A conflict of interest

Trimming Sebi's financial independence is potentially regressive

D PRIYADARSHINI

The spotlight is back on regulatory independence with the Finance Bill, 2019, proposals to amend the Securities and Exchange Board of India (Sebi) Act. If brought into force, Sebi must transfer 75 per cent of its annual surplus to the government, retaining 25 per cent in a newly constituted "reserve fund" (which cannot exceed a total of previous two years' annual expenditure). Sebi must also obtain the central government's approval for its capital expenditure. All remaining amounts, after expenditures and transfers, must be credited to the Consolidated Fund of India.

Sebi is financed by market participants and does not depend on government funds. It is statutorily required to credit only penalties to the Consolidated Fund, and maintains funds in a separate general fund. The proposals therefore impinge on Sebi's financial freedom. The concentration of state power in unelected bodies (like regulators) requires accountability, including, for finances. Both the Organisation for Economic Co-operation and Development (OECD) and the Financial Sector Legislative Reforms Commission (FSLRC) which was constituted to review the Indian financial sector recognise this.

Accountability may be the intent behind the new proposals. The matter however predates them. Two principal arguments have been offered by the government and the Comptroller and Auditor General (CAG). As "state" and a "delegatee" of sovereign functions, Sebi must maintain funds and surpluses in government accounts, and transfer monies it collects back to the sovereign. This is a prevalent practice in "similarly placed" organisations in India (like the judiciary, CAG and Central Electricity Regulatory Commission or CERC) and abroad, and does not impact regulatory independence.

So far, Sebi has resisted, citing compromise to its financial freedom. As both OECD and FSLRC note, independent regulators can deliver better outcomes by attracting requisite talent unhindered by government's traditional constraints of budget or process. They strengthen regulatory neutrality and certainty, inspiring trust in markets and are not meant to be mere extensions of government. Financial independence — from stakeholders, including the government —enables this by preventing regulatory capture.

The proposals therefore raise concerns. One, dependence on the executive for the regulator's capex blurs the separation between the two. The proposals introduce dependence on the executive and Parliament for funds. Two, no rationale is provided for these specific caps, which may be restrictive. For instance, reference to prior period expenditures could inhibit the organisational growth/modernisation required to meet the challenges of regulating rapidly evolving markets. Sebi is already understaffed, with one employee for every seven companies. The ratio is 1:1 for the US securities regulator, SEC (Securities and Exchange Commission). The need for Parliamentary approval to amend the caps compounds the issue. The prevailing practice too requires examination. The power ministry has de jure control over utilisation and maintenance of the CERC's funds under the public account. Such accountability to individual ministry needs to be evaluated carefully. Both the judiciary and CAG may not be apt comparisons as they are constitutional authorities whose compensation is charged to the Consolidated Fund, not voted upon.

Also, the proposed amendments seem inspired by SEC (which can transfer up to $ 50 million a year to a reserve fund capped at $100 million). This may be inappropriate since unlike Sebi, the SEC is funded by budgetary appropriations. The reserve fund was introduced following the financial crisis to provide greater autonomy to the SEC. Sebi already enjoys more financial freedom today so we may be regressing. A suitable reference may be the UK's Financial Conduct Authority which, like Sebi, is funded by fees and charges from market participants, turns in penalties to the exchequer and transfers the benefit of surplus funds to market participants through reduced fees. The last more closely aligns with the objective of developing efficient and competitive markets. Treating surpluses as budgetary revenues may not.

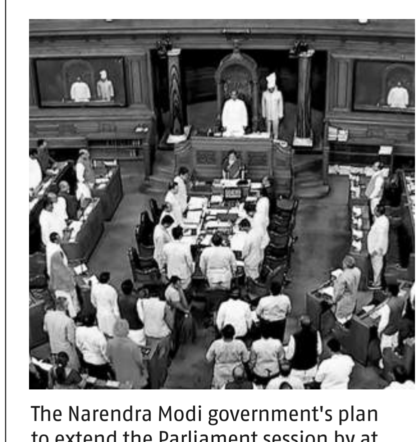
At the heart of the matter is the balance required between regulatory independence and accountability. Both are needed for good regulatory governance and outcomes. Pertinently, the FSLRC did not recommend changes to funding provisions of Sebi (only principles for levying fees). It however proposed, in the Indian Financial Code accompanying its report, stronger mechanisms for regulatory reporting and evaluation, which enhance parliamentary/ executive trust. For example, efficiency and performance reports along with annual reports and delinking regulators' performance from that of regulated entities (a current practice). These recommendations are useful given the FSLRC's comprehensive review of Indian financial sector.

Also, the presence of state-owned entities within insurance and pension regulators' jurisdiction raise potential conflicts of interest. Since these regulators may have to follow suit, introducing similar measures needs to be deliberated.

