Zee's search for a partner

It has neither got the money nor a strategic investor. Zee's disappointing deal with Invesco, however, could be a precursor to a better strategic foray

MEDIASCOPE

VANITA KOHLI-KHANDEKAR

The street was hoping for a foreign strategic investor to trigger an open offer, but eventually it came to a financial transaction," says Mihir Shah, vice president (India), Media Partners Asia.

That sums up the feeling about the most awaited media deal in India. After more than nine months of speculation, it wasn't Comcast, Sony or Reliance Jio but US-based Invesco Oppenheimer Developing Markets Fund that took 11 per cent in Zee Entertainment Enterprises for ₹4,224 crore on July 31.

Zee is among India's largest media firms. Its 41 channels in 10 languages get a massive 19 per cent share of television viewership even as its OTT brand Zee5 is climbing up the charts. It is the only competitor that gives Disney's Star India, currently number two on network share, a good fight. On revenues of ₹7,934 crore, it had an EBITDA (earnings before interest, taxes, depreciation and amortisation) of ₹2,564 crore in the financial year ending March 2019. This has grown at 16.3 per cent over the last five years.

When Subhash Chandra, chairman of the $4.3 billion Essel Group and the man who created Zee announced that the firm was looking for a strategic partner to scale up globally, there was a lot of excitement.

The first big trigger for divestment was the Disney-Fox deal. It has changed the nature of the game in India's ₹1,67,400 crore media and entertainment market making it bigger and more tech-oriented. After the $137 billion Alphabet (Google and YouTube's parent) and the $94.5 billion Comcast, the $60 billion Disney is one of the largest media firms in the world.

Its ownership of the ₹13,825 crore Star India means the battle will be fought between the ₹38,838 crore or $5.5 billion Reliance Jio (which owns Viacom18 among many media firms) and Sony that is just under a billion dollars in India. A Comcast-Zee combination would have had the firepower to take on Disney-Star or Reliance Jio.

However, the second reason for the Zee divestment is what ruled. At a group level, Essel has piled up a huge debt of reportedly over ₹17,000 crore and the collateral was promoter's equity in various businesses. The only way of deleveraging it was to sell stakes in various media and non-media assets. Invesco has owned 8 per cent in Zee for 17 years now, an additional 11 per cent made for a convenient deal.

But it brings in neither money (that goes to the lenders) nor a strategic partner into Zee. "This is a better deal because it was meeting my timelines," says Punit Goenka, managing director and CEO, Zee. The group has to settle everything with its debtors by September 30 this year. "If we had more time we could have done that (got in a strategic investor). But since black Friday (January 25 when the Zee stock crashed by over 30 per cent) we have been fighting. My conjecture is that strategic investors were looking for a bargain," says he.

That is not surprising given that this was the distress sale of a good asset. What makes Goenka happy is that "the floor price of the Zee stock has been reset." Invesco bought its stake at ₹400 a share, way higher than the ₹360 or it was trading at then. Since end July, it has fallen further to ₹330 or so. The promoters still own about 25 per cent of Zee stock and they haven't ruled out another sale to a strategic investor. It may dilute the family's control over management. But if Rupert Murdoch can sell Fox to a bigger rival to future proof it, why not Subhash Chandra?

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CHINESE WHISPERS

Revisiting two nation theory

The Deendayal Research Institute (DRI), founded by Nanaji Deshmukh more than 40 years ago, has been hosting an annual lecture under the rubric "Akhand Bharat Parisamvad" for the past 32 years on August 15. This year, former union minister Arif Mohammed Khan will be the lead speaker. Khan, who had quit the Rajiv Gandhi government on the issue of the Muslim Women's Bill, recently backed the government for bringing in a law to proscribe "triple talaq". Khan will speak on "*Dharmanirpekshta aur Dwi-Rashtravaad*", or secularism and the two-nation theory. Bharatiya Janata Party Vice-President and Indian Council for Cultural Relations chief Vinay Sahasrabuddhe is the second speaker. The DRI has an ideological affinity with the Rashtriya Swayamsevak Sangh.

Game, set, match

Nikhil Alva *(pictured)*, who had handled Rahul Gandhi's social media outreach in the run-up to the 2019 Lok Sabha election, on Tuesday posted a video clip on his Twitter handle. The clip is from a badminton match in which one side smashes the shuttlecock repeatedly, while the other side manages to retrieve it every time and eventually wins the point. "Never give up," Alva said. Alva's posts came three days after the veterans outmanoeuvred Rahul Gandhi to have his mother Sonia Gandhi return as Congress chief. As people started debating if this was a message from Rahul's team, Alva posted the clip again with a different message. "The BJP grabs all the attention. Smash, smash, smash, smash... drama, drama, drama, drama... The Congress never gives up! Guess who wins in the end", Alva posted.

Moral of the story?

