TELLING NUMBERS

Mass shootings in the US

Back-to-back mass shootings in El Paso, Texas and Dayton, Ohio on Saturday and Sunday underlined America's problem with guns. Firearms are easy to buy, and the pro-gun lobby spends huge amounts every year to keep things from changing

WORST MASS SHOOTINGS

Year	Location	Dead
2017	Las Vegas, Nevada	58
2016	Orlando, Florida	49
2007	Virginia Tech, Virginia	32
2012	Sandy Hook, Connecticut	27
2017	Sutherland Springs, Texas	26
1991	Killeen, Texas	23
2019	El Paso, Texas	22
2018	Parkland, Florida	17
2015	San Bernardino, California	14
2009	Fort Hood, Texas	13
1999	Columbine, Colorado	13

Sources: FBI, Las Vegas Police

TOP CIVILIAN GUN-OWNING COUNTRIES (PER 100 PEOPLE)

USA	120.5
Yemen	52.8
Serbia	39.1
Montenegro	39.1
Uruguay	34.7
Canada	34.7
Cyprus	34.0
Finland	32.4

Source: Small Arms Survey 2018

ANNUAL LOBBYING BY AMERICAN GUN RIGHTS ADVOCACY NATIONAL RIFLE ASSOCIATION

2001	1.56
2002	1.5
2003	1.61
2004	1.64
2005	1.79
2006	1.62
2007	1.82
2008	1.67
2009	2.14
2010	2.65
2011	2.91
2012	2.98
2013	3.41
2014	3.36
2015	3.61
2016	3.19
2017	5.12
2018	5.08
2019*	1.69

*(In $ million), *January-July*

Source: Centre for Responsive Politics, US Senate Office of Public Records

THIS WORD MEANS

PERSEID METEOR SHOWER

Celestial fireworks, created by comets

ON ITS journey around the Sun, the Earth passes through large swathes of cosmic debris. The debris is essentially the remnants of comets — great frigid chunks of matter that leave behind dirty trails of rocks and ice that linger long after the comets themselves have passed. As the Earth wades through this cloud of comet waste, the bits of debris create what appears from the ground to be a fireworks display in the sky — known as a meteor shower.

A meteor in the sky during the peak of the Perseid Meteor Shower in Bosnia-Herzegovina Monday. *Reuters*

Several meteor showers can be seen around the year. Among the brightest and best known of them is the Perseid Meteor Shower, which has been active from July 17 onward, and can be seen until August 26. The showers peaked on the night of Monday-Tuesday.

The Perseids occur as the Earth runs into pieces of cosmic debris left behind by the comet Swift-Tuttle. The cloud of debris is about 27 km wide — and at the peak of the display, between 160 and 200 meteors streak through the Earth's atmosphere every hour as the pieces of debris, travelling at some 2.14 lakh km per hour, burn up a little less than 100 km above the Earth's surface.

The Perseids currently visible in the night sky are not due to the debris left behind by the comet Swift-Tuttle during its most recent pass, which happened in 1992. This particular comet goes around the Sun once in 133 years, and the meteors now visible were left behind by the pass before the last one — or perhaps even earlier.

Meteors are best seen on a cloudless night, when the entire sky is visible, and when the Moon is not extremely bright. Chances of a successful viewing are higher from locations far away from the lights of cities. Pollution and monsoon clouds make the Perseids difficult to view from India.

The showers peak when the Earth passes through the most dense part of the debris cloud. Peaks can last for a few hours or several nights. They tend to be most visible after midnight and before dawn. The showers should be seen with naked eyes; binoculars and telescopes narrow the field of vision.

According to the International Meteor Organisation, the Perseid Showers will be followed in 2019 by the Orionids (between October 2 and November 7, peaking around October 21-22), the Leonids (from November 6-30, peaking around November 16-17), the Geminids (from December 4-17, peaking around December 13-14), and the Ursids (from December 17-26, peaking around December 21-22).

NASA, THE NEW YORK TIMES

SIMPLY PUT

Two ways to look at GDP

The debate over the validity of India's new growth estimates refuses to die. Its detractors point to the disconnect between GDP and other macro indicators. But others caution against snap judgments.

