Opinion

TUESDAY, JULY 23, 2019

ON USING BALLOT PAPERS

Chief Minister of West Bengal, Mamata Banerjee

We don't want EVMs, but ballot papers. All the elections in the state that are conducted by West Bengal State Election Commission (WBSEC) will be held through ballot papers

Changes in RTI law will affect information flows

Having fixed, and unchanging tenure, is a vital part of institutional independence; this is now under threat

GIVEN HOW THE Right to Information Act, 2005 has, over the years, become a powerful tool in ensuring transparency—it is used by both activists and journalists—and a more accountable government due to more information being available, it is surprising the government was so eager to amend the Act. It might well be true, as Jitendra Singh, the minister of state for personnel, public grievances and pensions said in the discussion in the Lok Sabha on Monday, that the Act had some shortcomings that needed to be fixed. However, the proposed amendments—to sections 13 and 16—are not minor tweaks, but significant changes and will tilt the balance of power towards the Centre. Singh was right to point out, in his reply, that no changes have been made to Section 12(3) of the Act that deals with selection of the commissioners, or to 12(4) which allows the Chief Information Commisisoner (CIC) to act autonomously, "without being subjected to directions by any other authority under this Act". However, the autonomy of the officers will be compromised, with the government now deciding on the tenures of information commissioners, their terms of service, and their compensation.

Singh sought to explain this away by saying the tenure of information commissioners will be known to them at the time of their appointment, and that no change would be made once the person was appointed. In other words, Singh argued that, since the tenure of the commissioner wasn't being cut short after the appointment, where was the question of trying to influence them? However, if the average tenure of information commissioners is, say, five years in most ministries, but two or three in some sensitive one, that sends out its own message; it would be a brave man who acts according to his conscience when he knows he has a short tenure of two or three years. Singh's argument, then, that the government was not diluting either Section 12(3) or 12(4) doesn't really hold water. Indeed, a firm principle for all regulators—and that holds for all institutions—relates to precisely this security of tenure. In principle, regulators have a fixed tenure, and are never given an extension either—or reappointed for that matter—as being able to control their tenures is a form of influence; the NDA, though, broke this rule by appointing a former TRAI chairman as the principal secretary and, later, by reappointing the TRAI chairman to the same job. The short point is that when an officer is given a relatively short tenure, which is now possible, it is in many ways a signal to him or her to be restrained. So far, all information commissioners enjoyed a five-year tenure, or were in office until the age of 65 whichever was earlier; nor is it clear why different information commissioners should have different tenure. The new rules will undermine their authority.

Again, the government is splitting hairs when it says the CIC is not a constitutional body like the central election commission (CEC) and that the two institutions carry out different functions. The CIC may not be a constitutional body, but it is difficult to argue that its role is any less important. These are flimsy grounds on which to seek changes and for the Centre to assume more powers. The RTI Act, even if it was used frivolously at times, has made lawmakers and the executive more accountable—this is vital in a democracy; to the extent the changes made restrict the ability of citizens to access information that is unfortunate.

Not quite Governorspeak

J&K Governor does well to retract his 'kill' statement

MOST PEOPLE WOULD be appalled at, among so many other innocents, the senseless killing of personal security officers (PSOs) of various Kashmir politicians over the years. They would be equally horrified at the brazen loot of public money; as compared to several other parts of the country, an even smaller fraction of the money sent by the central government finds its way on to projects on the ground in Jammu & Kashmir. And if you were in charge of trying to fix things in a state, as the BJP is trying, this is very frustrating. Militancy does get some kind of justification, even if incorrectly, in the eyes of the populace if the government is not delivering even basic services; and this is certainly the case in large parts of Jammu & Kashmir. There was, however, absolutely no justification for someone holding the highest constitutional office in the state, like Governor Satya Pal Malik, saying as he did, over the weekend, that militants would do better by killing those who had looted Kashmir instead of innocents like PSOs. Given the implications of this statement, it is just as well that Governor Malik has now retracted his statement and said that whatever he said was in a fit of anger and frustration—"due to the rampant corruption here"—but that, despite this, he should not have made the statement.

Governor Malik has done the right thing, finally, in making a distinction between his personal view and the official view since, had he not done so, the implications would have been quite serious. The original statement could be construed to suggest—that is why Malik retracted it—for instance, that were militants to start killing Kashmir politicians, the Governor would find it acceptable and, perhaps, even grant a pardon! Apart from the question of how courts would deal with a fairly obvious incitement to violence, would militants killing politicians make their demands any less unacceptable? Indeed, were others holding constitutional positions to articulate such views, this will open the doors, even if inadvertently, to vigilantism of the worst sort. Today, it is some of Kashmir's politicians, but this could be extended to politicians across the country; several of them have, like some of their Kashmiri counterparts, looted the country's exchequer. And why stop at politicians? The same logic can be extended to several bureaucrats who can just as easily be accused of stealing money as they can of not delivering satisfactory services to the very public that is paying their salaries; is bumping them off a lesser crime for this reason? Those holding high offices need to be very cautious given the consequences and implications of what they say; the Governor Malik saga should be a lesson for everyone.