The author is a fellow at the National Institute of Public Finance and Policy Views are personal

CHINESE WHISPERS

Vacation can wait



The Narendra Modi government's plan to extend the Parliament session by at least a week threatens to derail the plans of some Members of Parliament. MPs, including those of the Bharatiya Janata Party and its allies, had planned either to go back to their constituencies or on vacation, and, in some cases, official tours abroad. Meetings had been fixed, and flights and hotels booked. All must be cancelled or postponed. Some Opposition MPs on Monday were heard trying to convince their respective party leaders that they be allowed to skip attending Parliament if the session was extended.

Life & times of a former PM

Prime Minister Narendra Modi will release the biography of former Prime Minister Chandra Shekhar on Wednesday. The book, *Chandra Shekhar: The Last Icon of Ideological Politics*, has been written by former journalist and Rajya Sabha Deputy Chairman Harivansh and research scholar Ravi Dutt Bajpai. Last week, Neeraj Shekhar, the son of the former prime minister, quit his Rajya Sabha seat to join the Bharatiya Janata Party. The book has several interesting anecdotes. As his health deteriorated in 2006, then PM Manmohan Singh asked Chandra Shekhar's political advisor H N Sharma to write a letter so that he could be flown to the US for treatment. Chandra Shekhar tore up the letter. "It took a lot of persuasion by Manmohan Singh, Sonia Gandhi and (then vice-president) Bhairon Singh Shekhawat for him to make a trip to the US for his treatment around March-April 2006," the book

Trinamool walkout

Trinamool Congress MPs Sukhendu Sekhar Roy and Derek O'Brien on Monday led party MPs to stage a walkout, alleging "subversion of rules" when some Opposition MPs could not table their suggestions for the Human Rights (amendment) Bill. The MPs blamed the pandemonium in the House for their inability to move the amendments. While TMC MPs walked out, the Congress and some others continued to sit in the House and participated in the discussion on the Bill. The TMC has now urged all Opposition MPs to put on record their dissatisfaction with the presiding officers of the two Houses. The Congress and other parties, however, are still considering whether they should support the Trinamool, which has upped the ante against the government with an eye on the West Bengal Assembly polls in 2021.

Red flags on green targets

Why India should not enhance its climate targets at the upcoming UNSG Climate Action Summit beyond the already agreed limit

NITIN SETHI

TAKE TWO

The UN Secretary General (UNSG) António Guterres has invited world leaders to a Climate Action Summit on September 23 at New York. He has requested countries to come prepared to announce enhanced emission reduction targets for the first phase of the Paris Agreement, which starts in 2020 — higher than what they have already agreed to.

India's Prime Minister Narendra Modi is expected to attend. Before he does, he and his cabinet would have to take a decision to announce such a higher greenhouse gas emission reduction target at the summit or not.

The UNSG's team has been lobbying for almost a year for countries to do so — to bring higher targets to the table as a political announcement at the summit, which can then be put up officially at the formal UN climate change negotiations in Chile at the end of the year.

On the face of it, India is well on trajectory to achieve its existing emission reduction target. It committed to reduce the emission intensity of its GDP by 33-35 per cent below 2005 levels by 2030. It had already achieved a reduction of 21 per cent below 2005 levels by 2014. It also committed to ensuring that 40 per cent of its power capacity by 2030 comes from non-fossil fuel sources. By December 2018, the installed non-fossil fuel capacity had already touched 36.15 per cent and is projected to reach 64.9 per cent by 2030 (including hydropower, nuclear and renewables). India lags far behind, however, on its third target of saving an additional 2-3 billion tonnes of carbon dioxide equivalent emissions through afforestation.

Overall, the country is well on its route to doing much better than its existing international commitment under the Paris Agreement. Still, India could easily commit to more at the UNSG summit and cement its position as a global leader against the fight against climate change.

But, there are other issues to consider. The US is unlikely to take on more than its existing meagre target under Paris Agreement with its President Donald Trump continuing to hold the threat of withdrawing from the agreement by 2020. European Union may or may not enhance its existing business-as-usual target but it would still fall short of its fair share.

Both these developed economies continue to work to dilute their commitments to provide finance and technology to developing countries and completely do away with such commitments towards large developing countries such as India.

UN Secretary General António Guterres (above) has invited world leaders to a Climate Action Summit on September 23 in New York

In effect, if India were to unilaterally (or along with select partner developing countries) decide to announce higher targets at the summit, it would aid Europe and the US to break away from arguments of equity and fair sharing of the burden. There are up-front costs of transiting to cleaner economies that India would have to consequently bear disproportionate to its responsibility for causing climate change.

Besides, the clean energy transition in transport, housing and certain industrial sectors is likely to be more difficult and expensive than in the power sector. With the low-hanging fruit of energy efficiency and up-scaling non-fossil fuel being plucked early, the other steps — such as greening India's transport fleet or retrofitting buildings for efficiency — would require large-scale re-engineering of India's urban growth plans.

