Wrapped in mystery

The modus operandi of Oyo Founder Ritesh Agarwal raising his stake in the company and the objective behind it have left the audience perplexed

NOT FOR PROFIT

NIVEDITA MOOKERJI

A WhatsApp message flashed on the mobile screen a few days ago. Another financial scam waiting to explode, it said. By then, social media had begun talking about an impending bubble burst. The chatter was prompted by Oyo Founder Ritesh Agarwal's unusual step of pledging his shares to borrow more than $2 billion to buy back more shares from some of the investors in the firm.

Let's be clear. There's no evidence, at this point, of any scam or bubble burst arising from the buy-back in the firm that aggregates hotel rooms in almost every nook and corner of the country as well as many other parts of the world. It's the modus operandi of Agarwal raising his stake in the company and the objective behind it that has left the audience perplexed. The buy-back routed through Cayman Islands-registered entity only adds an extra layer of mystery, making industry watchers sit up.

Last week, Agarwal had signed a deal to buy back shares worth nearly ₹13,770 crore (over $2 billion) from early investors — Lightspeed Venture Partners and Sequoia India — through his Cayman islands-registered entity, RA Hospitality Holdings, to almost triple his stake in the company. Lightspeed and Sequoia were selling part of their holdings to help the founder increase his stake while remaining invested significantly in the company's long-term mission, Oyo said in a statement. Making things even more mysterious, Japanese financial groups Mizuho and Nomura Holdings reportedly financed Agarwal's share buy-back. The loan has been given for three years against shares and the repayment has been timed with Oyo's proposed initial public offering (IPO).

Unravelling of the whys and hows of the buy-back could take time, perhaps a couple of years from now when Oyo goes for an IPO as planned. Or, maybe earlier. However, Oyo has been wrapped in mystery since its early days. From starting as an Indian avatar of San Francisco-based Airbnb to evolving its own business model and from being celebrated as the largest hotel chain in the country with hardly any physical assets to reaching dizzy valuations in record time, Oyo's superfast rise has been a surprise and sometimes a cause of worry in the fragile startup universe. More so because the man behind it all is still years away from turning 30.

But the biggest mystery that Oyo was caught in for the longest time was related to acquisition of a similar budget hotel room aggregator called Zo Rooms. Reports towards end of 2015 suggested that Tiger Global-backed Zo Rooms was acquired by SoftBank-funded Oyo in an all-stock deal. Oyo kept things under wraps but later SoftBank, its lead investor, gave it away in an earnings call in 2016, opening a pandora's box. Then the news was out that the deal had fallen after Oyo said it didn't see any value in the transaction. In the meantime, Zo Rooms had shut down. Eventually, the case landed up in the courts with allegations of data theft, cheating and breach of trust levelled against each other.

While it seemed like an all-out war between the founders and top executives of the two start-ups, it was really the investors, mainly Tiger Global and SoftBank, who were the main protagonists in the Zo-Oyo goings on. From the time the Oyo-Zo deal talk began, the valuation of Agarwal-headed business rose briskly — from around $400 million in 2016 to an estimated $5 billion early 2019.

This time too it's all about investor play and valuation game, rather than an initiative taken by Agarwal, 26, to increase his stake in the business through buy-back of shares after pledging shares. The latest estimated valuation of Oyo is $10 billion, doubling up from the previous count.

In an interview about three years ago to this newspaper, Agarwal had dismissed a question on his target date for becoming a unicorn (touch a $1 billion valuation). This is what he had to say: "I have a long time before me. I don't have a timeline for that (becoming a unicorn) and I really don't care...What I can tell you is that we will execute our plans to be the largest and densest hotel brand of India by the end of this year. Valuation will go up if the markets are good..." This may be a good time for him to recall his own statement made three years ago, that he has a long time before him. There's no hurry.

CHINESE WHISPERS

Waiting for '*aadesh*'

After the fall of the Congress-Janata Dal (Securities) government in Karnataka on Tuesday, things are moving fast in Madhya Pradesh. An exchange between Opposition leader Gopal Bhargava and Chief Minister Kamal Nath on Wednesday gave a glimpse of the manner in which things might unfold in the state. "*Hamare oopar wale number 1 ya number 2 ka aadesh hua to 24 ghante bhi aapki sarkar nahi chalegi*," (if our No. 1 or No. 2 gives us a go-ahead, your government will not last a day), Bhargava said in the Assembly. The chief minister said: "*Aapke oopar wale number 1 aur 2 samajhdar hain, isliye aadesh nahi de rahe hain. Aap chahen to avishwas prastaav le aayen* (your No. 1 and 2 are wise, that's why they haven't given you such orders; if you wish, bring a no-confidence motion)." Bhargava refused to give in. "In Karnataka, it was a coalition-based on greed. I believe the situation in Madhya Pradesh is much worse," he said.