BlindEYE

BJP doesn't seem to be perturbed enough by the Akash Vijayavargiya incident, notwithstanding what the PM says

THE CHIEF OF the Madhya Pradesh BJP's disciplinary committee, Babusingh Raghuvanshi, as per a report in *The Indian Express*, has said that no action is being contemplated yet against party MLA, Akash Vijayavargiya, son of influential national general secretary Kailash Vijayavargiya, for assaulting a civic-body official in Indore. Not just that, Raghuvanshi proffered what seems like a justification of the junior Vijayavargiya's act, and also refused to associate prime minister Narendra Modi saying that arrogance and misbehaviour won't be tolerated, no matter whose son he (the perpetrator) is with Akash's condemnable behaviour. However, the party hasn't conducted itself very differently from Raghuvanshi—while there is no clarity on whether it has served a notice to the lawmaker, no action has been taken against other party-workers who participated in the assault or cheered his release with gunshots either. Nor has so much as a public admonition come the way of Vijayavargiya-senior for questioning a mediaperson in a crude manner, upon being asked to react on the assault by his son. The state unit, it would seem, is happy to look the other way—chief Rakesh Singh has brushed aside the matter saying that "requisite information would be made available to media at an appropriate time."

It would seem that local interests of the party and the heft that certain leaders carry are above not just the prime minister but also decent conduct and party mores too. The "party with a difference" must remember that people haven't voted for its leaders for criminal and thuggish conduct in public life, let alone blatant disregard for the law of the land. Not only is this a blight on the notions of justice, equality and accountability, it sets a terrible precedent on lawmakers employing extra-judicial methods with impunity—BJP MP from Telangana, Soyam Bapu, exhorted tribals to protect their interests at any cost, even if that meant beating up forest officials, promising them indemnity for any violence incurred.

UNFORTUNATE REALITY

CENTRAL BANKS FACE A LOSE-LOSE PROPOSITION: A POLICY CHOICE THAT ERODES THEIR POLITICAL AUTONOMY OR LEAVES THEM SHOULDERING A BURDEN THAT EXCEEDS THE REMIT OF THEIR TOOLS

Are central banks losing their big bet?

MOHAMED A EL-ERIAN

Chief economic adviser, Allianz

Views are personal

IN RECENT YEARS, central banks have made a large policy wager. They bet that the protracted use of unconventional and experimental measures would provide an effective bridge to more comprehensive measures that would generate high inclusive growth and minimise the risk of financial instability. But, central banks have repeatedly had to double down, in the process becoming increasingly aware of the growing risks to their credibility, effectiveness, and political autonomy. Ironically, central bankers may now get a response from other policymaking entities, which, instead of helping normalise their operations, would make their task a lot tougher.

Let's start with the US Federal Reserve, the world's most powerful central bank, whose actions strongly influence other central banks. Having succeeded, after 2008, in stabilising a dysfunctional financial system that had threatened to tip the world into a multi-year depression, the Fed was hoping to begin normalising its policy stance as early as the summer of 2010. But, an increasingly polarised Congress, exemplified by the rise of the Tea Party, precluded the necessary hand-off to fiscal policy and structural reforms.

Instead, the Fed pivoted to using experimental measures to buy time for the US economy until the political environment became more constructive for pro-growth policies. Interest rates were floored at zero, and the Fed expanded its non-commercial involvement in financial markets, buying a record amount of bonds through its quantitative-easing (QE) programs.

This policy pivot was, in the eyes of most central bankers, born of necessity, not choice. And it was far from perfect.

The Fed knew it had no power to promote genuine economic recovery directly via fiscal policy, ease structural impediments to inclusive growth, or directly enhance productivity. This was the preserve of other policy actors, which, lacking the Fed's political autonomy, were sidelined by the inability of a deeply divided Congress to approve such expansionary measures. (These disagreements subsequently led to three US government shutdowns.)

Faced with this unfortunate reality, the Fed tried to support growth in indirect, experimental ways. By injecting liquidity using multiple means, it raised financial asset prices well above what the economy's fundamentals warranted. The Fed hoped that this would make certain segments of the population (asset holders) feel richer, enticing them to spend more and encouraging companies to invest more.

But such "wealth effects" and "animal spirits" proved quite feeble. So, the Fed felt compelled to do more of the same, which led to a host of unintended consequences and risks of collateral damage that I discussed in some detail in my book *The Only Game in Town*.

The European Central Bank (ECB)—second only in systemic importance to the Fed—has followed a similar path, though with even more unconventional monetary policies, including negative interest rates (that is, charging savers rather than borrowers). Again, the impact on growth has been rather subdued, and the costs and risks of such measures are mounting.

Both central banks—and especially the ECB under outgoing President Mario Draghi—have stressed the importance of a timely policy hand-off to more comprehensive pro-growth measures. Yet their pleas have fallen on deaf ears. Today, neither the Fed nor the ECB is anticipating that other policymakers will take over any time soon. Instead, both are busy designing another round of stimulus that will involve even more political and policy risks.

Other risks are already giving central bankers headaches. The protracted Brexit process is hampering the Bank of England's longer-term policy strategy, while the short-term impact on global growth of governments' weaponisation of trade tariffs is complicating the task of both the Fed and the ECB.

