverty line of Rs 44 per person per day in 2017-18 prices). Given that there has been very low inflation since then, consider this as the poverty line today.

Second rethink: We have always considered food consumption as the ultimate criterion of poverty. Hence, we have built up an elaborate (too elaborate) ecosystem of food production, consumption, and distribution. Time has come to dismantle this ecosystem — an ecosystem that is biased against the poor farmer, against climate change mitigation and also against efficient use of water and energy.

Third rethink: 4.5 per cent of the population as poor is not right, does not sound right, and isn't right. The rethink has to be about defining poverty in relative, not absolute terms. Most European nations have a relative definition of poverty — that is, a fixed proportion of the median income. We should move towards that by the end of 2024, when India will likely be a \$5 trillion economy — with a per capita income of around \$3,500-\$4,000. This is where Indonesia is today, and where China was in 2008-9 (in terms of per capita income). But before we move to a relative definition, India should forthwith move towards an updated poverty line, a poverty line consistent with our income status today as a lower-middle income country — note, no longer a poor economy.

Fourth rethink: This is something we believe that the Narendra Modi government has been involved in for the last five years. Poverty is now not just about food but living standards — sanitation, housing, piped water, electricity, education, health, and jobs. And on each of these elements, the focus should shift to quality, not quantity.

Fifth rethink: We should recognise that the country has a messed up and archaic agricultural policy, one that was not even fit for the earlier poor economy times. But no reason to blame the past — the emphasis should be in reforming the present for a better future. Poverty is no longer about food, so free up the food producers rather than keeping them as prisoners of policy (and politicians and bureaucrats). No Essential Commodities Act, no Food Corporation of India (whoever named this bureaucratic-political-corrupt delivery of food as a corporation?), and no Agricultural Produce Marketing Committee — now called the Agricultural Produce and Livestock Marketing Act 2017 (APLM). Notice how little we have developed: Farming and trade (marketing) are the oldest activities known to man and woman and we need an Act of Parliament in 2017 to *keep* regulating it? Alternative "Act" — farmers are free to buy, sell, hoard, export, import, like the rest of the seven billion residents of this planet. And no bans please, we are no longer a poor economy.

The above rethink is not based on idle



Suvajit Dey

speculation but rather on an analysis of trends in consumer expenditure since 2011/12. Consumption is 60 per cent of the GDP, and poverty is defined in terms of per capita consumption. The latest NSSO survey is likely to show a sizeable reduction in poverty rates across the country. Our estimates for 2017-18 are based on the estimation of poverty line in 2017-18. This estimate is based on the increase in poverty line or price level (over 2011/12) for each state, and every urban and rural area of all states. We use the NSSO distribution for 2011/12 and increase the average per individual nominal consumption for each individual by the all-India constant magnitude of 89 per cent. The per individual poverty line for everyone is estimated as above. The \$3.2 middle-income poverty line is obtained from the Tendulkar poverty line by multiplying the latter by 3.2/1.9 (given that the Tendulkar poverty line in 2011-12 is equal to PPP \$1.9). We will update our analysis in the form of a research paper once the 2017 consumption survey data is released but the findings are likely to be identical.

According to the Tendulkar poverty line, poverty is today around 4.5 per cent of the population or less than 70 million. According to a 70 per cent higher in real terms poverty line [equivalent to PPP\$ 3.2 dollars per person per day (pppd), the World Bank poverty line for middle-income economies or Rs 75 pppd], poverty in India is estimated at 31 per cent down from 57 per cent in 2011/12. Half of these poor reside in three Hindi heartland "old" states (before reclassification) of Bihar, MP and UP. Therefore, there is a 26 ppt decline in poverty over six years. That is above a 4 ppt decline per year — the fastest pace of poverty decline India has ever experienced, and that to with a 70 per cent higher poverty line.

What happened to set this record decline amidst demonetisation, GST, two drought years, and lower than potential GDP growth? We believe a large part of this decline took place due to better targeting of government programmes — made possible by expanded (and extensive) use of direct benefit transfers (DBT).