Committing a higher target at the UNSG summit without any real commitment from developed countries on finance and technology would undermine the relatively more democratic parleys at the formal UN climate negotiations where experienced negotiators are better able to protect Indian interests against the competitive economic edge that developed countries try to gain in the garb of climate change.

Agreeing to a higher target for the first phase of the Paris Agreement (between 2020-2030) is also going to have a base effect. The agreement requires countries to enhance their numbers for each next phase. When the process for doing so begins in 2023-24, India would be locked to higher ambition levels (in terms of emission reductions) for mid- to long- term trajectories without having assessed the feasibility of how that would impact the economy post-2030. Such long-term projections are always more difficult for emerging economies compared to advanced ones and India has a history of missing its energy mix targets.

A country such as India could have more ambitious domestic targets but commit more conservatively under international agreements — as other countries have done — to maintain strategic parity and also avoid any embarrassment at a later stage of falling short of its commitment. Even now, the government's decision to set up 175 GW of renewable power by 2022 remains a purely domestic target. Internationally, it has committed to numbers for non-fossil fuel power capacity (which includes hydropower and nuclear). This gives it flexibility.

Yet, another factor in the decision-making for the Indian government would be how the political leadership wants to shape its global role. For this, it would look at what China intends to do. So far, China and India have been seen on a par in leading on the climate front. Notably, in its invitation, the UNSG's office had earlier suggested that only leaders who come with plans for enhanced action would get the opportunity to speak at the summit.

ON THE JOB

Letting the demographic dividend slip

MAHESH VYAS

India's total fertility rate declined in 2017 to 2.2 after remaining unchanged at 2.3 for four years. This means that Indian women, who on an average bore 2.3 children during their reproductive years, now have 2.2 children. This is one of the findings of the Sample Registration System, a large demographic survey conducted by the Registrar General of India.

One of the major reasons why women are unable to join the labour force in sufficient numbers is that they fulfil a very time-consuming responsibility of bearing and bringing up children. If women bear many children then they are inhibited more from joining the labour force. Conversely, if they start bearing lesser children mostly in response to falling infant and child mortality, they get freer to join the labour force.

News of the fall in total fertility rate is therefore very welcome. All other things being the same, it should help improve the female labour participation rate. The total fertility rate was constant for four consecutive years from 2013 through 2016. The change has come after a long gap.

CMIE's Consumer Pyramids Household Survey showed an increase in female labour force participation rate between January-April 2016 when it was 15.7 per cent and May-August 2016 when it rose to 16.4 per cent. Then came the shock of demonetisation and the labour force participation rate fell sharply. "All other things" were not the same anymore.

More recently, we noticed an increase in the female labour participation rate at the younger age groups. We documented this change in this column on June 18, 2019. Early signs of a turnaround in the female labour force participation were seen in 2018. In the January-April 2019 survey, an increase in the female labour force participation rate was clearly evident.

While there is a steady improvement in the female labour force participation rate between early 2017 and early 2019, the ratio has still not repaired to its early 2016 level. Female labour force participation rate among young women, between 15 and 29 years of age during January-April 2016 was 14.3 per cent. It fell sharply to 8.6 per cent by January-April 2017. Then, it fell further to 8.1 per cent in 2018. By January-April 2019 it recovered to 8.8 per cent.

While this is heartening, it is dismaying to see how little this really means. It is pointless to rejoice the small increase in labour force participation of women, if this does not mean an increase in their employment. It is more important to see the employment rate (which is the proportion of working age women actually working, also called the worker participation rate) of women improve. This ratio is not improving. On the contrary it is deteriorating. In January-April 2016, 7 per cent of the young women of 15-29 years of age were employed. This ratio dropped to 5.6 per cent in January-April 2017. Then it dropped to 4.6 per cent in January-April 2018. And in January-April 2019 it was down to just 4.3 per cent. It is somewhat disheartening to see only 4-7 per cent of young women working. In comparison, 40-48 per cent of men of this age group are working. It is true that this is also the most child-bearing age group. Yet, the sharp disparity between men and women is as disconcerting.

If female labour force participation rises, but the employment rate does not, the few additional women who join the labour force will face increasing disappointment in not finding jobs. If this continues for some time, it may discourage women from joining the labour force any further. India will then lose an opportunity to increase labour participation to drive growth based on the prosperity of households.

Partly, this poor condition of the women workforce is a reflection of the depressed labour markets.

The overall employment rate during January-April 2019 was 39.9 per cent. This compares poorly with the 41 per cent rate a year ago; 42.3 per cent rate two years ago and 42.9 per cent rate three years ago. Evidently, the employment rate has been falling steadily since 2016. The fall is seen across men and women. And, it is seen across young men and young women. Between 2016 and 2017, while the employment rate for women dropped from 7 per cent to 5.6 per cent that for men dropped from 48 per cent to 45 per cent. Steadily, we see a decline in the proportion of men and women, young and old populations actually employed. While demographic transitions are providing favourable conditions by producing a larger working age population and a falling total fertility rate is delivering women in greater numbers into the labour force, the economy seems to fail them by not being able to provide them jobs in proportion.