With central-bank activism intensifying, the gap between asset prices and underlying economic, and corporate, fundamentals is likely to widen further

Meanwhile, some pro-growth policies currently being mooted could, if not well designed, increase the risk of disruptive financial instability and thus further complicate central bankers' task. The notion of a "people's QE"—that is, a more direct channelling of central-bank funding to the population—is getting more attention from both sides of the political spectrum. So is the related Modern Monetary Theory, which would explicitly subjugate central banks to finance ministries at a time when the concept of a universal basic income is also attracting growing interest and there is a need to reassess the wage determination process.

Furthermore, some on the political left are exploring the extent to which returning to greater state ownership of productive assets and control of economic activity could improve prospects for faster and more inclusive growth. And populists in European countries with more fragile debt dynamics, including in the Italian government, seem willing to retest the markets' vigilance by running larger budget deficits without a concurrent focus on balancing pro-growth initiatives.

Such policy proposals are the tip of a political iceberg that has been enlarged by fears about the impact of technology on the workplace, climate change, and demographic trends, as well as concerns about excessive inequality, marginalisation, and alienation. These developments highlight how newly salient political issues are impinging on policymaking, rendering economic prospects even more uncertain. And, with central-bank activism intensifying, the gap between asset prices and underlying economic, and corporate, fundamentals is likely to widen further.

Central banks bet that greater activism on the part of other policymakers would be their salvation. But, these days, they are facing an increasing probability of a lose-lose proposition: either a policy response materialises but turns out to be one that risks eroding central banks' credibility, effectiveness, and political autonomy; or nothing materialises, leaving central banks shouldering a policy burden that is already too heavy and exceeds the remit of their tools. Like seasoned gamblers, central bankers may soon discover that not all bets pay off over the longer term.

The new *sharia*

To regenerate growth with equity, the driving principle should be to make labour-earned income tax-free; only money earned from money should be taxable

JAMAL MECKLAI

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Views are personal

THE YIELD ON German government bonds first turned negative (in this current round) in early 2016; today, 3+ years down, 85% of the German sovereign bond market is underwater. Many other sovereign bonds, including some issued by governments in Eastern Europe, are also in this boat. Totally, about $13 trillion (equivalent) of government bonds are providing negative yields—about 25% of the global bond market!

Further, global central banks, notably including the ECB, appear to be gearing up for some more (?) easing, and, while markets are licking their mindless chops at the prospects of still easier money, my sense is that this poses a much more frightening reality—that (a) many investors are terrified, and (b) capital is so abundant that it is becoming progressively more difficult to manage.

On reflection, this should not be surprising given the generosity with which global fiscal policy has treated capital over the past several decades, as a result of which there has been more and more and more capital being accumulated—ask any private equity investor.

Another impact of this favouring of capital has been the huge level of inequality that burdens every economy, which has rendered monetary policy useless. Each progressive lowering of interest rates simply serves to increase the capital holdings of a minority of the population, which doesn't even dribble into broader demand. This may explain why inflation has all but disappeared.

Clearly, things cannot continue in this vein without triggering either a major credit collapse (as more and more investors seek riskier and riskier investments) or a revolution (as savers begin to demand a reasonable return).

To my mind, there are two steps needed to regenerate growth with equity. The first is to eliminate all taxes on income earned from work (labour); thus, there should be zero tax on salaries, consulting fees, corporate profits, etc., as also no indirect taxes. Global average tax revenues are 25% of GDP, the vast bulk (assume 90%) of which is based on labour, as described above. With global GDP approximately $50 trillion a year, abolishing all taxes will provide citizens and companies additional income of at least $10 trillion a year.

Some part of this huge flow will go to increase savings, but the main impact would be an increase in demand, on the one hand, and in investment, on the other, both of which would lead to higher growth. Inflation would come back to life, bond yields would return to positive territory and monetary policy will become "normal" again.

The second step, which would be necessary to make governments solvent—addressing the loss of tax revenues, their deficits (about $2-3 trillion) and a little something for debt amortisation (say, 10% of the total debt of $20-25 trillion)—is to levy taxes on capital and capital-based income.

All we need to eliminate all income taxes is a measly $15 trillion a year. This could readily be collected by taxing non-primary home real estate holdings

McKinsey had conducted a study that estimated that the total capital in global financial markets would be $200 trillion by 2010 and growing; given the collapse of 2008-09, the $200 trillion number is probably more accurate as of today. But, even this is peanuts when compared to the real elephant in the room—real estate. New York City alone has a built-up area of nearly 1 million hectares, which is 100 billion square meters; if we assume (very conservatively) that 90% of this property is primary residences—i.e., owner-occupied—that leaves 10 billion square meters of property that should be taxable as capital or capital-based income (rent or imputed rent). The median price of real estate in New York is $205 per square foot, which translates the taxable capital value to $20 trillion. (These are obviously very loose numbers and are more to give a sense of scale.) Multiplying this out through the world would provide a very conservative taxable capital value in the range of $1000 trillion—is that a gazillion?

Remember, that all we need to eliminate all income taxes is a measly $15 trillion a year.