Irani's admonition

It is rare to find a union minister object to a speech of his/her own party MP in Parliament. As the Rajya Sabha discussed the Protection of Children from Sexual Offences (Amendment) Bill on Wednesday, Union Minister of Women and Child Development Smriti Irani *(pictured)*, who had moved the Bill, got up to object to the speech of the BJP's Harnath Singh Yadav. Yadav, 78, a former Rashtriya Swayamsevak Sangh *pracharak*, blamed television, films and social media for the increase in crimes against women and children. He said film heroines sold condoms on television and a well-known actor could be seen giving tips on wooing women in the name of selling shampoo. Yadav ignored protests by Samajwadi Party MP Jaya Bachchan and continued with his own experience with a friend who recently told him about "porn". "I asked him what porn is. I had only heard of popcorn," Yadav said. "You are elderly. Women are sitting here. The entire country is watching. You can express your concerns in a more dignified language," Irani said.

Owaisi targets Cong, Trump

During a debate on the Unlawful Activities (Prevention) Amendment Bill in the Lok Sabha on Wednesday, AIMIM's Asaduddin Owaisi riled the Congress MPs and somewhat warmed the hearts of the ruling Bharatiya Janata Party (BJP) members. "I blame the Congress party for bringing this law. They are the main culprits," Owaisi said. Adding that he has been a victim of the law, Owaisi said, the Congress would realise what they had done only if their top leaders spent some time in prison. This led to protests by the Congress MPs, who demanded the remarks be expunged. As Home Minister Amit Shah watched, BJP MPs objected to any expunging of the remarks. With controversy over US President Donald Trump's comments on Kashmir still fresh, the BJP MPs were all smiles when Owaisi compared the American president with a Disney cartoon character. The remarks had not been expunged till Wednesday evening.

Rail supply goes off track

Quantity and quality shortfalls from the public sector supplier derail the Railways' track upgrade and expansion projects

SHINE JACOB

In the 2016-17 Railway Budget, the Narendra Modi government had lined up seven "missions" to transform the Indian Railways for the next decade. One key initiative was "Mission 25 Tonne". This was a plan to increase the Railways' revenue by augmenting carrying capacity; 70 per cent of the freight traffic would be transported on wagons with axle loads of 25 tonnes, against the current load of 22.9 tonnes.

This target has, however, become the source of a bitter battle between two ministries — the railways and steel — and provoked serious arguments over the "Make in India" programme. The cause: A report by the Transportation Technology Transfer (TTT) team from the University of Illinois that the tensile strength of existing track was "not adequate" for the 25-axle load. It recommended raising the tensile strength from the current 880 mega pascal (MPa) to 1080 MPa.

"Given the importance of rail as an asset from both a safety and reliability point of view for Indian Railways' operation of both passenger and freight trains on the same infrastructure, TTT recommends the use of higher strength rails," said the report of the team headed by Christopher Barkan.

TAKE TWO

The report, submitted just before the general elections, deals a blow to the state-run Steel Authority of India (SAIL), thus far the monopoly producer of rails for the Indian Railways. The TTT report has stated that SAIL's rails are not suitable to run 25-tonne axle load wagons.

Barkan and team were roped in after an initial study by the Railways' research arm, the Research Designs and Standards Organisation, highlighted similar issues. Following this, the Railways asked SAIL to shift to 1080-MPa grade rail in the next two years. It is unclear whether the steelmaker has done so. A senior SAIL official merely said the company was producing rails to the Railways' specifications and said he was unaware of the TTT report.

These tensions over quality issues come after the Railways floated a global tender for rail procurement in October 2017, when SAIL failed to meet demand. These orders were to fulfill a massive track renewal project in response to a series of accidents between 2016 and 2017.

SAIL, however, failed to meet the expanded demand for even the lower-axle load rails for four consecutive financial years starting 2015-16 *(see table)*. This shortfall was compounded by the high rejection rate of around 15 per cent. After this failure, the Railways opted for a global tender to meet its requirements in October 2017 — the first move of its kind in three decades. Though global majors such as Sumitomo Corporation, Angang Group International, Voestalpine Schienen, East Metals, CRM Hong Kong, British Steel, France Rail and Atlantic Steel participated, none of them made the cut in meeting Indian specifications.