The mere supply of labour does not guarantee growth. The supply of labour needs to be harnessed for productive purposes to ensure that India can benefit from its demographic dividend.

The author is the MD and CEO of CMIE

LETTERS

Encourage repayment culture

This refers to your front page report "RBI blames banks for Mudra NPAs" (July 22). It is important to note that a majority of those who took Mudra loans were first-time borrowers. It could also be their first tryst with a small business venture. In most cases, it was their first port of call. Keeping these things in mind, it is vital to educate them about the benefits of repayments of loans. A get-together at the district, *taluka* or village level in the bank premises to make them aware of the importance of CIBIL and the duties of a responsible borrower will yield positive results. A WhatsApp group of all borrowers could be made in each taluka and a request to approach the bank in cases of irregularity of loan repayment will go a long way in developing a positive culture among first-time borrowers.

Young bankers who have joined service recently are brimming with energy and they could be trained to approach Mudra borrowers and understand their problems. Honouring good Mudra borrowers in the branch once a month by inviting the sarpanch and other prominent villagers will infuse a lot of confidence and encourage a repayment culture among Mudra borrowers. Regular CIBIL melas and education camps in colleges, communities halls and social gatherings will surely bring down the number of wilful defaulters.

N K Bakshi Vadodara

'Transformer' of Delhi

Apropos "Sheila Dikshit cremated with state honours" (July 22). Senior Congress leader and three-term Chief Minister of Delhi, Sheila Dikshit can be called a "transformer" of Delhi. It used to be a full fledged Union Territory till 1991, and even today has multiple power centres, but she was able to manage Delhi much better than many others who held power before she took over the reins in 1998. Gujarat used to be touted as the best governed state under Narendra Modi, but unlike Delhi, the state did not face the problem of people migrating in large numbers.

Unlike other homogenous states, Delhi has became the residence of people from all across India and she did struggle to handle the law and order as the Delhi Police continued to be under the central government. Later, many unsubstantiated allegations of corruption against her over the 2010 Commonwealth Games spoiled her clean image. She was lucky as during her term she had the support of Prime Minister Atal Bihari Vajpayee and then Manmohan Singh, unlike the present CM Arvind Kejriwal who continues to face hostilities from the powers that be.

N Nagarajan Secunderabad

Bring culprits to book

Rattled by the foiled attempts to prevent Congress leader Priyanka Gandhi from meeting the family members of victims of Sonbhadra massacre over an alleged land dispute, Uttar Pradesh Chief Minister has accused the Congress party of being the main culprit, tracing the genesis of the incident to an alleged illegal registration of the disputed land in the name of a trust as far back as 1955.

This is preposterous, to say the least. He has blamed both the Congress and the SP of hatching a conspiracy. Fishing in troubled waters, Bahujan Samaj Party chief Mayawati has been quick to hold both the Congress and the BJP responsible for the oppression of tribals.

The poor tribals have been at the receiving end of being forcefully deprived of ownership and enjoyment of their land by the powerful, resulting in a class war with such groups taking up arms to seek justice. This must be prevented.

What is required therefore is to build a credible administrative and legal shield against any future attempt targeting such vulnerable sections in our society. The immediate task for the investigating agencies should be to build foolproof prosecutable cases against those responsible for such a carnage and to swiftly bring them to justice in a demonstrable manner.

S K Choudhury Bengaluru

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All letters must have a postal address and telephone number

HAMBONE

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Expanding powers

Recent decisions have extended govt's reach

Many notable successes of the first term of the Narendra Modi-led National Democratic Alliance (NDA) government were reforms that reduced the powers of the Union government or its bureaucrats, or which created independent institutions and processes. The goods and services tax (GST), for example, vests the powers to set indirect tax rates with a GST Council that includes the states. The Insolvency and Bankruptcy Code created a process that, hopefully, insulates bankruptcy from political pressures. The monetary policy framework agreed with the Reserve Bank of India enhances the independence of India's monetary authority and makes it less subservient to political directions. It was generally hoped that the NDA's emphatic re-election would allow this benign process to continue.

However, judging by some of the actions in its initial months towards seizing greater control of processes and decision-making, it seems the concept of "maximum government" is back once again. For example, the government has introduced amendments to the Right to Information Act, reducing the independence of the Information Commissioners. Earlier their salaries and tenure were fixed by law; now they will be decided by bureaucrats case by case. Replacing a fixed statutory term that offers security of tenure with one where Information Commissioners serve at the pleasure of the government and on terms set by it impinges on institutional autonomy. Another independent institution that has seen its wings clipped is the Airports Economic Regulatory Authority, which has had the number of airports it oversees cut by half — essentially ceding control of tariffs and other regulatory measures to the government for some of India's most trafficked airports, including those which are most likely to be controversial because of substantial private sector participation.