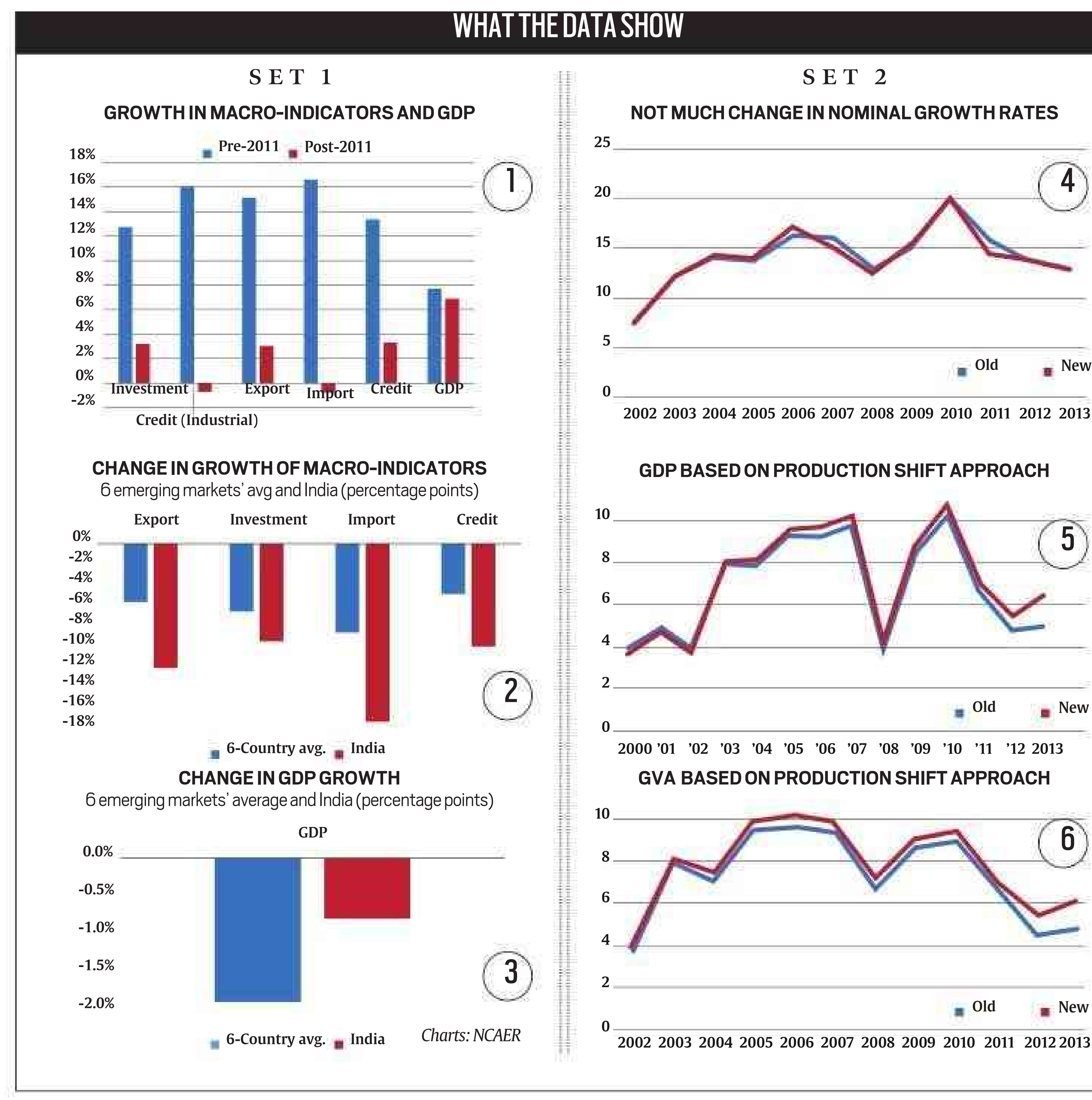
UDIT MISRA
NEW DELHI, AUGUST 12

IN JANUARY 2015, India's Central Statistics Office (CSO) introduced a new series of National Account Statistics. The new series made several changes. In particular, it revised the base year from 2004-05 to 2011-12. It also employed a new methodology to estimate India's gross domestic product (GDP) and used new data sets to arrive at the GDP. However, even though the CSO's changes were in line with international norms of national income accounting, some academics and researchers raised doubts about the new GDP estimates.

Revising base years, improving methodologies and opting for better databases are part of normal practice in national income accounting. But the debate intensified when, in 2018, the statistical establishment released two back-series (that is, recalibrating the GDP data for past years based on the new methodology) that contradicted each other.

The first back-series, presented by the National Statistical Commission (NSC) in July 2018, found that the average economic growth between 2005-06 and 2011-12 was 8.6% instead of the 8.3% according to the old series. The second back-series, calculated by CSO and published in November 2018, found this average to be just 7%. The statistical debate quickly acquired a political colour because of the years concerned. Former Finance Minister P Chidambaram called the CSO back-series a "hatchet job". The then Finance Minister Arun Jaitley backed the new way of GDP estimation as more reflective of the ground realities.

Earlier this year, the accusation that the new method overestimates GDP received a boost after Arvind Subramanian, India's Chief Economic Adviser between 2014 and 2018, argued that the new series overestimated GDP growth by as much as 2.5 percentage points. In other words, if last year's GDP growth was 7% then, according to Subramanian, the actual GDP growth would be only about 4.5%.



Those who say nay

In his paper, presented in June, Subramanian presented a history of how he looked at the new series since its introduction and always found its results "puzzling". For instance, as chart 1 *(top left)* shows, India's GDP growth rate between 2011 and 2016 appears out of sync with the fate of key macroeconomic indicators, such as investment, exports and credit etc.; this is starkly in contrast to how things were for a decade before the new series with 2011-12 as the base year. Also, as charts 2 and 3 show, this disconnect between key macroeconomic indicators post-2011 becomes even clearer when India's data are compared to the average of six emerging economies. India's GDP declined far less than the 6-country average despite its macro-indicators being worse hit.

Subramanian argued higher GDP growth between 2011 and 2016 is neither backed by movement in key macro-indicators, nor by a surge in productivity (otherwise corporate profits would not have declined in this period), nor by a surge in consumption (otherwise consumer confidence and industrial capacity utilisation would not have dipped sharply).

Lastly, Subramanian argued that the GDP Deflator (level of inflation), used to subtract from nominal GDP growth in order to arrive at the "real" GDP growth rate, was considerably less than the retail inflation (as measured by Consumer Price Index) in the 2011-16 period. This essentially resulted in an overestimation of "real" GDP growth rate.

Those who say aye

N R Bhanumurthy, Professor at NIPFP and the chair of the NSC sub-committee that presented the first back-series, is among those who have countered some of Subramanian's fundamental assertions. For one, he has shown that the nominal GDP growth rate, which is the only observable variable, has not changed under the old and new series *(chart 4, top right)*. Secondly, there was no consolidated CPI before 2011. As such, arguing that the gap between CPI and GDP deflator was low between 2002 and 2011, and wide between 2011 and 2016, is unfounded.

According to Bhanumurthy, if one applies the Production Shift approach — wherein new activities (that are added in the new series) are given progressively more weight (or less weight) as one move ahead in time (or moves back in time) — the two series do not show any discordant breaks either for GDP or for gross value added *(charts 5 and 6)*.

In fact, given the wide differences between the two data methodologies and data sets, Bhanumurthy characterises the whole debate as an "apples to oranges" comparison. "You can predict the direction of GDP growth using leading indicators such as car sales, but you cannot 'estimate' GDP growth rate for a year gone by on the basis of such indicators," he says.

AN EXPERT EXPLAINS: N R BHANUMURTHY

Why lower fiscal deficit isn't always good news

THERE IS growing concern about the slowdown in India's economic growth. Last week, RBI, the country's central bank, cut repo rates by 35 basis points — the sharpest cut in nine years. UDIT MISRA talked to N R BHANUMURTHY, Professor at National Institute of Public Finance and Policy, to understand what is causing the slowdown and what policy measures are needed.

What is the nature of India's economic slowdown? Is it cyclical or structural?

In any macro time series, there are two components. One is the structural or the permanent component, which is largely determined in the long term by factors such as institutions, productivity, human capital etc., and the second is a cyclical or the temporary component, which refers to short-term fluctuations. You have to separate the two and see how they are behaving as well as how it is expected to move in future. If you can do this, then the prescriptions required to address them would be very clear and different.

My assessment is that in India at present both the components seem to be in a slowdown phase and the projection is that it will slow down further.

Which are the key issues that bother you most on the structural and cyclical aspects in India's slowdown?