Even as the steel ministry complained that the global tender contradicted the spirit of the Make in India programme, the Railways turned to private sector manufacturers to make good the shortfall. In August 2018 and February 2019, the Railways placed — again, for the first time — two sets of orders for 100,000 tonne and 30,000 tonne of rail, respectively, worth around ₹650 crore on Jindal Steel and Power Ltd (JSPL).

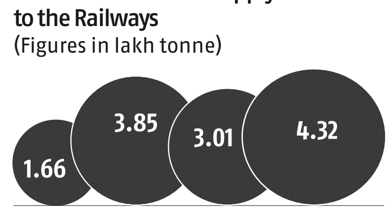
But this, says a Railways source, may not be enough considering the massive developmental requirements. It has lined up massive track renewal plans. Last fiscal the Railways achieved over 5,000 km and this fiscal the target is to reach 6,000 km. In short, the Railways may have to opt for another global tender.

According to Vijay Dutt, former additional member of the Railways, the trouble over rail supplies is a ghost from the past. He recalls that in the 1970s, the affiliated engineering consultancy, RITES Ltd, was formed following a judicial enquiry over an accident that occurred over defective rails. But he thinks it would be better for domestic suppliers to step up to the plate in terms of quality and quantity rather than resorting to imports.

OUT OF LINE

SAIL's shortfall in rail supply to the Railways

(Figures in lakh tonne)



Industry Sources

"When we are embarking on Make in India, to resort to imports will be a very improper decision," he said. "At the same time, we cannot compromise on the safety of rail operations. Both public and private sector must come up to produce rails to the purchaser's specifications, for which they have the capacity."

For the time being, the University of Illinois study raises another question. If the major domestic producer is unable to meet rail supplies on the old axle-load, how far will it be able to meet demands for the heavier axle load? Until these basic issues are sorted out, Mission 25 Tonne may be stuck on the drawing board.

INSIGHT

The buck stops with the electorate

Laws can't stop Indian politicians from defecting. But people can

YOGENDRA YADAV

The scandalous collapse of the Karnataka government has reinforced an old demand for tightening of the anti-defection law. Sadly, the cure is worse than the disease.

On the face of it, the demand is understandable. The manner in which the government led by H D Kumaraswamy *(pictured)* was brought down is a national shame. Not because this government was anything to be proud of. Conceived in bad faith and lived through mutual suspicion and everyday drama, the Congress-Janata Dal (Secular) coalition government was a farce. But the way it has been toppled is worse. It confirmed the belief that money, backed by powers-that-be in Delhi, can buy anything, reducing the citizens into helpless or gleeful spectators. Hence, the moral outrage. There is no doubt that this was a mockery of the anti-defection provisions inserted into the Constitution.

The first reflex, therefore, is to demand more stringent provisions to prevent defection. The trouble is that the existing provisions are already quite stringent, if not draconian. The current law allows a political party to order its representatives to vote in a specified way on any kind of motion. This includes not just the trust vote, but any vote that the party leadership chooses to issue a "whip" on. Non-compliance invites disqualification from the membership of the concerned legislature. The only exception is to allow for a genuine split in the party. Earlier, the threshold of recognising a split was set at one-half of the strength of a party. It was made tougher and the bar was raised to two-thirds in 2003. This is as stringent as it gets, or should get.

Loopholes in existing law

Any rule has loopholes. The current anti-defection rules allow two-thirds members of a legislative party to officially break from the parent party. Congress MLAs in Goa used this provision to join the Bharatiya Janata Party (BJP), and their counterparts in Telangana used it to join the ruling Telangana Rashtra Samithi (TRS). Now, the only way to tighten the provisions further would be to raise the bar to 100 per cent, in other words, make it illegal for any elected MLA or MP to leave their party under any condition.

The other loophole was invented by the BJP in Karnataka during the first Operation Kamal after the 2008 assembly election. The MLAs could resign from the legislature, switch sides, recontest under a new symbol and come back to the assembly from a different party. This time too, the BJP has used this route. There is no pretension of an ideological or political split. It is defection, plain and simple, engineered through the resignation route. There is no doubt that big money has changed hands. There is no doubt that the by-elections that follow will be anything but fair. The only way to legally prevent this would be by making it illegal to resign. Those who resign could be disqualified from contesting elections for a certain period. This is what reformers want now.