There have also been enhancements to the government's coercive authority. New Home Minister Amit Shah steered the passage of a National Investigation Agency Act, which gives the agency extra-territorial powers and allows it to create special courts. Mr Shah specifically defended draconian and illiberal past counter-terror laws during the relevant parliamentary debate. On taxation, there are similar problems. The income-tax department has made certain offences related to the possession of black money "non-compoundable", which means that paying a fine is no longer an option. Customs officials have also been given vastly extended powers in the Union Budget, including the right to attach bank accounts for six months. Trading false duty scrips has been made a cognizable and non-bailable offence. Customs officers have also been armed with the powers to demand an Aadhaar number and investigate not just violations of Customs law but "any other law for the time being in force" as long as it is "in the interests of protecting revenue" — clearly far too lax a constraint. Added together, this is a clear trend, which the government would do well to recognise and correct.

Ministers have warned industry against violating "the spirit of the law". This is wise advice, and should be heeded. But the government must also remember that if the letter of the law becomes too harsh, its spirit is invariably weakened. A return to the principles of minimum government and minimal interference is warranted.

Rental boost

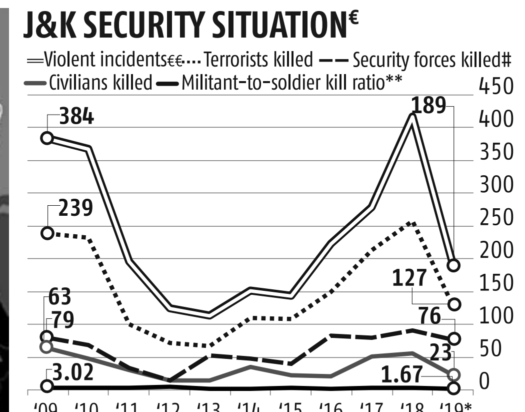
The model law can help fix a struggling housing market

Urban India has a dysfunctional housing market. Too few houses are available for rent; those that are on sale are priced out of the market. As a consequence, there is both unfulfilled demand and a large inventory of vacant apartments. The Economic Survey 2018 estimated there were almost 500,000 vacant houses in Mumbai alone, and Delhi and Bengaluru possibly had about 300,000 apartments standing empty. Perhaps 12 per cent of the housing stock in urban areas of India is not occupied for living, in spite of millions of households who wish to buy or rent not finding satisfactory houses. The Survey blamed "unclear property rights, weak contract enforcement and low rental yields" for this structural problem. Home owners are unwilling to rent out their houses because the legal framework is loaded in favour of tenants. For similar reasons, there is a premium on ownership of a house, so that rental incomes are much smaller than the equivalent mortgage costs. This further depresses the incentive to rent out a house. In other words, the absence of proper and reliable contracting has led to a breakdown in the market.

The government is to be commended for taking this long-standing problem on board and for seeking to address it. In the Budget for 2019-20, Finance Minister Nirmala Sitharaman promised that a new model tenancy Bill would be drafted by the Centre and sent to the states. The Bill has a lot that would help untangle the knots in residential real estate in India. The most important task is to reduce the probability of high-cost and traumatic events to both renters and landlords. Thus, for example, there are rules governing the supply of essential utilities, since some tenants are forced out by homeowners through the simple expedient of cutting off electricity and water supply. Nor can landlords revise the rent sharply upwards in the middle of a tenant's lease, either, under the draft legislation. Tenants must be given three months' notice. Landlords, on the other hand, are promised recourse against the possibility of a tenant overstaying. Rent will double for the first two months and scale up to four times the base rent thereafter.

One particularly important question is whether any such law can be policed properly, and whether disputes will be settled in a timely fashion through the legal system. The problem with contract enforcement in India is not necessarily the terms of the contract, but that the judicial system can be so clogged that disputes over control of an asset can outlive the useful lifespan of that asset. The draft Bill suggests a new court exclusively to judge rent-related disputes. However, it should be noted that the experience with dedicated courts of this nature has been mixed in India — as is seen most recently with the delayed timeframes of resolutions under the Insolvency and Bankruptcy Code. The idea of creating independent regulators and authorities in each state is a better one. The problem is one of dispute-settlement capacity, and that is what the government should now address on priority. If it succeeds, one of India's most intractable problems will have a long-awaited solution.

ILLUSTRATION: AJAY MOHANTY



€ J&K Police figures, *2019 figures till 19 July, €€ include grenade attacks, improvised explosive devices, cross firing, arms snatching, abductions, #Includes personnel from army, Rashtriya Rifles, central armed police force and J&K Police, ** militants killed for each soldier killed

Engaging Kashmir's alienated youth

Political engagement is essential in Kashmir, but not just to capture power

Last week, I spent four days in Kashmir reading the mood amongst youngsters there. Engaging the Kashmiri youth is critical. With the decline of the Joint Resistance Leadership — largely the outmoded separatists of the Hurriyat Conference — a fragmented and highly localised youth leadership now guides confrontation with the security forces.