Unfortunately, the realisation that the economy is slowing down has come late. Many of us have written that the slowdown started much earlier. The second issue is, when the slowdown is real, we should've gone for a countercyclical measure, at least to address the short-term fluctuation. But by not accepting the slowdown, the fiscal policy followed was pro-cyclical, which has only accentuated the problem.

You have two major policy instruments, one is the fiscal policy, and the other is monetary (interest rate) policy. In a cyclical downturn, it is the fiscal policy that should have been ahead, followed by the monetary policy. What we have done is the opposite — to such an extent that monetary policy appears to be fighting a lonely battle. I think that sequencing, as well as the response to the slowdown by the fiscal policy, is a serious cause for concern.

What would be your policy prescription to increase economic growth?

The first thing is to increase household savings. Given the declining deposit rates, the banking system is actually recovering its losses at the cost of household savings. The government could have come up with savings instruments (such as infrastructure bonds). In sum, the present macro policies could lead to double whammy — fall in household savings and increase in household leverage.

Second, we need to correct a structural policy misstep introduced by Finance Bill of 2018 that did away with targeting revenue deficit and compromised on the public capital expenditure. This was the beginning of growth slowdown as well as deterioration of the fiscal situation. Many are happy that the fiscal deficit is coming down, but we don't understand that it squeezes the economy further when there is a cyclical slowdown. It was explained several times that the FRBM Act is not an expenditure compression mechanism; it is an expenditure switching mechanism. I hope that the 15th Finance Commission can correct this mistake.

But the low hanging fruit is to quickly recapitalisation of public sector banks (PSBs). There could be resistance for this, because PSBs are considered inefficient, but unlike private banks, public sector banks have large social obligations.

How a project to link rivers has divided BJP-ruled Maharashtra, Gujarat

SANDEEP ASHAR
MUMBAI, AUGUST 12

ON JULY 31, Maharashtra walked out of two river interlinking projects with Gujarat, citing an impasse over the water-sharing arrangement. The central government had earlier identified these projects as priority links. What led to the disagreement between the two BJP-ruled states?

The river-linking projects

Among the priority river interlinking projects were the Damanganga-Pinjal (DP) and Par-Tapi-Narmada (PTN) links, involving Maharashtra and Gujarat. The other priority links were Ken-Betwa (UP and MP) and Godavari-Cauvery (Andhra and Tamil Nadu).

Maharashtra has now announced that it would develop the DP link on its own, along with four intrastate links. The DP link was planned to augment water supply to Mumbai; the other projects are expected to benefit North Maharashtra and Marathwada.

The interstate interlink project was designed to transfer water from surplus west-flowing river basins to water-stressed distributaries of Godavari in Maharashtra, and Tapi and Narmada in Gujarat. It was conceived in 1980, but took until May 3, 2010 for an MoU to be executed between the Centre and the states to examine techno-economic viability, and prepare a detailed project plan. A separate MoU was to be signed for the execution of the project.

In September 2017, Maharashtra circulated a draft MoU, which the Centre okayed.

The area in Maharashtra, crisscrossed by many small rivers, where the river-linking projects have been planned

However, Gujarat is yet to consent to it.

The basins of the links

The DP link proposes to tunnel unutilised water from the Bhugad (in Gujarat's Valsad district) and Khargihill (in Maharashtra's Palghar district) reservoirs in the Damanganga basin to Mumbai via the Pinjal river in the Vaitarna basin. Estimated to cost Rs 2,800 crore, it involves the construction of two dams — in Valsad's Kaprada and Palghar's Jawahar — and three gravity-based tunnel links.

The PTN link, estimated to cost Rs 10,211 crore, envisages transfer of surplus flows from the west-flowing Par, Auranga, Ambika, and Purna rivers between the Par and Tapi basins to water-scarce regions in Saurashtra and Kutch, and the Narmada, Chhota Udepur and Panchmahal districts in South Gujarat. The PTN link involves the construction of six dams: one on the Jheri reservoir across the Par in Nashik, two in Valsad's Dharampur, and three in Dang's Ahwa.

Subsequently, on Maharashtra's request, the Centre included four intrastate links — Nar-Par-Girna, Par-Godavari, Damanganga-Godavari, and Damanganga-Vaitarna — to transfer surplus flows from these rivers into the Godavari and Girna basins to benefit drought-prone Maharashtra regions.

The Centre agreed to fund 90% of the total project cost of the two interstate links.

The questions of politics

The issue was the compensation for the water contributed from the Maharashtra catchments for the PTN link. About 15.32 thousand million cubic (TMC) feet water

WORDLY WISE

IN A BATTLE BETWEEN FORCE AND AN IDEA, THE LATTER ALWAYS PREVAILS.

— LUDWIG VON MISES

The Indian EXPRESS

FOUNDED BY

RAMNATH GOENKA

BECAUSE THE TRUTH INVOLVES US ALL

THE EXTERNAL TEST

Delhi needs a strategy to face the challenges of increased international attention on Kashmir

THE BACKING FROM Russia for Delhi's decision to revoke special status for Jammu & Kashmir is as sure an indication as any that Pakistan's bid for a debate in the United Nations Security Council will be unsuccessful. But Islamabad's efforts to internationalise the issue will continue in other ways, including by stirring up Western allies, and Kashmiri and Pakistani diasporas in the US, Europe, Britain and other western countries, as well as international human rights organisations. Pakistan Prime Minister Imran Khan was both hyperbolic and hypocritical in his allegation of "ethnic cleansing" in Kashmir. After all, he has mutely watched China send its Muslims citizens in the Xinjiang Autonomous Region to "re-education camps" to de-Islamise them. But with every passing day that India keeps the people of the Valley locked up and cut off from the outside world, the possibility of the issue being raised in the UN Human Rights Council grows more real. Through the 1990s, Indian diplomacy's main preoccupation was to fend off the "K" word in multilateral statements and agreements in organisations like the UN, Commonwealth, and Organisation of Islamic Co-operation. It is well documented how hard the Narasimha Rao government had to fight at the 1993 Vienna Human Rights Conference, and later at Geneva 1994 to fight back Pakistan's accusations of human rights violations in the Valley. At that time, the world was not ready to believe in such a thing as "cross-border" militancy. It was only after the nuclear tests and Kargil, and Kashmir's own return to near normalcy in 2002 that the so-called K word began to fade from international discourse. But references to human rights violations in Kashmir started coming up again after 2016 over the security forces' use of pellet guns to crush the new round of militancy.