This could readily be collected by taxing non-primary home real estate holdings (either based on the capital value or the imputed capital-based income) at an appropriate rate; levying penal taxes on salaries that are egregious—say, more than, say, 100 times the lowest salary at the organisation (this would drive up minimum salaries which would also be good for demand); ramping up tax rates on capital gains (including carried interest); and so on.

The driving principle should be that any income earned from labour is free of tax; only money earned from money is taxable—the new *sharia*!

Of course, there are many grey areas to figure out—for example, how should intellectual property be taxed? What about art and other collectibles? Should inheritance be taxed at all, since much of the capital in the estate would be taxed both before and after the bequest? Multiple nuances and lawyers (and accountants) would, as usual, have a field day.

The arithmetic is straightforward, and, while asset—and, in particular, real estate—prices will certainly fall, there would be sufficient savings from the income gains (from zero income tax) that will readily top up the depleting capital reserve of the world to turn this into a virtuous cycle.

LETTERS TO THE EDITOR

On Chandrayaan-2 mission

It is a glorious moment and a sense of achievement for all of us, when at Satish Dhawan Space Centre, Sriharikota in Andhra Pradesh, the Indian Space Research Organisation (ISRO) launched a billion dreams into space on Monday at 2.43 pm with the lift-off of India's second Lunar mission, the Chandrayaan-2 lunar probe. Speaking about the mission, the ISRO chairman Sivan said it had bounced back "with flying colours" after a technical glitch which led to the mission being called off at the eleventh hour in its first attempt on July 15. It is also a very joyous moment for us, that the Chandrayaan-2, in which home grown technology is deployed, scientists aim to expand India's footprint in space, shed light on unexplored section of the Moon—the South Pole region, enhance knowledge about space, stimulate advancement of technology and promote global alliances. If Chandrayaan 1 (which had created history by creating as many as 3,400 orbits around Moon), India's first moon mission was launched on October 22, 2008, from Sriharikota, using the Polar Satellite Launch Vehicle (PSLV), India did not only become the fourth country (after Russia, USA and China) to plant its flag on the lunar surface, but the mission conclusively detected traces of water along with magnesium, aluminium and silicon on the moon. Now, close to a decade later, India will launch its second lunar mission, the ₹978-crore Chandrayaan-2, on July 22, 2019, using the Geosynchronous Satellite Launch Vehicle (GSLV) Mark III rocket. ISRO is aiming to put the Lander (Vikram) and Rover (Pragyan) on the lunar surface on September 7. Kudos to our space scientists for their successful mission and to continue it without a break.

— Bidyut K Chatterjee, Faridabad

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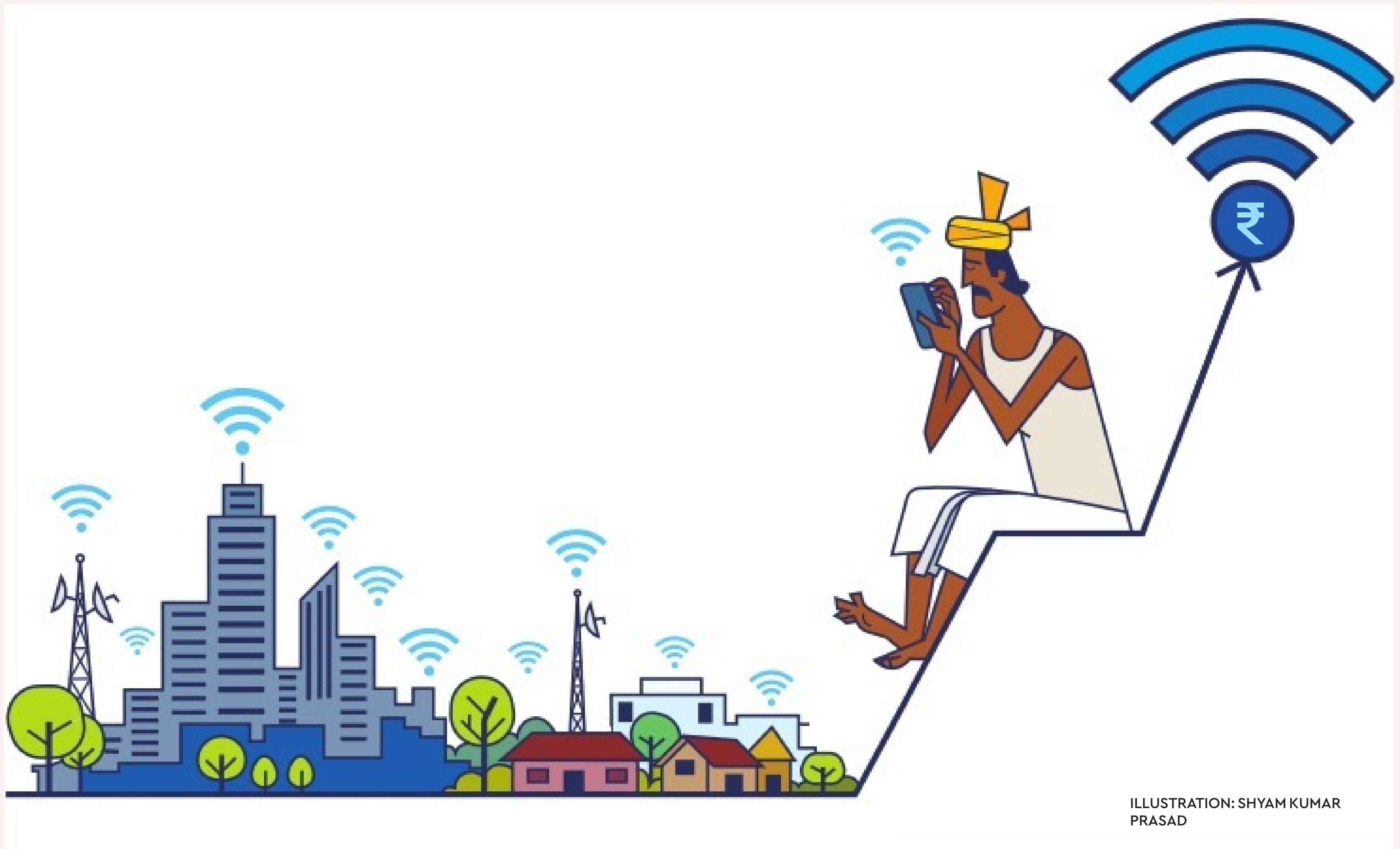