Therefore, the new approach towards poverty alleviation should involve targeted income transfers. Under our proposed targeted basic income programme, which is a top-up scheme, the government transfers the poverty gap (difference between per capita consumption of the household and the poverty line faced by the household) into the bank account of the poor. The cost of such a programme is likely to be between Rs 2.5 and 3 trillion and it will ensure nobody has a consumption below the poverty line. India's cur-

The new approach towards poverty alleviation should involve targeted income transfers. Under our proposed targeted basic income programme, which is a top-up scheme, the government transfers the poverty gap (difference between per capita consumption of the household and the poverty line faced by the household) into the bank account of the poor. The cost of such a programme is likely to be between Rs 2.5 and 3 trillion and it will ensure nobody has consumption below the poverty line.

rent expense on poverty alleviation programmes is approximately Rs 3.4 trillion and the cost to make one person non-poor through the PDS in 2011-12 was Rs 24,000. The same for MGNREGA was Rs 40,500. Therefore, assuming perfect targeting, a basic income programme is likely to cost substantially less than the current policies and it will ensure that the poverty rate is reduced to zero based on the higher poverty line.

The direct benefit transfer mechanism of the government has been able to resolve targeting problems for a bulk of the 430 government schemes and subsidies. The current PM-Kisan programme that provides income support to approximately 14 crore farmers is an example of how, through DBT, the government can provide direct income support as its focal policy towards poverty alleviation. Such a policy is likely to help the government in rationalising and consolidating its poverty reduction programmes, thereby freeing up resources for other sectors in the economy.

India's recent growth has led to a sizeable expansion in the number of taxpayers, and successive reforms over the last five years have simultaneously improved tax compliance in the country. The increase in number of individual return filers from 3.5 crore in FY2013 to 6.4 crores FY2017 and the improvement in revenue realisation from direct taxes reflects this.

However, now the government should focus on bringing more people under the tax net at the higher income brackets. Our recommendation towards achieving the same would be to reduce both corporate income tax rate and the highest personal income tax rate to a flat 25 per cent. Therefore, to improve revenue realisation from direct taxes, the government should focus on improving compliance by reducing the highest slabs of the tax rate. This rethink is necessary if we are to achieve accelerated growth, and higher tax revenues.

The Indian economy requires adequate investments in critical areas such as road, railways and water. Therefore, the government needs to rationalise its expenditure and tax rates to ensure reallocation of resources. Our pace of poverty reduction has improved over the last five years. We can augment this through a targeted basic income policy and free up resources for other sectors of the economy. Times have changed and so should our policies towards poverty alleviation.

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### WHAT THE OTHERS SAY

"The climate crisis underlines the need for effective global economic leadership. The US president makes this harder, but so do China and several others."  
— THE GUARDIAN

## Where's the big liberal idea?

The 2019 defeat puts a question mark on what we believe India stands for. The onus to find answers is not just on the Congress



PAWAN KHERA

IT HAS BEEN a month since India witnessed a decisive mandate in favour of the BJP. Of the post facto commentary, the most revealing has been the one by the "liberals". It reveals the larger and more serious ailment that afflicts us all — seeking easy answers to complex questions.

From the messenger to the message, the liberal commentary has attacked everything about the Congress. Their reasons would have been easy to believe, had this been a marginal defeat. Blaming the rout on one individual or any one aspect of the campaign comes easy and it also helps avoid tough questions that face what is loosely labelled as the liberal worldview.

Do we have empirical evidence on exactly which aspects of our message got rejected? Can we safely, confidently say that our entire message got rejected? If we were told that through this mandate, India has rejected the need for jobs, for hassle-free business or the need for safety of women, would we agree? Are we confident that the voters of Bhopal voted against Hemant Karkare and voted for Nathuram Godse? Is India homogeneous in its voting behaviour?

On the one hand, our liberal friends expect the Congress to be their national political voice, on the other hand they do everything to weaken the party. They want the Congress to "show a large heart" and cede space to regional parties — reducing the party to be neither national, nor political and definitely not a voice. When we look for their support, we definitely do not expect the liberal-intellectual space to be full of doting, unquestioning imbeciles. We do not wish to have replicas of bhakts on our side. Question us, but also strengthen the liberal-plural voice by thinking of effective ways to question and demolish the ideology that now looks comfortably ensconced in every institutional nook and corner of India.