The Ministry of External Affairs must be ready for the challenge of international attention on Kashmir, to explain the legal nitty gritty of its Constitution changing decisions, and to argue again that this is "an internal matter". Equally challenging will be the management of the potential fallout on security, both from homegrown militancy in the Valley and cross-border jihadists. Pakistan has taken the extreme step of expelling the Indian High Commissioner in Islamabad, and suspension of the rail service from Lahore to Attari, which is an indication of the pressure the Imran Khan government is under to demonstrate that it has not abandoned Kashmir. For its own credibility, the Pakistan Army may also feel compelled to take measures. Despite the pressure from the Financial Action Task Force to dismantle support for jihadist groups, an increase in cross-border militancy is likely, with attempts to pass it off as the work of al Qaeda or ISIS. The emerging situation in Afghanistan, especially if the Taliban gain ascendency, giving Pakistan an upper hand in the region, would only further complicate matters.

The government has yet to reveal how it plans to handle and implement on the ground in J&K what it has done with the stroke of a pen. The real tests will come when the restrictions on the Valley are removed.

RUPEE MATTERS

There is a need to step up efforts to shift currency trading to onshore markets

OVER THE PAST few years, there has been consternation, understandably so, over the sharp rise in offshore rupee trading volumes. Data from the Bank of International Settlements pegs daily offshore rupee trading at around $16 billion in 2016, almost equal to onshore trading. More recent data from the Bank of England pegs offshore rupee trades at $23 billion in 2018. These large volumes in the offshore market indicate greater investor interest in the rupee. But they also raise troubling questions over the forces that "determine the rupee's value", and the ability of the central bank to ensure "currency stability".

Typically, offshore markets allow participants to trade in a non-convertible currency. These markets have evolved for currencies where restrictions are imposed in domestic markets on foreign exchange convertibility. The constraints on foreign participation in domestic currency markets stem from cumbersome documentation and KYC requirements, restrictions on products, inconvenient trading hours. These restrictions push investors to trading in offshore markets to hedge their currency risks. But with the volumes in these markets growing, they have begun to play a critical role in "price discovery", more so during "periods of uncertainty". The Task Force on Offshore Rupee Markets has pointed to two instances — the taper tantrum in the 2013 and the 2018 emerging market crises — when the offshore market was driving the onshore exchange rate. This, as the report points out, "reduced the efficacy of foreign currency intervention by the central bank".

The task force has made several recommendations to incentivise market participants to shift to onshore markets, like extending onshore market hours, examining issues of taxation. Allowing market participants to take exposure upto $100 million, without having to establish the existence of the underlying risk, is also a step in the right direction. This will enable foreign investors to hedge their currency risk and could incentivise greater participation in rupee denominated bonds. As the economy grows, it makes sense for regulators to expand onshore currency markets, in a calibrated manner. The ability to hedge currency risks is also likely to increase the rupee's attractiveness for trade invoicing and portfolio diversification, creating conditions for a gradual internationalisation of the currency.

THE Rs 100 SMILE

Vaiko is charging an impost from followers who want to be photographed with him. Great idea, but isn't price tag too low?

PARTY CADRES SEEKING to show off their proximity to MDMK chief Vaiko must now micro-invest in his brand equity — the floor price for a selfie with him is Rs 100. This imaginative initiative to monetise the leadership of the cash-strapped party acknowledges a reality that politics generally pussyfoots around — that campaign funds are not donated disinterestedly, but are in the nature of investments, either towards an idea or a business opportunity.

They are much more direct about these things in the US, where lobbying is a respected profession. It is understood that when tobacco or gun lobbyists cross the ruling party's palm with silver, they are buying a share in the brand equity of POTUS, and will have a say, though via many layers, in policymaking. Over here, electoral bonds depersonalise the issue completely, leaving us with the hazy impression that they are instruments for some higher but unspecified purpose. Of course, Vaiko has taken a nobler route in not seeking funds for instrumentality, but for brand alignment between him and his followers.

But isn't Vaiko's floor price anachronistically low for our inflationary age? He might consider working in surcharges for the use of a flash, for the right to share on social media, the right to morph the image and so on — things that people assume are free, but should not be. And he could diversify the bouquet of investment instruments, charging separately to be seen smiling or waving at the camera, and extracting an arm and a leg to be shot hugging the investor. He is not the first southern politician to use his person to bolster party funds. Periyar used to charge his followers on behalf of the party to attend private functions. He was lampooned for it. But obviously, in this too, he was ahead of his time.

Ringing in the old

Sonia Gandhi as interim Congress chief represents desperation at best and abdication of politics at worst

SUHAS PALSHIKAR

WHAT DOES A party do when it faces an existential crisis? It certainly does not wait two-and-a-half months to resolve the leadership issue. Having waited that long, it would rarely latch on to an *interim* arrangement. And above all, it won't allow the interim solution to look like a problem in itself. But this is precisely what the Congress has done. Therefore, its latest attempt to run away from the real problem deserves an interim assessment. Interim, because we do not know if the party is going to rejuvenate, ideologically deteriorate in pursuit of power, or simply hang around. Clearly, it is difficult to dissolve it — indeed it was difficult enough in 1947 itself, but much more so today. And as this writer has argued just before the second resounding defeat of the party ('Dear Yogendra, I disagree', IE, May 22), more than any other time, democratic politics requires a middle-of-road democratic platform. But then, one surely does not want a party that will trudge along aimlessly and become a transit platform for various elements awaiting rehabilitation within the current ruling dispensation.

What exactly does the recourse to Sonia Gandhi represent? True, Sonia led the party through its worst crisis until the 1990s. She weathered the storm then and presided over the party when it returned to power for a full decade. It might be tempting for Congresspersons, therefore, to imagine that she is capable of putting the party back on track. For the workers who have grown up believing that the Gandhi family alone can lead the party, this interim moment will be one of some respite as if Sonia were supposed to keep the chair warm for either Rahul or Priyanka to take over. But beyond these naïve hopes and simplistic beliefs, for an outsider, this move represents desperation at best and abdication of politics at worst.

The desperation is related to the much talked-about threat of fragmentation. With a steady stream of party leaders joining the BJP, the worst fears of unimaginative Congresspersons would be that some leaders may be tempted to form their own political outfits as a better bargaining counter to negotiate either with the parent party's leadership or purchase a handsome reward inside the BJP. It is expected that if Rahul keeps a low profile, Sonia can keep the flock together with her ability to invoke a sentimental appeal and her style of not rubbing the so-called party heavyweights the wrong way. It is indeed possible that this interim arrangement might dissuade some ambitious leaders from forming new "Congress parties" as it happened around the mid-Nineties.