TV RAMACHANDRAN, CHANDRA RAMAMOORTHY & KARTIK RAJA

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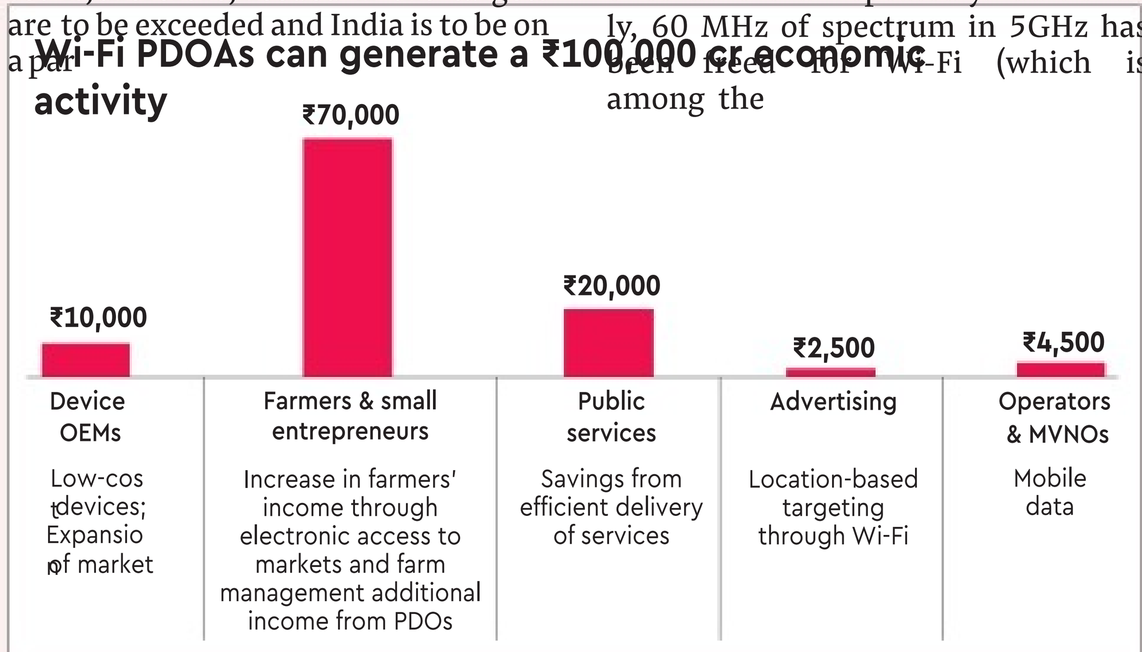
Telecom's UPI moment?

Liberalised Wi-Fi could trigger over ₹100,000 crore of national economic activity

BROADBAND CONNECTIVITY everywhere and for everybody is the bulwark of our country's Digital India vision. The policy sets stiff targets of 5 million hotspots by 2020 and 10 million by 2022. Even these fall short of global benchmarks, wherein we should have exceeded 8 million hotspots before 2016 itself. In fact, India performs poorly in terms of the number of hotspots both by population and area of coverage. A dramatic change in mind-set is, therefore, needed if the targets are to be exceeded and India is to be on a par with other countries.

To enable this change, TRAI introduced the concept of Wi-Fi Public Data Offices and Aggregators (PDOs and PDOAs) last year. TRAI's architecture—Wireless Access Network Interface (WANI)—is open and easy to set up, with the potential to democratise Wi-Fi access across the country. More significantly, this architecture enables seamless roaming across different access points as authentication needs to be done only once rather than repeatedly. Additionally, 60 MHz of spectrum in 5GHz has been freed for Wi-Fi (which is among the largest in the world).



The WANI architecture and the Aggregator business model needs to be implemented on priority. Let us then bust the myths leading to delays in implementation of Wi-Fi PDOAs.