A Twitter follower has drawn an analogy between the state of the auto industry in India and the fable about the hen that laid golden eggs. The story went something like this: A farmer had a hen that laid golden eggs, but only one a day. The farmer killed the hen in his greed to get all the eggs at one go, but, of course he couldn't. The Twitter user said the farmer in this case was the Central government, the hen was the auto industry, and the egg was the goods and services tax. According to an estimate, the auto industry accounts for 49 per cent of manufacturing GDP and almost 15 per cent of GST collection.

Bifurcation plan leaves GAIL in two minds

The government plans to unbundle the pipeline company into two to avoid conflict-of-interest issues but the state-owned major wants to retain control of both businesses

SHINE JACOB

The primary job of GAIL is to lay gas infrastructure, marketing can be done by anyone.

When Petroleum Minister Dharmendra Pradhan stated this in early 2018, he was echoing a decade-old question that many industry experts had been asking. Is there a conflict of interest in the gas sector when the same entity that is responsible for transporting natural gas via a national pipeline grid should also be responsible for marketing it?

The Narendra Modi government is likely to inch closer to a plan to unbundle the gas transmission and marketing business of GAIL by the end of this financial year. The company has already appointed EY as a consultant for the exercise.

TAKE TWO
ANALYSIS BEHIND THE HEADLINES

"As far as GAIL is concerned, there is definitely some element of conflict of interest. But it is a diversified entity now with petrochemical coming into the fold. If the business is split, the government could sell its marketing business to a state-run entity, as planned earlier, to meet the divestment target. In that case, the petrochem business should ideally be part of the marketing arm," said R S Sharma, former chairman of Oil and Natural Gas Corporation (ONGC).

Recently, ideas of hiving off the pipeline business and selling it to a strategic investor had also been considered.

So why the split? Based on the Petroleum and Natural Gas Regulatory Board (PNGRB) Act of 2006, companies like GAIL had to provide mandatory open access to its gas pipeline infrastructure on a non-discriminatory basis at transportation rates determined by PNGRB. This is known as the common carrier principle.

The Act also stipulated that marketing and transmission functions should not be performed by the same entity, to preclude the issue of conflict of interest. This is mainly because those involved in marketing will be able to accord priority to their own product. In the past, in fact, there have been complaints from even global energy majors of not being able to access to GAIL networks. "We have an online open access facility in place, which is transparent and hassle free. Hence, the question of allegation of monopoly or conflict of interest will not stand," a company official countered.

Based on the latest data available with the Petroleum Planning & Analysis Cell (PPAC), of the 16,324 km natural gas pipeline network in India, GAIL accounts for 70 per cent or 11,411 km, giving the state-run entity a market monopoly. Gujarat State Petronet and Reliance account for 16.5 per cent and 11 per cent of the remaining pipeline network. According to a regulatory source, the capacity of utilisation of these pipelines is still 40-45 per cent. The drop in international liquefied natural gas (LNG) prices was reportedly pinching the company, because it was buying the gas at a higher contracted price and selling it at a lower price in the domestic market. This means a major dent in the company's earnings due to long-term contracts.

Under law GAIL has to provide mandatory open access to its gas pipeline infrastructure but there have been complaints from even global energy majors of problems accessing GAIL networks

GAIL's management has been pushing for the creation of a separate subsidiary — with a separate management and arms-length independence — for the marketing business, rather than giving it to another company, a senior GAIL official said. Experts highlight that despite the legal requirement, GAIL only split the accounts of the two divisions rather than spinning one of them off.

Sources added that an alternative plan was also submitted before the government by the management in June, the details of which is not available in the public domain. B C Tripathi, who was chairman and managing director till July 31, told *Business Standard*, "Though reforms are necessary, it should not be a knee-jerk reaction. Only GAIL is investing in pipelines now in India, to the tune of around ₹50,000 crore. We need to create infrastructure and demand too. For that the company needs a strong balance sheet." He added that evaluating the LNG long-term contracts will not be wise, as it was a decision taken five years ago. "We have already renegotiated all those contracts," he added.

So what's the broad plan now? The ministry of petroleum and natural gas is likely to float a Cabinet note soon for a natural gas trading hub, while GAIL and ONGC are likely to take equity in the planned gas exchange, which is a part of this hub. Petroleum ministry sources said the gas hub is likely to come in place after the bifurcation of GAIL.

When asked about this plan, Fatih Birol, executive director of International Energy Agency, said, "If there is enough volume to be imported and if they are looking at the geographical advantage of India, with lot of demand centres and production centres with enough volumes, it should be a good candidate for becoming a gas hub. But it shouldn't be if the volumes are not significant." Based on government estimates, natural gas production is expected to be at 71.92 billion cubic meter by 2021-22, from 35.07 BCM now.

According to the PPAC, of 4,781 MMSCM (million metric standard cubic meters) natural gas available for sale in India in June, around 57 per cent is met through LNG imports. "The potential for GAIL as a company will always be there as the country is planning to increase the share of natural gas in the overall energy basket from 6 per cent to 15 per cent by 2022," the company official said.

For the time being, however, the question whether GAIL will maintain its identity or be unbundled this year still remains.