This reformist temptation must be

resisted. We should perhaps tweak the existing law a bit to put some restrictions. For example, a legislator who resigns and is re-elected can be prevented from holding any ministerial berth or any public office for one year since re-election. But any other "strengthening" of the anti-defection provisions won't achieve the purpose. It could lead to worse problems and complications.

Can't prevent defection

There are no fool-proof remedies against defection. No degree of tightening of the loopholes can prevent a willing legislator from switching sides. A more stringent law can only increase the cost of defection. That leads to a corresponding increase in the price expected and demanded to switch sides. If the law were to be amended to disallow any split in the party under any condition, it would mean that every defector would take the resignation route. If every resignation is punished with disqualification, the defectors will start demanding higher price to compensate them for the loss. All this would no doubt discourage defection, but cannot prevent it altogether.

Even if we succeed, there is a heavy price that we would pay for this success. Late Madhu Limaye, a veteran socialist, was perhaps the lone voice to warn us against the dangers of anti-defection legislation. He had said the law would mean the end of intra-party democracy and a legislator's independence. History has proved him right. Anti-defection law and its subsequent tightening have led to party leaderships tightening their stranglehold over elected representatives. Parliamentary proceedings are a single-command performance. The clique or the family that controls the party letterhead controls the lives of MLAs and MPs. If they fall out of favour of the party bosses, elected representatives count for nothing. Those who elected them also count for nothing.

Electors can show the way

Today, the dissenters within a party have two options: Rebel or resign. If the law were to be amended to disallow even two-thirds of a party's MLAs or MPs from parting ways, it would lead to a ridiculous situation where the entire legislature party could be made to do what no one wishes to. And if the law were to be amended to punish those who resign, the last option available to a dissenter would be closed. We would shut the doors for defection, but by shutting the doors on whatever remains of intra-party democracy, we would fight the evil by creating a bigger evil.

What, then, is the real solution? I am afraid the only solution to such problems in a democracy is to go back to the people. Naming and shaming is more powerful than any legal remedy. The only way to prevent defection altogether is to get the voters to punish the defector. No political leader wants an early termination of his or her career. So, if s/he knows that switching sides would make it impossible for him/her to go back to the electorate and get re-elected, s/he would not contemplate it. As long as the defectors of Karnataka can hope to get re-elected by the people, you cannot prevent defection. You cannot insulate a democracy from the people. In politics, search for fool-proof remedies is a fatal temptation.

(By special arrangement with ThePrint)

The author is the national president of Swaraj India. Views are personal.

LETTERS

A great breakthrough

Your front page report "India set to breach top 50 in Global Innovation Index" by Subhayan Chakraborty (July 24) is heartwarming news. That we have climbed from rank 81 in 2015 to, hopefully, less than 50 in 2019 speaks volumes about the glorious work being done by our scientists, engineers, brilliant young innovators and also the Department for Promotion of Industry and Internal Trade (DPIIT) leading the effort by "making innovation a key objective in policy". That the index is developed jointly by World Intellectual Property Organization and great universities like Cornell and an equally distinguished business school like INSEAD makes the recognition credible and beyond any political manoeuvring. It is a true measure of all the 80 indicators that go into making this index. That it "provides long term tools that assist countries in tailoring public policies to promote long term growth, productivity and jobs through innovation" makes it a very powerful index.

Here's wishing all strength to DPIIT Secretary Ramesh Abhishek to reach the lofty aim of reaching "the top 10 in all the global indices". However high and improbable the aim seems as of now, one has to start by dreaming big and then working assiduously towards achieving the same.

Our ranking as "the most innovative country in the Central and South Asian region every year since 2011" further strengthens the credibility of our work in this direction. "Consistently outperforming on innovation relative to GDP" is a wonderful recognition of the great work being done by all those concerned — public and private sectors — in this direction.

Krishan Kalra Gurugram

Ominous times ahead

This refers "Boris and Brexit" (July 24). The era of Boris Johnson is here. Brexit just started as a political teaser or a trial balloon. No one expected it to turn menacingly real and burst on a disillusioned populace. Soon enough, the UK not only tied itself into knots over Brexit but thrust many nations as well into chaos.

The anointment of Johnson as the UK's new flag bearer after three confused but educative years under Theresa May is ominous. Johnson, much like Trump, comes with a colourful personal history, wearing up his sleeve solutions to everything and sports a free tongue. Both revel in riding the opportunistic vehicle of hollow nationalism. While Trump has managed to traverse thus far armed with the might of his dollar and an ardent fan club, Johnson may well succeed in dragging down both the pound and Britain's stature in global politics, trade and finance.