Myth 1: Data usage growth in the last two years shows Wi-Fi-based PDOAs are not needed.

Over the last five years, India has seen mobile broadband connections increase from 84 million to over 500 million. While this is a great achievement, it by no means, is enough. As per the leading network monitor 4GMark, India is ranked at a poor 51 in the percentage of tests done on 4G. As far as network quality is concerned, we are even worse. As the number of connections and data consumption increase, cellular networks alone cannot provide access and quality required for India to feature in the top quartile of digitally-ready countries. Wi-Fi, with its large capacity-handling capabilities, would need to carry a major portion of our exponentially increasing data traffic (especially video), and would have to be ubiquitous for India's digital vision to fructify.

Myth 2: Only large telecom operators can set up such massive number of Wi-Fi hotspots.

Mobile spectrum just cannot cope up with exploding data volumes at acceptable service levels. While it has been decades since the public call offices (PCOs) were set up in every street to act as local connectivity hubs. It was our lakhs of small entrepreneurs that pioneered the responsibility of providing basic telecom easily available. In the short time that WANI was trialled, we have already seen similar evidence of local *kirana* shops and rural entrepreneurs replicating the PCO story. We now need to formalise this proven approach to spread the access to broadband across our streets and villages.

Myth 3: With the lowest data tariffs in the world, Wi-Fi does not have a business case.

Many believe that the primary rationale for setting up WiFi PDOAs is for mobile data offloading (MDO)—which refers to seamlessly moving data access from cellular networks to Wi-Fi in order to reduce congestion and improve quality. The telecom industry today spends about ₹90,000 crore in capex.

Even if we assume the spread of Wi-Fi can save a conservative 5% of this capex because of mobile data offload, that leads to savings of ₹4,500 crore per year. However, to say that this is the only business case for Wi-Fi is incorrect.

Each and every stakeholder in our digital ecosystem stands to benefit from the spread of Wi-Fi.

■ The cheapest smartphone today costs about ₹4,000, which is still expensive for millions of Indians. Imagine a smartphone that is only Wi-Fi-enabled. This can lead to a cost reduction of ₹1,500-2,000. Phones at similar prices such as JioPhone have sold in excess of 75 million devices. Even if we assume a conservative figure of 50 million Wi-Fi- only devices being sold, it leads to additional revenue of ₹10,000 crore for the device industry.

■ Broadband connectivity will play a central role in realising Prime Minister Narendra Modi's vision of doubling rural incomes. Access to Wi-Fi would enable instant access to educational materials and information that can drive farmers to plant the right crops using the right technologies and at the right time. Even a 3% increase in farmers' incomes through spread of deep rural broadband access would result in ₹60,000 crore of additional income for farmers.

■ Democratising Wi-Fi access provisioning would lead to additional income for millions of small entrepreneurs. In fact, 10 million hotspots at a conservative ₹1,000 monthly income translates to ₹10,000 crore per year.

■ Roll-out of Aadhaar and Direct Benefits Transfer (DBT) led to savings of more than ₹50,000 crore last year. As digital access expands, more people would opt for DBT across schemes and we conservatively estimate additional savings of ₹20,000 crore.

■ Google/Facebook have made billions through advertising. Location-based advertising using Wi-Fi can be unleash a number of advertising opportunities for smaller companies, with data staying localised at the aggregator level. At the current digital advertising market size of ₹24,000 crore (30% CAGR), an additional 10% growth due to increased rural broadband access results in ₹2,500 crore of revenue.

Based on our conservative estimates above, Wi-Fi PDOAs can unleash over ₹100,000 crore of yearly economic activity (see graphic).

India's telecom UPI moment: The time is now

Wi-Fi 6, the latest standard, is four times faster in device-dense areas and offers greater bandwidth than the current Wi-Fi. Both Wi-Fi and 5G have been standards-based devices, which tend to belong to specific countries. While cellular/5G will certainly play significant roles in long-range IoT, mid and small-range devices will largely be based on Wi-Fi 6. Hence, it is important for us to align with open standards through Wi-Fi 6 rather than proprietary.

While cellular/5G will significantly play a role in long-range IoT, mid- and small-range devices will largely be based on Wi-Fi 6

It is largely essential to ensure the spread of Wi-Fi in rural areas where IoT will have a huge role to play in improving agricultural productivity, tracking cattle and digital payments across the value chain.

With easy plug-and-play architectures and digital payments, access to Wi-Fi can be made seamless, sans technical bottlenecks. It is, thus, important that we demolish the myths around WiFi PDOAs and see it as an enabler of rural broadband, IoT connectivity and as a catalyst for rural economic activity.

Finally, the capital required to set up such a massive number of Wi-Fi hotspots need not come only from telecom operators. Private Wi-Fi aggregators like Boingo in the US are great examples of start-ups that have generated billions of dollars in enterprise value. With the right regulation and India's large potential, access to private capital is not a constraint. The recent telecom infrastructure investment by I Squared Capital's Lightstorm Telecom Ventures is a case in point.

The next wave of Indian telecom's revolution will not be driven by a few players, but by millions of small entrepreneurs—at street and village levels. Such a wave would be enabled by adopting WANI to deliver for connectivity what UPI has done for digital payments.