Will that rejuvenate the Congress? More than its unity, what is at stake is the ability of the party to attract the voters and enthuse workers on the ground. It is possible that at least some voters may have voted for the BJP simply because of the non-availability of a strong, positive, nationalist alternative at the all-India level. They will be hardly convinced that this change makes the Congress such an alternative. It would, in fact, convince them further that they cannot expect much from the Congress. Similarly, the second coming of Sonia may only perform the basic function of keeping a semblance of unity — albeit the threat to desertion will always loom large. Young entrants to politics will hardly be encouraged into throwing their lot with the party if it is still to come out with any game-plan. The interim arrangement smacks of total cluelessness as to why things happened the way they did and how to respond to the defeat. Thus, for young party workers and for lay voters who do not have any particular emotional connect with the family or the party, the move would hardly have any political purchase.

Sonia would be remembered for three things. Symbolically, she will be remembered for converting her political limitation into a virtue when she stayed away from governmental power. Two, by stoically avoiding to craft a new party, she allowed the Congress to remain a clumsy platform of unprincipled accommodation. Three, having been an outsider to the pride and prestige of the older Congress, she ensured that the Congress did not shy away from making compromises for purposes of coalition politics. While a future historian will give her credit for these, the analyst of the contemporary cannot but point out that the virtues have run their course.

> The present moment requires two basic elements for a robust response: Leadership as an exemplar and an untiringly sustained engagement through local networks of party workers. Of course, these would have to be woven with ideas that the masses can relate to. Interim arrangements by their very nature are unable to encompass these considerations.

Instead, Sonia Gandhi's return as party president is likely to impede the real task of party-building that the Congress has been postponing since the 1980s. Rajiv Gandhi reminded the party of this when it was celebrating its centenary. Sonia could not do it when she took over in the late Nineties. The defeat in 2014 failed to provoke the party into reviving itself. Rahul Gandhi's resignation gave the party a dual opportunity. It could elevate him to the moral high ground by immediately accepting his resignation for having failed in the election and thus making him a hero; it could also begin an audacious experiment of choosing a new party president. This would have been crucial (it still could be) because it would be an experiment wherein the party would be run by someone outside the Gandhi family even while the family members were active in the party. The party could thus derive benefit of leadership of the Gandhis and yet be managed by a non-Gandhi. That would have signalled the ability of the party to move toward a collective leadership it has not seen for some time. It would also induce healthy factionalism characteristic of a nation-wide pluralist party. It could teach younger party workers the art of intra-party democracy along with the discipline that would be required to fight a dominant party like BJP.

The interim arrangement further indicates the inability of the party to both make sense of the current moment of Indian politics and shape a political response to it. We are currently passing through a peculiar mix of the global trend of populism and the homegrown tendency of majoritarian politics. This combination allows India to ignore the economic downturn and live in an imagined era of glory and strength. It induces replacement of people's material concerns by the dangerous search for enemies. This moment is potent with a false sense of democratisation, which in reality corrodes democracy.

The present moment requires two basic elements for a robust response: Leadership as an exemplar and an untiringly sustained engagement through local networks of party workers. Of course, these would have to be woven with ideas that the masses can relate to. Interim arrangements by their very nature are unable to encompass these considerations.

Or, is it that the Congress is aware of these challenges, the need for a cohesive political response and wants to avoid that responsibility? Is it that the interim arrangement suggests the party's own sense of being tentative — that it looks upon itself as an interim party?

The writer taught political science at Savitribai Phule Pune University, Pune, and is chief editor of Studies in Indian Politics

LESSONS BY SHAMNAD BASHEER

How an affable, erudite professor influenced everyone around him

NANDINI KHAITAN

THE FIRST TIME I met Shamnad Basheer was at a patent conference in Mumbai in 2007. He was wearing a light-blue linen suit (always ahead of the curve, be it law or fashion), looking more a *GQ* model than a professor who had helped organise a first-of-its-kind patent conference in India. There was also an exhibition moot court to demonstrate patent arguments. After realising we were up against an IP genius, we did not feel bad about the complete defeat at his hands, despite the facts of the moot favouring our team. I was two years qualified and did not expect to be a blip on his radar much less expect an email from him, explaining the ideal arguments for both sides. When asked why he had taken the trouble, his reply was — "because everyone has potential".

It was this passion that ignited what I think of as the "Law Spring" in the form of Increasing Diversity by Increasing Access (IDIA): A platform for making law an inclusive field and a tool for empowerment by training and funding students from underprivileged backgrounds for a career in law.

I remember a discussion with him on whether IDIA scholars should be mandated to work with the communities they came from. His view was an emphatic no. True empowerment, he said, comes from the freedom to make one's own choices and not just funding someone's education. IDIA scholar Karthika Annamalai is a fine example of this belief. On completing law school, she got recruited by a top law firm. In her words, she has lived two lives: "One, of village girl who grew up in a world of sadness and desperation, devoid of hope, and the other, of an educated and confident woman, who was given an amazing opportunity to aspire."

Basheer remained committed to this belief, whether it was by intervening as an amicus in the Novartis case in the Supreme Court for access to medicines, or as a crusader protesting the compromise to privacy that Aadhaar posed in his view. Post the Novartis case, Basheer said he was happy with the operative part of the order (declining the patent) but sad that the order did not get the theory of patent law quite right. Ever the professor!

> An important aspect of IDIA is working with law student volunteers to support scholars in navigating the competitive law school environment. When asked how IDIA runs without engaging workers, Basheer said, once people feel invested (meeting, befriending and working alongside scholars would usually help in this), the rest will follow.

Basheer had so many ideas on funding and raising awareness that it was difficult to keep pace at times: He would often quip that it was his feminine multi-tasker side. One remarkable funding idea that he came up with was to request counsels to donate one appearance fee, to start with. This became an effective way for the Bar to open up to the idea of supporting IDIA. This is a good example of small beginnings going a long way as we rarely had a refusal for this request thereafter.

An important aspect of IDIA is working with law student volunteers to support scholars in navigating the competitive law school environment. When asked how IDIA runs without engaging workers, Basheer said, once people feel invested (meeting, befriending and working alongside scholars would usually help in this), the rest will follow. During my teaching stint, I saw this work first-hand with volunteers and IDIA scholars: Everyone believed in the larger cause, and that motivated them.

Last week, when Basheer did not respond to an email I sent, I assumed he was unwell again. I was also worrying about how IDIA would function without him. The worry now seems prophetic. On hearing of his passing, I spoke to Justice Ruma Pal, who said, "Don't despair, the legacy will carry on." The fact that his friends (there are plenty of them) are reaching out to reaffirm their commitment while tipping a glass or two (as he would have) in his honour, is testament to how many lives he touched.