Speaking to youths, especially in the roiling districts of South Kashmir, it becomes evident that the long-standing Kashmiri tradition of anger at mainstream India has turned into bubbling, visceral hatred. Almost every Kashmiri will argue that the flagrant anti-Muslim bias of the Narendra Modi government has validated the two-nation theory, leaving Muslims with no place in today's India. Person after person recounted mistreatment and abuse by security forces, especially at random checkposts that treat every Kashmiri as a terrorist until proven innocent. There was the grinding misery of random inconvenience: Traffic being halted for hours to clear the road for security force convoys, youngsters being detained at military camps or police stations, purely for the mistake of being a young, fighting-age male. So deep-flowing is the vein of Kashmiri bitterness that even the rising epidemic of drug addiction is blamed on an "Indian plot" to plant a cancer that destroys the flower of Kashmiri youth. Youngster after youngster swore to me that Kashmiris would fight to the finish in their struggle for *azaadi*.

BROADSWORD

AJAI SHUKLA

However, long-time watchers of the Valley understand, and factor into their judgement, the Kashmiris' deep-felt need to vent anger. The first half of any conversation is different from the second half, which is far more coloured with pragmatism, even wisdom. It became quickly evident that the Kashmiris realise they are at a fork in the road — one path paved with continued violence, uncertainty and security force operations; the other characterised by dialogue and calm. Everyone realises the start of dialogue does not mean a full end to violence. But the emphasis will shift from confrontation to reconciliation. The Kashmiris are amenable to a dialogue outreach from New Delhi; but the government is keeping its cards close to its chest.

It is hard to miss the fatigue amongst Kashmiris, notwithstanding brave words about "a new generation having lost its fear of death". Since Kashmir went up in flames in mid-2016 with the killing of Burhan Wani — a novice militant whose charisma made him a social media icon amongst Kashmiri youngsters — New Delhi has engaged Kashmir exclusively through the medium of security force operations. New Delhi's strategy — often referred to as the Doval Doctrine, after National Security Advisor Ajit Doval — rests on the belief that Kashmiris have been pampered for decades (including by Atal Behari Vajpayee's BJP government) and that they needed a robust reminder that New Delhi had hard options as well. Towards this, the Union government has squeezed the separatists on the simultaneous fronts of counter-militancy operations, economic targeting of separatist finances and incarceration of the separatist leadership. Syed Ali Shah Geelani and Mirwaiz Umar Farooq are mostly under house arrest, while Yasin Malik and Shabir Shah have been consigned to jail. Mainstream politics too has ground to a standstill, with Mehbooba Mufti's government dismissed and governor's rule imposed for the foreseeable future. Omar Abdullah's National Conference is unlikely to be spared either. The administration is in the hands of J&K Governor Satya Pal Malik, who has a well-deserved reputation for breathtaking faux pas. On Sunday, Malik urged militants to kill "the corrupt people who have looted Kashmir", instead of killing innocents such as police officers. Facing accusations of endangering mainstream politicians and bureaucrats, Malik has clarified that he spoke in his individual capacity, not as governor.

If there is fatigue amongst the Kashmir public, the security forces must also be feeling like they are running up a down-coming escalator. J&K Police violence statistics for the last decade starkly illustrate the lost opportunity for initiating political dialogue in 2013-15, when the violent street uprisings of 2008-10 had cooled, tourism was booming and there were just 150 active militants in Kashmir. Instead, the Bharatiya Janata Party (BJP)-led government's majoritarian agenda drove Kashmir back into alienation. After Burhan Wani's death in mid-2016, the flames have only leapt higher. The security forces kill a growing number of terrorists each year at a growing cost to themselves. Worse, from 2009-12, more than 3 terrorists were killed for each dead soldier. Since 2016, the cost in blood has almost doubled. If these troubling violence figures are to be mitigated, a fresh political engagement of Kashmir is essential.

While little is yet conclusive, it appears there might be one in the offing. Home Minister Amit Shah visited Kashmir last month and addressed the panchayat (local government) heads elected in December. On Saturday, Defence Minister Rajnath Singh declared that Kashmir would be resolved soon and "no power on earth can stop it". Quickly tamping down on any optimism, he added: "If not through talks, then we know another way too." Meanwhile, sources in Srinagar say the prime minister's office has intensified the monitoring of the economic schemes it initiated — also pointing to elections.

Kashmiri political leaders believe the BJP is kick-starting politics towards a clear end: Forming a BJP-led government in Kashmir, which can lead the way to abrogating Articles 35A and 370 of the Constitution. Kashmiri politicians and security managers are wary about such a plan, warning that any political erosion of Kashmiri identity markers would constitute a red line that should preferably not be challenged. Mufti has already stated that, if Article 35A is challenged, "there will be no one left to hold [the national flag in Kashmir]."