R Narayanan Navi Mumbai

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Untangling labour laws

Govt has made a good start, but glitches remain

The government has hit the ground running on reforming India's complex labour law system, often seen as a major hurdle in attracting investment in the country. By bringing two key sets of legislation — Code on Wages Bill, 2019, and Code on Occupational Safety Health and Working Conditions, 2019 — within two months of taking charge in its second term, the government has taken determined steps to untangle the cobweb of labour laws. The two Bills put together will lead to a sharp decline in the total number of provisions in labour laws from 747 to 203, as 17 labour laws will be combined into these codes.

One key proposal towards ease of compliance is the plan for single registration, single licence, and single return for establishments (for both industry and the services sector) hiring at least 10 workers anywhere in the country. This will bolster India's ranking in the World Bank's Ease of Doing Business, as setting up a business will become easier. Presently, an establishment has to be registered under eight labour laws, obtain separate licences under four Acts, and file returns for 17 laws.

According to another proposal in the Occupational Safety Health and Working Conditions Bill, companies will be required to acquire single licence for executing multiple projects, involving contract workers for a period of five years. Currently, companies have to obtain separate licences for different projects leading to delays. However, it would be advisable to revisit the proposed clause asking companies to state the number of contract workers they might require over five years. Asking companies to re-apply for the licence for hiring even a single additional worker will defeat the idea of easing compliance.

The fresh draft of the Code on Wages Bill is a welcome move, as the one introduced in 2017 intended to cover the entire workforce under the minimum wage law. The government has addressed fears of state governments by doing away with the proposal to fix separate national minimum wages for different states. Instead, it will fix a mandatory floor for states "based on minimum basic needs of workers." This will allow states to fix their own minimum wage levels, while adhering to a floor. The next logical step would be to keep the floor at a reasonable level so that all the states are able to comply without losing competitiveness.

Where the Code has gone wrong is the proposal that the minimum wage will be fixed "primarily" based on skills or geography, or both. Prescribing a minimum wage level for skilled workers would obstruct efficient functioning of markets, as wages must be market-linked beyond a minimum level. Also, while Kerala has 10 different types of minimum wages based on skills, Chandigarh has nine, Bihar and Delhi have six. The Bill may lead to a number of minimum wage variants in a particular state.

Going forward, the real test will be the Code on Industrial Relations Bill, which will be important for giving businesses more flexibility to retrench workers or shut shop. Greater flexibility to hire more workers and attain economies of scale will help improve India's competitiveness in the global markets.

Embracing innovation

Blanket ban on cryptocurrency isn't a good idea

India is open to the use of blockchain technology but not private cryptocurrencies. If the recommendations of the inter-ministerial panel headed by Finance Secretary Subhash Chandra Garg — which submitted its report on Monday — are accepted and the proposed Bill is passed, India will not only shut its door to cryptocurrencies, such as bitcoin, but will also make dealing in such instruments an offence with imprisonment of up to 10 years.

The idea of putting a blanket ban on cryptocurrencies is premature for multiple reasons. For one, these are still early days for cryptocurrencies and tradeoffs are not fully understood. A complete ban might insulate India from technological developments in the area, which can be useful in many ways. For instance, the committee itself has recommended the use of distributed ledger technology (DLT), the underlying technology for bitcoin. Second, it will be extremely difficult to administer and enforce the ban. It is possible that the trade will move underground and cryptocurrencies will be used for unlawful activities.

To be fair, cryptocurrencies are risky instruments. For instance, they can be extremely volatile and owning them without understanding the associated risks may result in losses. It can also create regulatory challenges, as capital can move seamlessly across borders. Money created by private entities can increase complications for central banks as well. However, the penetration is still too low to cause any systemic threat. Therefore, rather than banning cryptocurrencies, what is needed at this stage is to educate and inform people about the associated risks.