If the purpose of life is to do good, he did great.

The writer is a partner with Khaitan & Co LLP, Kolkata

AUGUST 13, 1979, FORTY YEARS AGO

INDIAN EXPRESS

1000 dead in Rajkot floods

ENGINEERS DESERT IA

ALREADY UNDER SEVERE public attack for its questionable safety record and endemic flight delays, Indian Airlines now finds its engineers deserting by the dozen, lured away by the higher salaries of foreign airlines. Its international counterpart, Air India, faces a similar engineer drain. While 56 engineers of Indian Airlines have retired over the past two years, another 22 have resigned, mainly to take up lucrative jobs with foreign airlines. In the same period, 76 aircraft technicians have also resigned. Some left for personal reasons but the majority have been snapped up by other airlines. This leaves the airlines short of 117 engineers and 300 technicians.

JANATA POLL PREP

ATAL BIHARI VAJPAYEE called upon the Janata Party to prepare itself for the mid-term poll, which seems inevitable. The Janata Party leader, addressing a media conference in Lucknow, said that nobody wanted the mid-term elections, yet the events were leading to a situation in which the poll was inescapable. The mid-term poll might be held in February, he felt. He said the Janata Party should utilise this short period for building up its organisation. Vajpayee said that it was clear that the Charan Singh government depended on Indira Gandhi and her will. The Janata leader described the whole political scene as nauseating in which the politicians had become "the laughing stocks".

FLOOD DEATHS

AT LEAST 1,000 people are feared to have died in the flash floods which engulfed Morvi, an industrial township in Rajkot district in Saurashtra, following breaches in the Macchu dam according to official sources. Reports from our Rajkot correspondent and from other nearby centres unofficially put the death toll at around 5,000. Following huge breaches in the Macchu dam due to torrential rains, the floods engulfed Morvi township, which is 65 kilometres from Rajkot, cutting it off by rail and road.

THE IDEAS PAGE

WHAT THE OTHERS SAY

"Here is a semi-autonomous state (Jammu & Kashmir), part of a federal union protected by a constitution, which has seen its democratic freedoms abruptly abolished by executive decree. This was a very Indian coup, but one with a global context."

—THE GUARDIAN

The economy devil we don't know

There is a fundamental problem of demand today — something India has not encountered before. At the core of it is incomes that aren't rising enough

HARISH DAMODARAN

C R Sasikumar

INDIA TRADITIONALLY NEVER had a demand problem. On the contrary, its economy was always supply-constrained.

Proof of no demand paucity is that between 2000-01 and 2015-16, domestic consumption of both finished steel and cement roughly trebled, from 26.3 million tonnes (mt) and 92 mt, to 81.5 mt and 269 mt, respectively. During the same period, annual sales of passenger vehicles quadrupled (from 6.9 lakh to 27.9 lakh), while growing 4.5 times in the case of two-wheelers (from 36.3 lakh to 164.6 lakh) and five times for commercial vehicles (from 1.4 lakh to 6.9 lakh). Also, the total air passengers flown jumped nearly 10 times (from 14 million to 135 million) and the number of telephone connections 30-fold (from 36.3 million to 1059.3 million).

Supply not keeping up with demand — recall those long waiting periods for telephones, LPG connections and Bajaj Chetak scooters — was also manifested in inflation. Annual retail food inflation during the Nineties, and even the 10 years from 2006-07 to 2015-16, averaged 9.8 per cent. Not surprisingly, "supply management" measures — be it stocking limits under the Essential Commodities Act, export bans, zero-duty imports or selective credit control to restrict bank finance against cereals, pulses, sugar, oilseeds and raw cotton — were par for the course.

All this has changed in the last three years or less. The certainty that producers once enjoyed — of finding buyers for their wares without doing much beyond minor price adjustments to bring supply and demand into equilibrium — has ceased to exist.

This hasn't been an overnight phenomenon. It started with agriculture from around mid-2014, when global agri-commodity prices crashed, leading to a collapse in export demand for Indian farm produce and simultaneously increasing vulnerability to imports. But the real deluge has happened in the last three years, especially after demonetisation. Consumer food inflation has, for 34 months running, from September 2016 to June 2019, ruled below general retail inflation and averaged a mere 1.3 per cent year-on-year.

While such a prolonged near-deflationary phase in farm prices is unprecedented, the other sector to have experienced a similar extended slump is real estate. According to the property consultancy Knight Frank, between 2013 and 2017, the number of new residential launches in India's top eight cities plunged from 4,20,105 to 1,03,570 units, with sales, too, dipping from 3,29,238 to 2,28,072 units. 2018 saw a mild recovery, but it marked the fourth year of growth in residential house prices trailing overall consumer inflation, with the gap progressively widening since mid-2016. As on June 2019, the unsold housing inventory of 4,50,263 units in these cities was still equivalent to 9.3 quarters of sale. Like agriculture, real estate transactions are significantly cash-based. Small wonder, this industry's woes have also intensified post demonetisation.

But demonetisation and goods and services tax (GST) were events of late-2016 and 2017. Their effects shouldn't plausibly have lasted beyond, say, March 2018, when the total currency in circulation had reverted to pre-demonetisation levels. India Inc had, indeed, welcomed demonetisation and GST, claiming that the temporary economic dislocations caused notwithstanding, these would help create a "level-playing field" vis-à-vis unorganised sector players who were avoiding taxes by doing business largely in cash.

What is interesting, though, is that the demand slowdown has spread to more industries in the last one year. Thus, sales of passenger vehicles have fallen year-on-year in every month between July 2018 and June 2019, barring October. The same goes for two-wheelers since December 2018. Hindustan Unilever, a bellweather for India's fast-moving consumer goods sector, has posted a drop in annual sales volume growth from 12 per cent in April-June 2018 to 7 per cent in January-March 2019 and 5 per cent in April-June 2019.

The reasons for such all-round demand deceleration, when the worst of demonetisation and GST are behind us, are hard to fathom. The most common explanation ascribes it to the liquidity squeeze experienced by non-banking financial companies (NBFCs), following the serial defaults on debt obligations by Infrastructure Leasing & Financial Services Ltd last September. Now, it's true that NBFCs were accounting for over a third of the incremental credit in the system, with their retail loans (mainly for vehicle, consumer durables and home purchases) alone rising by 46.2 per cent during 2017-18 on top of 21.6 per cent the previous year. To the extent that their funds via bank borrowings and issuing of non-convertible debentures or commercial paper have dried up, it has had an obvious ripple effect on the economy.