The WTO paradox

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Make domestic laws 'trade-smart' to begin with, and not as an afterthought

THE WTO IS FACING a challenge to its dispute settlement system—which comprises of a two-level process: panel of three persons selected by the parties who adjudicate on a dispute, and an appellate process under which appeals can be preferred to an appellate body (AB, a standing body of seven persons that hears appeals from reports issued by panels in disputes). Three persons are selected from within the AB to adjudicate on appeals in each dispute. The AB can uphold, modify or reverse legal findings of a panel. Its rulings are binding on the parties to the dispute, and can be rejected only when there is negative consensus among WTO parties—something that hasn't happened in the 24 years of WTO's existence. The contribution of the dispute settlement system to effective enforcement of rules of international trade has been hailed as the 'jewel in the crown' of the WTO.

The current AB crisis has arisen because the US has been blocking appointments of AB members, expressing concern that the AB has been exceeding the scope of appeal and not adhering to timelines as set forth under WTO's Dispute Settlement Understanding. India and many other WTO members have been working on proposals to break the deadlock, with little success. The AB now has only three adjudicators, two of whose terms will end in December 2019. With only one AB member, it will not be able to decide appeals. Parties to a WTO dispute, however, have the right to appeal any panel decision (a panel decision under appeal cannot be enforced). A WTO party losing a dispute, therefore, can simply raise an appeal, even when there is no AB to adjudicate, as a result of which there will be no rulings for enforcement.

It's raining disputes

One would imagine that the logical consequence of uncertainty of the future of WTO's dispute settlement would mean fewer disputes at the WTO. Surprisingly, this is not so. Between January and December 2018, as many as 38 disputes were raised (the highest number of disputes raised in a year was 50 in 1997). Another statistic is with regard to India: Of the 30 disputes raised against India by other members since 1995, five have been filed in the last six months. This includes two disputes by the EU and Japan, respectively, against tariff treatment of IT and communication products, and three disputes on India's subsidies for sugar and sugar cane raised by Australia, Brazil and Guatemala. While these five disputes are at the stage of consultation (pre-panel stage), a sixth dispute raised by the US against India's export subsidies in 2017 is currently at the panel stage. Another one initiated by Japan with respect to India's safeguard duties on steel in 2016 has been appealed by India to the AB.

WTO-proofing our laws

The recent spate of disputes against India raises the question: What makes India's laws vulnerable to a challenge? To address this, developing a dispute prevention and management strategy is key. A compatibility analysis of our laws and regulations, with our international trade obligations, needs to be done at the stage of lawmaking. One must remember that the WTO agreements allow for adequate space for achieving various public policy objectives, including designing of WTO-compatible subsidies and support for the domestic industry. Building-in assessment of such spaces prior to enacting laws, thereby making them resilient to challenges, is crucial.

Equally important is to develop adequate risk analysis of disputes that have been initiated, to carefully consider appropriate strategies for resolution. WTO's dispute settlement mechanism allows for mutually-agreed resolution at any stage of the dispute. The best chance to explore this is at the stage of 'consultations', i.e. prior to establishment of a panel of adjudicators. This stage is important because it offers a platform for countries to find amicable solutions and prevent disputes from proceeding to the adversarial stage before the panel.

The way forward

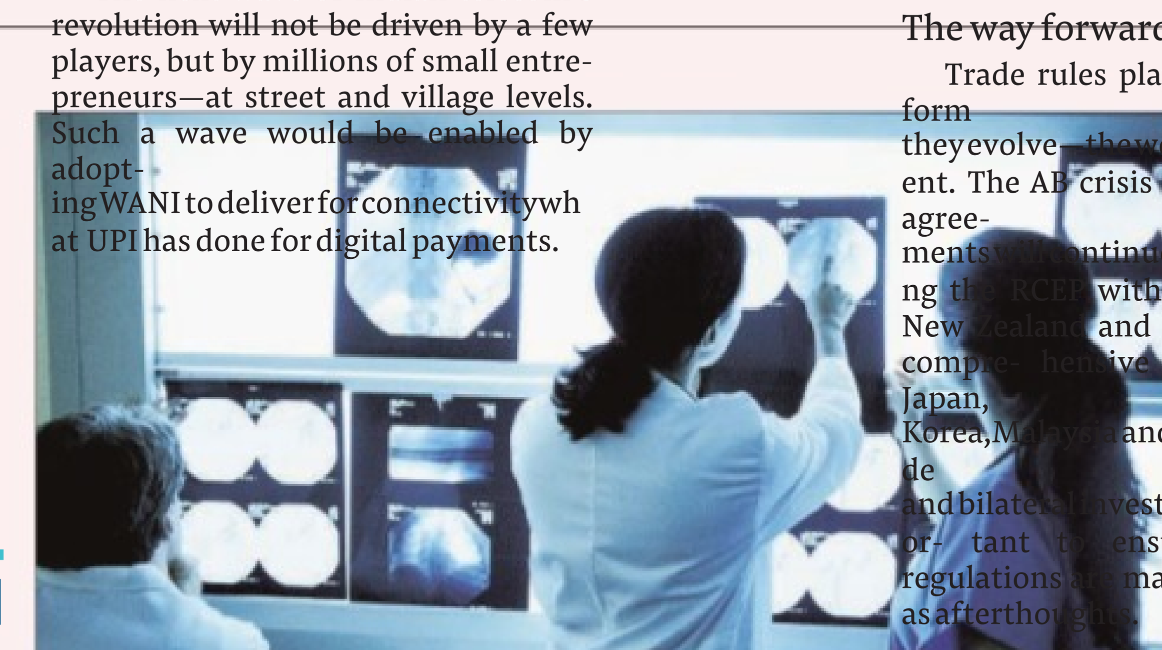
Trade rules play a crucial role in whatever shape or form they evolve. The world today is increasingly interdependent. The AB crisis will find a solution, and newer trade agreements continue to be entered into—India is negotiating the RCEP with the ASEAN, Australia, China, Japan, New Zealand and South Korea. It is party to five other comprehensive trade agreements (with Singapore, Japan, South Korea, Malaysia and the ASEAN) and several other free trade and bilateral investment agreements. Therefore, it is important to ensure that our domestic laws and regulations are made 'trade-smart' to begin with, and not as an afterthought.