Nonetheless, the panel has done well to recognise the importance of DLT. For example, it can significantly increase efficiency in trade finance by making transactions more transparent. Further, it can considerably reduce paperwork for know-your-customer requirements by enabling verification through a decentralised ledger. DLT can also help improve the quality of land records, which will allow both farmers and small businesses to access credit on favourable terms. The committee has also advised keeping an open mind regarding the possibility of introducing central bank digital currency in India. Again, this is an area that is not fully understood. Several central banks have started work in this direction. The Bank for International Settlements is also working with central banks interested in issuing digital currencies. There are plenty of issues that need to be settled before central banks can start issuing digital currencies. For instance, it is important to understand the implications of direct access to the central bank's liability, and how it will affect the banking system and financial intermediation. Although an interest-bearing digital currency can create improve monetary policy transmission in an economy like India, it can create significant disruption in the banking system and could become a risk for financial stability. Among other things, the introduction of digital currency might also require changes in the payment system.

It is encouraging that the inter-ministerial panel has shown marked openness to technological innovation and ideas in terms of encouraging greater adoption of DLT, and exploring the possibility of central bank digital currency. Unfortunately, the same cannot be said in the context of existing cryptocurrencies.

ILLUSTRATION: BINAY SINHA

India's dilemmas in Afghanistan

New Delhi should become more proactively involved in the peace process and not shy away from drawing its own red-lines

HARSH V PANT

Even as talks of reconciliation gather momentum in Afghanistan, violence too has surged, underscoring the high stakes for all sides. US Special Envoy for Afghanistan Zalmay Khalilzad is aiming to reach an agreement with the insurgents by September 1 on a road map to end the 18 year conflict, which the American public wants to end and was one of the main election planks of the US President Donald Trump.

Seven rounds of direct talks have been held between the US and the Taliban since October last year, which are primarily aimed at ensuring a safe exit for the US in return of the insurgents guaranteeing that Afghan territory won't be used by foreign militants and won't pose a security threat to the rest of the world. The latest round of talks in Doha was considered to be "most productive" and there is a new momentum in these negotiations after months of stalemate. Washington continues to insist that it is seeking a "comprehensive peace agreement, not a withdrawal agreement", though there are few takers for this sentiment.

Earlier this month, the US issued a joint statement with China, Russia and Pakistan, urging the Taliban to agree to a ceasefire and begin talks with the elected government in Kabul to usher in an era of peace and stability in the war-ravaged country. More significantly, these powers "welcomed" the involvement of Pakistan, the main sponsor of the Taliban, signifying a dramatic shift in American position from one of isolating Pakistan to that of getting Pakistan on board. Meanwhile, Pakistan has been keen to regain some traction with the Trump Administration with which its ties had been in a state of deep freeze. It is hoping that by cooperating with the US in putting pressure on the Taliban to strike a peace deal in Afghanistan, it can mend fences with an increasingly adversarial Trump Administration. Pakistan's role has once again emerged as central in the unfolding dynamic in Afghanistan. Washington's long-awaited invitation to Pakistani Prime Minister Imran Khan to visit the US should also be seen in this light.

India has been observing these developments with a sense of wariness as it has not been brought into the loop so far by Washington. It is only recently that the US officials started briefing India after New Delhi made its reservations clear. India's position of not having anything to do with the Taliban had become untenable. It was only in November last year that New Delhi decided to send two former Indian diplomats "at a non-official level" to participate in Moscow round of talks with the Taliban. More recently, New Delhi has articulated certain conditions that it feels need to be met if the negotiations with the Taliban were to succeed.

Given India's stakes in the incumbent government in Kabul, it has called for all initiatives and processes to include "all sections of the Afghan society, including the legitimately elected government." New Delhi's fears that marginalisation of the Ghani government would signal the end of almost two decades of hard work by the international community in bringing some semblance of democratic normalcy to the conflict-prone nation. This also allows India to formally engage with the Taliban.

New Delhi has also underlined that "any process should respect the constitutional legacy and political mandate." This is important as the Taliban remain reluctant to commit themselves to broader democratic processes and key aspects such as women's rights even as they remain committed to their own interpretation of the Sharia law. Finally, it is vital for India that any process in Afghanistan "should not lead to any ungoverned spaces where terrorists and their proxies can relocate." Last time when the US had departed from Afghanistan, giving Pakistan a free hand, Indian security interests were severely compromised, as a rising tide of extremism and terrorism in Kashmir made India extremely vulnerable.

It is not entirely clear how many of these objectives India would be able to secure as Washington is seeking a quick departure from Afghanistan. India's significant economic and cultural investment would come to naught if it does not do a quick course correction. Earlier this month, the Modi government while allocating around \$58 million as development aid to Afghanistan also cut its allocation to Iran's Chabahar Port to \$6.5 million from \$1.5 billion. This was a recognition of the changing ground realities in Afghanistan where future Indian role looks uncertain.