However, the BJP apparently believes that a political majority and an enhanced security presence to control the reactions would allow it to ram through the changes. Obtaining a political majority involves sweeping the 37 seats in Jammu and two of the four in Ladakh through a polarising electoral agenda; and winning a handful of seats in Kashmir to achieve a majority in the 87-seat J&K Assembly. The Kashmiri seats can only be achieved by fragmenting Abdullah's National Conference and Mufti's People's Democratic Party, while simultaneously tying up with smaller Kashmiri players like Engineer Sheikh Abdul Rashid, Sajjad Lone and former Indian Administrative Service officer, Shah Faesal.

Without a dialogue aimed at engaging and co-opting the separatist hard core, such political machinations are likely to only discredit New Delhi further. Alongside a reconciliation dialogue, the government must also actively facilitate Kashmiri youth to move out of the state into mainstream India, providing visible alternatives even for those who stay back. The north-eastern states, once riven with insurgencies, are being steadily assimilated as large numbers of their youngsters find jobs in service industries in mainstream India. It would be useful to facilitate such a path for Kashmir's youngsters as well.

The agony and the urgency of water

In May 2014, Cape Town's major dams and reservoirs were at 72 per cent capacity. By May 2017, after three years of drought, levels were down to 21 per cent. By October only five months of water was left in storage. The city declared an impending "Day Zero" when water taps would be turned off and residents would have to go to public water distribution points. The declaration triggered panic — but also action. A series of water efficiency measures ensured that Cape Town's total water demand fell from 600 million litres per day (mld) in mid-2017 to 507 mld by April 2018 (short of the 450 mld target but significant nonetheless). In June 2018, authorities postponed Day Zero indefinitely.

Chennai's experience is not dissimilar to Cape Town's. In 2015, it was hit by a once-in-a-century flood. Thanks to three subsequent years of below-average monsoons, water levels in its four reservoirs kept dropping, down to 1 per cent by May 2018. But authorities reacted late with no concerted effort to reduce water demand. Last year, Shimla had to turn away tourists because water levels were dangerously low, once again a consequence of less rain and falling water levels, leakages in pipelines, and unchecked urban growth.

INFLEXION POINTS

ARUNABHA GHOSH

As one of the fastest urbanising countries in the world, Indian cities would continue to lurch from one water crisis to another if we only wake up during emergencies. Responses that merely deal with the symptoms of acute water crises cannot fix chronic water mismanagement.

Constant campaign: India's cities need a constant campaign to explain — and change — the use, misuse and reuse of the critical resource. The right to water is a right to a minimum amount of water for basic human needs. It is not a right to profligate or inefficient use of water.

We face two kinds of communication challenges. One, how not to create a sense of overconfidence that solutions will emerge automatically. Reliance on water tankers, water trains or water desalination plants is myopic and inadequate unless consumption behaviour changes. The other challenge is how to not create a sense of despair when talking about too much or too little water.

Both communication problems persist because we have failed to empower individuals and communities. This is what Cape Town did. The "Zero Day" announcement jolted people out of their apathy and nudged a series of household-level actions: Using buckets in showers to reuse the extra water, recycling washing machine water, or flushing toilets once a day. Poorer residents in shantytowns had been used to such practices for years. It was the sight of rich residents queuing up for water that conveyed that something was seriously wrong — and had to change.

Measure, recharge, then build: Each urban area and its associated watershed have a carrying capacity. Metropolitan Chennai with 8.6 million people has a daily demand of 1,200 mld in normal times. Cape Town, at half the population, managed far lower total demand after its water crisis. It is imperative that we measure water availability and water consumption. Only then would water recharge measures (harvesting rainwater, rehabilitating lakes or desilting canals) prove effective.

More importantly, measurement should happen at a micro level (homes, offices, industries and farms). Building permits in cities should not be issued unless developers have demonstrated that they have installed systems to recharge more water than what is expected to be withdrawn. The same applies for flood management plans before new developments are sanctioned, as was done in California's Central Valley.

Bureau of Water Efficiency (BWE): For existing users, 20 per cent increase in water use efficiency must be mandated for all sectors. Water conservation will not work only by force of moral suasion or regulatory diktat. A Bureau of Water Efficiency should be tasked with designing and implementing mechanisms for year-on-year improvements in water efficiency by creating positive incentives.

Incentives linked to price are easier but not always politically palatable. Other mechanisms are possible: Water efficiency labels for appliances; bulk purchase of water-saving devices to lower costs; or a water credit trading system among industries. Agriculture (which consumes more than 80 per cent water in India) cannot be exempted. Water savings could be linked to farm output and farmers' incomes. The proposed BWE could adopt standards and labelling of drip irrigation systems and support end-user financing to promote efficient farm equipment.

Circular economy of water: More than 20 years ago, Singapore began R&D on reclaiming treated sewage water to potable standards. NEWater, the brand name given to reclaimed water, can now supply up to 40 per cent of Singapore's water demand, compared to 25 per cent from desalination plants.