Stopping the spread of superbugs

Towards a united front for global health research, led by India

SHEETAL RANGANATHAN

Vice-president of life sciences operations of a global research & consulting firm. Views are personal



SETTING UP A NATIONAL Research Foundation (NRF) was a praiseworthy announcement by finance minister Nirmala Sitharaman during her Budget speech. It signifies actionable resolve, not mere intent, of this government to boost India's growth through scientific research and technology development.

Will the NRF enable a linear incremental growth or a quantum leap for India? That will be determined by the vision set for this organisation. The bolder the vision, the higher the returns. This moment, that of NRF's inception, is also the moment of truth to set the aim high—for India to emerge as a world leader in innovation in select disciplines of science, and not just play catch-up with high-income countries.

In the hope the NRF is mandated to see that Indian science captures a pole position in cutting-edge innovation by 2030, its portfolio of missions should necessarily include a couple of mega-science projects that are envisioned in India, and led by India. The tag 'mega' classifies a project to be ultra-futuristic that forays into the unknown to solve a seemingly audacious problem—with the potential to bring an epochal change in the knowledge and the way of living for humanity on the whole, not just a nation or a region. Therefore, mega-science projects are run by geopolitical and cultural, bringing together best minds, skills and resources.

Most mega-science projects have been in space science or particle physics, except the legendary Human Genome Project. Recent examples include the Event Horizon Telescope (EHT) project that gave us the first image of a black hole, and the 2017 Physics Nobel prize-winning LIGO project that detected gravitational waves for the first time. Both are conceived, led and primarily financed by the US National Science Foundation. Project operations are run by a network of labs globally. Participation from other countries and private firms is in the form of India has also been part of a few mega-science projects—as a contributing module participant, never as the torch-bearer. The NRF can change that. It is a golden chance to gear India up towards grabbing a seat on the table as a thought leader.

What should be India's first mega-science project? One can make strong arguments for it to lie in computational sciences or economics or natural sciences, but what India and the world desperately need is a united front against the rise of superbugs due to antibiotic resistance—labelled the deadliest health threat by the WHO.

Waste that is released into the environment by the large-scale manufacturing of antibiotics has put the entire ecosystem at risk. Studies have shown that Indians are exposed to a high concentration of resistant bacteria via animal and sea food, vegetables, dairy products, and untreated water from rivers and lakes that are superbug hotspots. A solution for India, therefore, will also be a boon for the world.

Second, India has a real chance of finding a solution. It has inherent strengths that will act as deterministic success factors for this mission: rich ecological diversity, access to a huge, pre-existing knowledge source of natural-products-based cures in traditional medicine systems, and the intellectual prowess of Indian biologists and biochemists.

Third, this mission ties in beautifully with another heartening resolve that was announced by the FM—access to treated water to all Indian households. Projects aiming at ensuring water safety and sanitation hygiene for Indian citizens will go in vain unless other avenues of infection control and prevention are also plugged.

The world may slip into dark ages—minor infections may become untreatable again. India has the wherewithal to reverse ing in time. Without effective antibiotics, commonplace surgeries such as caesarean childbirth will become life-threatening, as was a hundred years ago. Antibiotic-resistant infections are estimated to cause 10 million deaths annually by 2050, and push 24 million into extreme poverty by 2030. Its global economic impact would be as massive as that of the 2008-09 financial crisis. Despite these gory predictions, just a handful of research collaborations are taking a stab at it. The pharmaceutical industry is less interested simply because developing new-generation antibiotics is commercially not viable as developing in a solution-oriented non-profit foundation as malaria and tuberculosis have. That is why the world's next mega-science project should be in biomedical science, and here is why India should lead the quest for next-generation antibiotics.

First, India is in the eye of the storm. It needs defence against this impending health crisis urgently, and in much larger magnitude than any other country. With Indians forming the largest consumer segment of antibiotics in the world, and Indian livestock being the fourth-biggest, genesis of newer species of antibiotic-resistant superbugs is highly likely in India. Further, India is