Many in India will find in these developments a reason to blame the Trump Administration. But that's a trope New Delhi should avoid. Washington has its own interests in Afghanistan that it is trying to protect. In fact, it is likely that in the process, it would safeguard some Indian equities in Afghanistan as well, as — with or without Afghanistan— the US needs India to maintain a favourable balance of power in the Indo-Pacific. But India's approach towards Afghanistan has, from the very beginning, been too dependent on the benevolence of others. New Delhi continued to insist that it wants to invest only its soft power in Afghanistan but the fact that it succeeded was due to the American security umbrella. India has done some great work in Afghanistan — in being one of the largest aid givers, in being a major source of cultural influence, in building capacities in various sectors of an emerging democratic polity and in training security forces. But when it came to the crunch, it had to rely on others for hard power projection, even when its own civllains were targeted.

For a nation that is looking to be recognised as a leading global power, that's not a very comfortable position to be in. Being too risk-averse in foreign policy has its own set of costs. There is too much at stake and New Delhi should become more proactively involved in the peace process and not be shy of drawing its own red-lines. After all, India too can play the role of a disruptor if its interests are ignored. This is important to underline not only because Indian interests are involved, but also because the hopes and aspirations of ordinary Afghans cannot be cannot be dealt a mortal blow to satisfy the whims of any single power. New Delhi should make it clear that nice guys need not always finish last!

The writer is at King's College, London

Progress by indices

SWOT

KANIKA DATTA

Global indices are increasingly becoming the yardstick by which countries — especially developing countries struggling for foreign direct investment — seek to judge themselves on the world stage. Can they be considered accurate signals of a nation's progress? India's variable performance on a range of indicators suggest there is room for doubt — lots of it.

There is, for instance, considerable excitement now that India has jumped five places up the rankings in the latest Global Innovation Index, from 57 to 52 out of 126 economies. As with India's rapid promotion up the World Bank's Doing Business rankings, which saw India jump 23 spots from 100 to 77 in 2018 among 190 countries, this promotion, too, is the result of some energetic action on the part of the Modi government. For the Doing Business rank, the government created a task force that adopted a laser focus on critical metrics that helped India gain 65 positions in the last four years, a commerce ministry press release proudly informs us.

At the release of the Global Innovation Index in New Delhi — the first time the report has been released in a developing economy — Commerce and Industry Minister Piyush Goyal exultantly spoke of "a new approach and engagement has become a new hallmark of India as we move towards a more prosperous country."

Stirring words, but they surely overstate the position. The IITs and Indian Institute of Science are among the handful of world class institutions we have and India is justly proud of its global IT and engineering prowess. Yet, consider that the Indian telecom industry (like its global counterparts) is currently split between choosing technology provided by Chinese, Korean and American companies for 5G services.

Indian corporate R&D spending, even accounting for the relatively high-spending pharma sector, is famously low, and rarely a week goes by without some commentator or other pointing to China's impending global tech prowess (the Asian superpower's R&D spends per head are eight times India's).

That said, there is little doubt that this regime has a genuine interest in promoting the cause of innovation, and the World Intellectual Property Organisation commended the improvement in the policy environment and the reduction in the time taken to examine and award intellectual property rights.

The broader problem is this: Merely focusing on specific marque indices alone cannot ensure a desired outcome. Just as the promotion in the Doing Business ranks made no appreciable difference to FDI inflows (in fact, they have slowed), a bump up the Innovation Index won't accelerate India's journey to world tech championship because such achievements do not occur in isolation.

A look at any of the leaders on any of the indices that proliferate these days will reveal a pattern: The US, Scandinavia, Germany, China, Taiwan, Singapore tend to inhabit the top rungs. Crucially, these countries do not just lead on hard metrics such as Doing Business, Innovation and so on but also in terms of Human Development Indicators and other quality-of-life metrics.

On Human Development Indicators alone, India has lagged with depressing consistency. In 2018, India climbed just one spot to 130 out of 189 countries, and in several critical aspects it scores worse than Pakistan, Bangladesh and sub-Saharan Africa. On the Corruption Perceptions Index, it improved its position only marginally to 78 out of 180 countries in 2018 from 81 in 2017. Also worth noting is that the country dropped two notches in the latest Global Press Freedom Index to 140 out of 180 countries.