You were out there on the streets and in the TV studios against UPA 2, and why not? Have you shown the same grit to bring this government to its knees every time it showed signs of betraying the mandate? Where was the push back when you were lampooned as the "award-waapsi gang"? This is not a skirmish where you can hit and run. This is a war of civilisation and we are a generation lucky to be participating in it.

Talk to a Narendra Modi bhakt. She will forgive him everything, overlook all his faults and thinks, so much so that you will find experts actually defending his bizarre cloud-radar theory. But a liberal will not be so tolerant. A liberal will be the first to attack the party for an extra word said by Rahul Gandhi, or a tweet by him or a slip up by a leader. A well known ambassador of liberal discourse advises us not to celebrate Rahul Gandhi's birthday because according

to him, those who fail their exams do not deserve to even have their birthdays. Another comes on television and first calls us a party obsessed with dynasty and then starts attacking Rahul for his decision to quit. Those who want Rahul to quit also want Rahul to decide his successor and then will also want to complain about Rahul controlling the party through a proxy.

Ideas that capture the collective imagination of a people do not necessarily come from the political space, they come from the intellectual space. Politics, through its idiom, helps in pedestrianising these ideas. What has been the contribution of the liberal-intellectual space in terms of a potent idea in this century? The counter argument to plural India has always had a voice. And it was always shrill. That voice now appears to have acquired legitimacy through electoral muscle. It can only be defeated by a more captivating idea and a sharper if not shriller voice.

The concept of secularism, for example, has been under systematic and sustained attack since L K Advani coined the term "pseudo secularism". Secularism was never a political construct. It was a worldview in consonance with Hinduism and India. Liberals must either help us reclaim the founding idea of the Republic or help us reinvent it or throw in a new theory which captures the minds of the millennial. Or would you just be happy to counter what is happening out there on the street through a tweet?

Much of what is going on in India and the Congress party is similar to what is going on in the Democratic Party in the US. There is the Nancy Pelosi end of the Democratic Party that is centrist, conciliatory and is not as fiercely anti-corporate as Alexandria Ocasio-Cortez and Ilhan Abdullahi Omar are. Is this a generational shift in the party or is this a Leftward turn in the party as a reaction to Trump and the Republican Party on the extreme right?

The Congress has traditionally been a harbour for all economic and political ideologies — much like India — without being defined by any one. Over time, critics have viewed it as being ideology-less, they say the Congress does not offer any one strong narrative. But that is precisely its strength. The Congress can, to quote Walt Whitman, contain multitudes. Just like India can. It just needs to learn how to articulate this for the 21st century voter.

This defeat is not of a party, an individual, a campaign, an assessment or an ideology. The result of Lok Sabha 2019 puts a huge question mark on the very existence of what we largely believe India, with all its diversity, stands for. The onus to find answers to the question is not just on a political party but on each one of us from under the debris of lethargic liberal snobbery.

Postscript : This is not a critique of the liberal class. In the words of Ahmed Faraz, *tui khuda hai, na mera ishq farishton jaisa/ dono insaan hain/ toh kyun itne hijaabon mein milein.* (You are not God, and my love isn't angelic/ We are both human/ So why meet hidden behind the veil?)

The writer is a national spokesperson for the Congress

### LETTERS TO THE EDITOR

#### COSMETIC GESTURES

THIS REFERS TO the editorial, 'Past and present' (IE, June 7). Recent gestures such as supporting India's candidature as a non-permanent member in the UN Security Council and the unveiling of a statue of Maharaja Ranjit Singh in Lahore might make it seem that Pakistan is softening its attitude towards India. However, the real test will be how soon it stops terrorist attacks from its soil and supplying arms, money and providing training to local terrorists. Being under the global glare for sheltering terrorists, these moves may be mere cosmetic gestures.