The argument, however, misses the point. NBFC credit expansion from 2014-15 was primarily fuelled by non-performing assets-laden public sector banks cutting back on their lending. The big credit explosion, moreover, took place only after and because of demonetisation, which resulted in a flood of liquidity with banks and mutual funds. This excess cash they then lent to NFBCs, either directly or through market-based instruments that allowed Indiabulls and lesser firms to get money almost as cheaply as HDFC. The party couldn't have gone on. The NBFC credit freeze has, no doubt, affected sectors such as real estate, construction and automobiles. But how does one explain a third consecutive quarter of slowdown for even FMCG, as per the market research firm, Nielsen? And real estate's troubles, we know, preceded the current NBFC crisis.

> The certainty that producers once enjoyed — of finding buyers for their wares without doing much beyond minor price adjustments to bring supply and demand into equilibrium — has ceased to exist. This hasn't been an overnight phenomenon. It started with agriculture from around mid-2014, when global agri-commodity prices crashed, leading to a collapse in export demand for Indian farm produce and simultaneously increasing vulnerability to imports. But the real deluge has happened in the last three years, especially after demonetisation.

The diagnosis is clear: There is a fundamental problem of demand today — a devil India has never encountered before. At the core of it is incomes that aren't rising enough. Not only have household savings come down — from 22.5 per cent to 17.2 per cent of GDP between 2012-12 and 2017-18, estimates Kotak Institutional Equities — but consumption is also feeling the pinch now. When jobs and incomes are under strain, how much can loan-pushing by NBFCs help? A two-wheeler loan has to ultimately be paid from one's salary or wages.

The question well worth asking is how much of this income and demand stress is actually an outcome of demonetisation and GST? The informal sector, to quote T N Ninan (*Seminar*, January 2018), was some kind of an "employment sink" and "shock absorber" for the Indian economy. It also provided the underlying demand support for goods and services that were bought, stocked and distributed through vast decentralised networks.

The country's formal economy may well be growing by 7-8 per cent today, which the official GDP data is, perhaps, rightly capturing. But if the informal un-measurable part has been contracting by 20-25 per cent a year, the effects on demand need no elaboration.

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Exorcising Curzon's ghost

By reorganising Kashmir's political status, Modi government is addressing a colonial mess

RAJA MANDALA

BY C RAJA MOHAN

AS INDIA AND Pakistan lurch towards a new phase in their extended conflict over Kashmir, it is easy to miss the larger context of the Subcontinent's troubled frontiers. More than a century ago, Lord Curzon, spoke on the problem of constructing stable frontiers among the emerging European nations as well between their expanding empires in the Americas, Africa and Asia.

Curzon's 1907 Romanes Lecture at Oxford University continues to offer fresh insights into the Subcontinent's contemporary frontier problems. Curzon said managing frontiers is the most important task for any leader. For stable frontiers are a precondition for national development. "Frontiers are indeed the razor's edge on which hang suspended the modern issues of war or peace, of life or death to nations". Curzon was convinced the problem of frontiers will never disappear from world politics, but can be managed through political accommodation and scientific demarcation of boundaries.

Since Curzon, frontiers continued to change in Europe — through 1919, 1945, 1991 and most recently in 2011 between Russia and Ukraine. Britain is struggling to wrap up the Brexit negotiations with the European Union over the so-called "Irish Backstop". It is about the nature of the border between Britain and Republic of Ireland as the former walks out of the EU and the latter stays in. The biggest political issue in North America is about Trump's effort to build a Great Wall on the border with Mexico.

In Africa and Asia, there are countless territorial conflicts. The Indo-Tibetan frontier opened up by Curzon remains a contested boundary dispute between India and China. More broadly, the buffers and protectorates constructed by the Raj to limit conflict with Russia are now zones of political contestation between India and a rising China.

The Durand Line drawn between India and Afghanistan in 1893, a few years before Curzon arrived in India, remains disputed between Kabul and Islamabad. Even the Taliban, nurtured by Pakistan as an instrument to gain influence in Afghanistan, does not accept the Durand Line.

The North West Frontier Province (now called Khyber Pakhtunkhwa), that Curzon created out of the Pashtun lands in 1901, has seen endless conflict for the last four decades and hopes for a different future remain dim. Many other peripheries of the Raj, from Balochistan in the west to Xinjiang and Kashmir in the north to Tibet and the eastern Himalayan regions between India, upper Burma and China are all in turmoil of varying degrees.

Part of the problem lies in the nature of the frontiers that the Subcontinent inherited from the Raj. The land borders of India were not defined by a single line; but by what Curzon identifies as the three-fold frontier. There was the "administrative frontier" that marked out regions that the Raj governed to the fullest extent. Beyond that was the "frontier of active defence" like the Durand Line and a third was the "strategic frontier" consisting of the outer boundaries of protectorates over which the Raj exercised a measure of control.

While the British Raj, Czarist Russia and Qing China found ways to live with ambiguities in remote corners of the empire, the new nationalist regimes that succeeded them have had much more difficulty. The Partition of the Subcontinent, based on religious considerations, added an explosive dimension to an already complex inheritance. The successor states to the empires laid formal claims to tracts of territory that had an ambivalent status, but have struggled to realise them.

India's recent decision to revoke the special status of Kashmir is about the unfinished task of extending effective territorial sovereignty over lands it has claimed. Maoist China was quicker and more decisive than India in trying cleaning out the ambiguities on its frontiers. As trouble in Xinjiang, Tibet and Hong Kong shows, success has eluded one of the hardest states that the modern world has known.

Pakistan has struggled to find stability on its western border lands — where the Baloch and the Pashtun continue to challenge its claims. The Indian state, with its political hand-wringing and policy incrementalism, has been a little more effective than Pakistan. But it continues to encounter significant challenges.

China reacted furiously when Delhi in 1975 ended Sikkim's protectorate status and integrated it with India. It took nearly three decades for China to accept the new reality. Beijing continues to claim the entire state of Arunachal Pradesh. But the arguments with China are now mostly political. After instigating trouble in each other's territory for a period, Delhi and Beijing are now committed to managing the dispute peacefully, while expanding the broader relationship. There is frequent spike in military tensions, but there has been no shooting war.