When we get into the more wacky indices that are in vogue these days, India's performance doesn't get much better. Take the World Happiness Index. According to this, the Finns are the happiest people on earth. Why they should be so happy when they don't see the sun for half the year and eat terrible food beats me. But Incredible India, with 365 days of sunshine, Bollywood, and the world's best cuisines, fell seven spots to 140 in the latest World Happiness Report, behind Bhutan, Pakistan, Bangladesh, Nepal, Bangladesh and Sri Lanka.

Our corporations don't figure too well either. There is something called an Empathy Index that ranks companies (listed ones) according to the internal culture, CEO performance, ethics and social media presence. Empathy, you understand, is the favoured management-speak term in these hard times. No Indian company figured in the top 20 most empathetic corporations. Eight figure in the 20 least empathetic of the first index.

It's going to take a lot more than focussed task forces, however well-meaning, to improve India's ranking on these variables. But without them, progress up the other "hard" indices will be tough to achieve.

Marginal analysis

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MIHIR SHARMA

Growing up in the city then called Calcutta, in the 1980s, you grew accustomed to second-hand and hand-me-down books. Textbooks, in particular, would often be handed over from those being promoted out of a class to those coming in. Occasionally, these textbooks would be a thing of beauty — a decade old, featuring the doodles and comments, of varying quality and comprehensibility, of all the schoolboys who had spent hours in class being bored, pen and paper their only escape.

One was supposed to do one's best to avoid partaking in this harmless entertainment, of course. We were all told, growing up, that books were precious and one shouldn't put marks in them, even if it was a decade-old *Radiant Reader*. And, truly, that has seeped so into my soul that I hesitate even to write a note in books I'm giving as a gift. We were never encouraged to follow the example of Edgar Allan Poe, who titled his own reflections *Marginalia*. He was quite firm on "In getting my books, I have always been solicitous of an ample margin; this is not so much through any love of the thing in itself, however agreeable, as for the facility it affords me of pencilling in suggested thoughts, agreements, and differences of opinion, or brief critical comments in general."

Poe was part of a great tradition. Things scribbled in books are an art form of their own, and one as old as reading itself. Medieval monks — individuals who had a fairly similar lifestyle and outlook to 1980s Calcuttan schoolboys — were indefatigable writers in the margins, and not all of their glosses were respectable. Even centuries-old receipts and bills are treasure troves for doodle-hunting historians: the earliest use of anti-Semitic tropes that became tragically common in medieval Europe is a cartoon scrawled on a tax receipt in depicting Jewish businessmen with long noses and surrounded by gold, dating from the English king's exchequer in the 13th century. Sometimes a particular bit of marginalia can become immortal, spawning books and entire careers. Consider the afterlife of Pierre de Fermat's little note in the margin of his copy of *Diophantus' Arithmetica*: "I have a truly marvellous demonstration of this proposition which this margin is too narrow to contain." He may have been wrong about having found a proof of his famous "last theorem", but imagine if he had never written that reminder to himself at all. (It was only discovered and publicised by his son, after Fermat himself had died without writing down his supposed proof in full.)

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Less consequential and more personal history is also revealed in the margins of old books. Many of us own books that once belonged to grandparents or great-grandparents, and the occasional note in the margins, a passage or two underlined, is a sometimes surprising window into the opinions of people we did not always know that well growing up.

One of the tragedies, perhaps, of the growth of e-readers is that we will leave no such archive behind. This is not, perhaps, for want of trying on the part of the large American corporations that now run the documents and books trade, who as we know have only our best interests at heart. Books on the Kindle, for example, offer the option in some cases — if your Kindle is connected to the internet — of seeing what other readers have underlined or commented. I'm not sure if it's a reflection on our times, or on the general uselessness of social media, that one tends to turn this functionality off. People seem to highlight the most uninteresting or obvious sections when they intend to share it to the cloud. Nor can you pass your own copy of a Kindle book on to a loved one, or pass it down to another student.

Still, not all is lost. I still find myself unable to write in the margins of books, but it appears that this severe training doesn't stop me when I'm reading documents or books on the iPad. Give me a PDF of an economics paper and an Apple Pencil, and I'm a happy man, making nasty remarks about the writer's choice of variables in various shades of red. Some of those I certainly won't be sharing to the cloud. Nor will any hypothetical descendants ever see it. Margin-writing is now a private act — like e-mails, and lists made in Evernote, and all the other electronic detritus of one's life, it will never be added to an archive in a university presuming any of us ever become famous enough to deserve one. Future historians trying to deduce what today's readers think of books they bought will just have to look up their GoodReads reviews. Somehow that seems far less romantic.