YG Chouksey, Pune

#### BALANCE TRADE

THIS REFERS TO the editorial, 'Osaka opportunity' (IE, June 28). Indian foreign policy is increasingly becoming more independent. However, of late, it has been following a protectionist trade policy, by imposing tariffs on US goods and dragging the US to the WTO. India's sluggish economic and trade reforms have not gone down well with its trading partners. The G20 Summit is an excellent opportunity for India to explain its stance on trade to the world. Prime Minister Narendra Modi's majority in Parliament will enable better diplomacy in this regard.

Sauro Dasgupta, Kolkata

#### MIDDLE GROUND

THIS REFERS TO the editorial, 'Valeria

#### LETTER OF THE WEEK

##### MILIEU MATTERS

THIS REFERS TO the editorial, 'Power play' (IE, June 25). I disagree with the contention that a national distribution company shall bring a paradigm shift in the power sector. Chronic issues plaguing the state discoms could well be ultra vires for the new agency. It would be wrong to assume that it shall promote competition and benefit the end consumer. When the administered price mechanism was annulled it was believed that the oil marketing companies shall be free to decide the pricing and private and public sector would be provided level playing field. However this has not happened till date.

Deepak Singhal, Noida

and Gurupreet.' (IE, June 28). Immigration spurs growth but it also causes resentment amongst the majority regarding cultural erosion. Balancing the two extremes with an approach of merit-based controlled immigration and a compassionate policy for refugees is essential to ensure that no one suffers as Valeria and Gurupreet did.

Anish Manchanda, Delhi



FAUZAN ALAVI

INDIA IS HOME to the largest livestock population in the world. The country is also the biggest producer of milk in the world, apart from being the third largest bovine meat exporter to almost 70 countries. There are links between the two sectors. The spent buffaloes are utilised by the bovine meat sector. That is why it's extremely rare to see a stray buffalo in most parts of the country. The farmer can sell his unproductive buffalo in the open market and get almost 40 per cent of his original investment as the termination value — this he can utilise to purchase buffaloes.

In the last few years, there has been much talk about stray cattle causing distress to farmers, especially in UP and the NCR. This narrative ascribes the problem to the ban on cow slaughter. However, the ban on cattle slaughter has been in place for decades —

## Stray cattle issue, a reality check

Don't lay blame, analyse consequences of enforcing laws against cattle slaughter

Maharashtra allowed bulls to be slaughtered but this practice was stopped in 2014. It seems that a large number of people are ill informed — their views in favour of the farmer or against the current dispensation lacks an appreciation of the issues at hand.

What nobody is asking is why was there no such issue before 2015? Most people assume that illegal slaughtering of cows was rampant before 2015 and this cattle was being exported. Nothing could be further from the truth. What is being exported is buffalo meat. To link legitimate trade to cow slaughter would be grossly incorrect and damaging to a trade which is the backbone of the dairy and leather industry.

What has caused the stray cattle problem, then? For decades, the entire population of spent animals would move to Bangladesh

and Myanmar via the country's Northeast. According to unofficial records, almost 25-28 lakh cattle used to cross the border every year — the trade is estimated to be above Rs 20,000 crore. Since 2014, the Ministry of Home Affairs has conducted operations to put an end to this illegal trade — rightly so, keeping the religious sentiments of people in mind. But no one thought about or advised on how the consequences of this enforcement would be dealt with in a country that is perennially short of fodder. About 10 per cent of the country's livestock becomes unproductive every year. Given that the country's cattle population is over 250 million, finding out the number of these spent animals is no rocket science. There are more than a crore stray cattle while there is shelter and food for not even 10 per cent of these animals — and no re-

sources for this purpose. In the Delhi-NCR region, more than 200 cows and bulls die every year due to lack of such resources.

It is important that we get the correct perspective on the problem of stray cattle rather than blame a community or a trade. We should analyse the result of stopping the movement of cattle into the Northeast and Bangladesh. There are a number of reports on this aspect of the cattle trade in the public domain. It will also be pertinent for the policymakers to review the livestock policies of the country and ask why farmers are moving to buffaloes in place of cows. What must be kept in mind is that a farmer's decision-making is guided by economic factors.

The writer is spokesperson for the All India Meat and Livestock Exporters Association