India has had greater success with Bangladesh. Early on in his first term, Prime Minister Narendra Modi seized the opportunities to settle the disputes with Dhaka on the land and maritime boundary inherited from the Partition. But unlike Dhaka and Beijing, Rawalpindi is not really prepared for a peaceful resolution. Repeated efforts by Indira Gandhi (1972), Atal Bihari Vajpayee (1999), and Manmohan Singh (2005-07) ended in failure. The inherent difficulty of negotiation has been compounded by Pakistan's use of terrorism and Kashmir's ambiguous political status within the Indian Union.

In confronting Pakistan's terrorism and reorganising the political status of Kashmir, the Modi government has set a new policy template. The key to its success lies in finding early political reconciliation within Kashmir and persuading the Pakistan army that its interests are better served by stable, peaceful and a legitimate frontier with India. It could be a long haul, but the journey has begun.

The writer is director, Institute of South Asian Studies, National University of Singapore and a contributing editor on international affairs for The Indian Express

Demolishing a wall, uniting a people

With removal of special status, Kashmir has finally become one with India

AKHILESH MISHRA

SYAMA PRASAD MOOKERJEE, founder of the Bharatiya Jana Sangh, gave up his life fighting against Article 370. Atal Bihari Vajpayee, then a feisty young leader, while speaking in the Lok Sabha in 1968, correctly predicted the disastrous consequences of keeping this divisive provision in the Constitution. Narendra Modi, then a young party activist, organised a series of public events in the 1990s, the most famous among them the Tiranga Yatra of 1993, each dedicated to the mission of fully integrating the region of Jammu and Kashmir. Sushma Swaraj's last public message, now etched in eternity, was one of thanking Prime Minister Modi for fulfilling a long-cherished dream in her lifetime. BJP is now, for the first time in its existence, close to a working majority in the Rajya Sabha. And the first major decision taken by PM Modi when this milestone was achieved, was to abrogate Article 370.

There is an inherent romanticism in the dedication of generations of political workers and leaders to the cause of nation building. As history has shown, it is the unwavering commitment of such romantics that changes the course of history.

To understand why Article 370 has been such a bone of contention for generations of nation builders, one has to understand the impact of this provision. The physical territory of Jammu and Kashmir merged with India in 1947. But what Article 370 ensured was that the people were, almost by design, prevented from integrating with the lifeblood of the national mainstream. The state was physically located next to two Indian states, but for all practical purposes it could have been located in another continent. Nations bond and unite over time due to the unhindered flow of people, trade, ideas, customs, food, festivals, culture and attire. This melting pot of building the modern Indian Republic went exactly as per the script the founding fathers envisioned. The fissiparous tendencies that some regions in the south or the northeast experienced during the early decades of Independence have all but vanished. The only region that has stood as an exception to this unifying impulse is the one which was deliberately kept away by the machinations of Jawaharlal Nehru and Sheikh Abdullah.

For 70 years, the people in Kashmir and other parts of the country simply did not get to know each other. The consequences of this reality manifested in a rather unexpected way in the winter of 2005. The region of Kashmir had just been ravaged by a devastating earthquake. While the Indian state responded with all the resources at its command, the response from the people and civil society was rather lukewarm. This was surprising given that people from all across the country had mobilised in large numbers, only recently, to help the suffering people in the wake of tsunami of 2004. Many were bewildered at this phenomenon and indeed this question was asked in many articles. Why was it that people living in Uttar Pradesh or Punjab felt more empathetic towards people living far down to the south than to their more immediate neighbour to the north? Adding to the puzzle was another dimension —what was it about Kashmir that the same people who were willing to go to war for the land did not display the same empathy when it came to helping the people during the time of a natural disaster?

One need look no further than the generational impact of Article 370. It simply did not allow the people to people bond, to build and flourish. For the people living in other parts of the country, they had no lived experience of knowing and growing up with a Kashmiri as a neighbour or a friend or a colleague. The process of being emotionally vested in each other simply did not take place. For the people of Kashmir, their primary exposure to India was not the Indian people but the organs of the Indian state. It was natural, then, that the gulf would only widen over the years.

Article 370 was supposed to give special status to the region of Kashmir. In reality, what it delivered was just a piece of land. The instrument conceived by Nehru was more devastating in its consequences than the Berlin Wall. The physical presence of that wall struck out in its obscenity each day. The wall of Article 370 was like the "invisible Berlin Wall", only more tyrannical and diabolical in its impact. What Narendra Modi has done by tearing down the Article 370 wall, 30 years after the fall of Berlin Wall, is that for the first time in independent India a signal has been sent that the Indian national project in Kashmir is about the people and not just the land.

The land was physically with India anyway, with or without Article 370. With the obliteration of the divisive instrument, the people have also now finally become one. Amit Shah, the man who piloted the move in Parliament and Narendra Modi will go down in history as the two who broke the shackles of 70 years of failed policy and brought about a new dawn.

The writer is CEO, Bluekraft Digital Foundation and was earlier director (content) MyGov

LETTERS TO THE EDITOR

CADRE, NOT LEADER

THIS REFERS TO the editorial, 'The rewind' (IE, August 12). India now has highest unemployment in the last 30 years. Rural wages have been stagnant. Health and education are being privatised. Yet, Congress members are missing as an opposition force, both on the street and in legislative assemblies. The Congress raised only one matter strongly in this session of Parliament — the defections of its MLAs in Karnataka, which affects the party, not people. The crisis in the Congress is about the cadre, while Congressmen keep focusing on the leadership.

Suchak D Patel, *Ahmedabad*

NO EXCEPTIONS

THIS REFERS TO the article, 'A long night in the Valley' (IE, August 12). Not going into complicated issues such as the Constitution or Article 370, the simple fact is that for a woman in the erstwhile state of Jammu and Kashmir marrying a "non-state" man meant losing her rights. Wasn't that legalised misogyny? Should the double standards have continued?

Isha shukla, *Lucknow*

WE AND I

THIS REFERS TO the editorial, 'They is a problem' (IE, August 10). It's not just the powerful who amuse themselves by the use of a collective pronoun. Among Dalit-Bahujans, where the notion of "personal" is absent, human bonds are given expression in terms of "we". This is simply because individual existence has culturally been subsumed in the collective. This is reflected in language.

G Javaid Rasool, *via email*

LETTER OF THE WEEK AWARD

To encourage quality reader intervention, The Indian Express offers the Letter of the Week award. The letter adjudged the best for the week is published every Saturday. Letters may be e-mailed to editpage@expressindia.com or sent to The Indian Express, B-1/B, Sector 10, Noida-UP 201301. Letter writers should mention their postal address and phone number.

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