Eventually, an economic case for water conservation is needed. Most of the urban sewage in India goes untreated. If all sewage were treated, water could be reused to cool down power plants (the biggest guzzlers after farms) and minerals recovered could be used as fertiliser. A circular economy of water allows for each drop to be used many times over and reduces the tariffs necessary to make sewage treatment plants economically viable. What initially was just a cost can become a resource to generate revenue.

Risk and vulnerability are not the same. Insufficient rains, climate-related stresses, bad urban planning have increased water risks for our bustling cities. But episodic water crises will only trigger action when citizens (poor and rich) find their vulnerabilities exposed. From Cape Town to Chennai, the lesson is clear: When we endure the agony personally, we are also likely to register the urgency. Then, we might just wake up.

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BJP's obstinate critic

BOOK REVIEW

T C A SRINIVASA RAGHAVAN

The somewhat mystifying title of this autobiography is taken from its last word: Relentless. That is how, says Mr Sinha, he is going to continue his pursuit of the national interest.

Obstinate and stubborn might have done just as well because that's how the author's persona emerges from this long — but never tedious — book. I read it in a single sitting of five hours last Friday.

At no point do you get the feeling that he is prevaricating. It is what the blurb writers call an "honest" account. And if Mr Sinha can be accused of something at all, it is of sacrificing depth for width and, possibly, some omissions.

There is, for example, no reference to his elder son Jayant's all-too-brief political career. Jayant Sinha was a minister in the first Modi government and incurred his father's wrath over what was, at best, poor judgement on his part.

His resignation from the BJP also gets short shrift and he mentions Narendra Modi just once — when he came to canvass for Jayant in 2014.

His publishers, too, have been guilty of an omission. There is no index, which, in a book of this size and nature, is an unnecessary irritation. Mr Sinha should have insisted on one.

Mr Sinha is the ninth amongst 11 siblings. He doesn't know exactly when he was born but November 1937 is the official date. He says he might be a little older. He also says but for his brother who chose the surname Sinha, he might have been Yashwant Saran. He went to school, and then to Patna college where he fell in love with a Bengali girl. When he asked her to marry him, she said no. "I am Bengali, you are Bihari."

Narrow escape

In 1958, he almost joined the army but was dissuaded by his mother who thought a career in the "paltan" to be too dangerous. Had he joined — and if been lucky — he would almost certainly have seen action in 1962, 1965 and 1971.

The Indian Administrative Service, which he joined in 1960, has always been a much safer option with nothing more lethal than corrupt politicians as the enemy. From then until 1984, when he quit the service, life went on as it does for bureaucrats — one posting after another.

But from 1984 onwards the book moves from being merely interesting to fairly riveting. One day he had a Nike-type "just do it" moment. He says he sought voluntary retirement from the IAS on an impulse. Even Mrs Sinha didn't know. She was incensed. It took him several months to extricate himself from the maws of the government. When he finally did, he met Chandra Shekhar, who was then heading the Janata Party.

Unlike his college love, Chandra Shekhar didn't spurn him. And it turned out to be a marriage made in heaven. They brought each other luck.

In 1991 when either a sling or an arrow of "outrageous fortune" propelled Chandra Shekhar into the prime minister's seat, Mr Sinha became finance minister for all of six months. As is common knowledge now, those six months were the most momentous in independent India's history.

Mr Sinha had to steer the economy out of its direst moments to date. He says Rajiv Gandhi, on whom the Chandra Shekhar government was dependent, prevented him from presenting a regular Budget.

Annoyed and disappointed he resigned but Chandra Shekhar tore up the resignation letter. A few weeks later, India mortgaged its gold to the Bank of England and Bank of Japan for a small loan. It was humiliating moment, he says.

Sleeping with saffron

In 1993, a few months after the Babri Masjid was demolished with the approval of the BJP, Mr Sinha joined it. Earlier he had been approached by then Prime Minister P V Narsimha Rao to join the Congress.

The other alternative was to stay on with Chandra Shekhar whose party was thinking of merging Janata Party. But that meant kowtowing to a fellow Bihari, Lalu Prasad Yadav.

So the BJP it was and it turned out to be a good decision, personally for Mr Sinha. He became the finance minister in 1998 and the external affairs minister in 2002.

The latter was seen as a demotion at the time. Mr Sinha says he "incurred the wrath of powerful people" when he imposed a tax on dividends. They eventually forced Atal Bihari Vajpayee to move him out of the finance ministry.

There are scores of stories that Mr Sinha tells but none so juicy as the one about Manmohan Singh. In 1993, when the Joint Parliamentary Committee was investigating the Harshad Mehta scam, Dr Singh told the committee that he hadn't appointed N J Pherwani but his predecessor had.

Mr Sinha called for the files and, he records with justifiable glee, it was Manmohan Singh who had!

RELENTLESS: AN AUTOBIOGRAPHY
Yashwant Sinha
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