The Jagannath road

INFRA DIG

BIBEK DEBROY

What is common to Kisari Mohan Ganguli and Manmatha Nath Dutt? Towards end of the 19th century, both translated the *Mahabharata*, in unabridged form, from Sanskrit to English. Ganguli's translation appeared between 1884 and 1896, Dutt's in two spurts, between 1885-97 and 1901-05. Ganguli translated nothing else. Dutt also translated Valmiki *Ramayana*, five *Puranas, Harivamsha*, several *Dharmashastra* texts and *Rig Veda* (left incomplete). But there is an obscure connection between the two, one not too many know of. In those days, *zamindars/rajas* often commissioned authors to write brief histories of their families. Kisari Mohan Gangulithus wrote a brief history of Andul Rajbari. Some Bengalis may know Andul Rajbari was where Satyajit Ray's 1958 film "Jalsaghar" (The Music Room) was shot. Likewise, Manmatha Nath Dutt was commissioned to write a sketch of Posta Raj. Most Bengalis will now recognise Posta because of a nonsense rhyme written by Sukumar Ray, Satyajit Ray's father. "*Shuntey pelum Posta giye, tomar naki meyer biye*." "I went to Posta and heard that your daughter is getting married."

The Roys from Posta, a subarnabanik community, attained prominence because of Lakshmikanta Dhar. In the 17th century, when the English moved from Hooghly to what would become Calcutta, this family moved with them. Lakshmikanta Dhar was Clive's banker and also helped the English in wars with the Marathas. As a mark of gratitude, Lakshmikanta Dhar was given a "robe of honour" and title of "Maharaja". He accepted the former, but refused the latter. Since he didn't have sons, he requested that his daughter's son, Sukhmoy Roy, be given the title. In the process, Sukhmoy Roy came to own property in Calcutta and some of this was storage space along the river. The word "posta" means quay, embankment or jetty and this was a jetty on the River Hooghly used by these *zamindars* (from Jorasanko). Perhaps there was dissatisfaction with the very brief history of Posta Raj done by Manmatha Nath Dutt in 1900. A more comprehensive one, on Maharaja Sukhmoy Roy Bahadur and his family, was written by Benimadhub Chatterji in 1910. Sukh moy Roy was responsible for constructing the Cuttack Road (also known as Jagannath Road). Driving from Kolkata to Puri is easy now, along National Highways. Few remember the old name of Cuttack Road, constructed by Sukhmoy Roy over a "distance of two hundred and eighty miles from Uluberia to Puri Singdarwaja" for benefit of pilgrims to Jagannath temple, at a time when railways had not been introduced. The railway line from Calcutta to Puri was constructed later, in 1898.

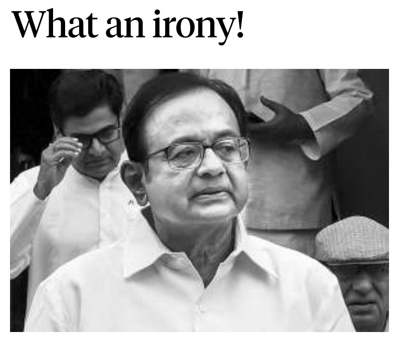
Benimadhub Chatterji's book tells us there were *dharamshalas* all along the route and each *dharamshala* could take five hundred pilgrims. At distances varying between two and four miles, there were also wells. Hidden in archives, I found an item from a newspaper known as "Courier", published on August 27, 1841. This item was about "Raja Shookmoy Roy". "He made a gift of one and a half lakh of Rupees for the construction of the Juggernath Road from Pooree to Bissenpur via Cuttack and Midnapur. It was 261 miles long, with 816 bridges and drains. It was commenced in 1823 and completed in 1830, at an expense of 5,415 rupees per mile." The Puri Gazetteer (written in 1929) was ambivalent about credit for this road. "The state of internal communications at the time of the British conquest has been described by Toynbee in his *Sketches of the History of Orissa*. When we took the province in 1803, there was not a road, in the modern sense of the word, in existence... The construction of the Jagannath Road was not sanctioned until the year 1811, and in October 1812 Captain Sackville was appointed to superintend the work... The most important road in the district is the Cuttack-Puri road, also known as the Jagannath or Pilgrim road; of which 39 miles lie in this district. As mentioned above, the portion of this road in the Puri district was stated to be passable in 1817; but the whole road was not complete until 1825, and it was not metaled till nearly 50 years later."

"The bridges were built almost entirely out of stone taken from the ruined forts and temples in which the province then abounded; the cost of their construction being met by a Bengali gentleman, who took this excellent opportunity of helping pilgrims on the road to Jagannath. His name is commemorated by an inscription (dated 1826) on a bridge three miles from Puri, in Persian, Hindi, Bengali and Sanskrit... It is one of the most perfect roads to be seen in the province, and in portions is lined with an over-arching avenue of trees, which afford grateful shade to the foot-sore pilgrim." This Bengali gentleman was Sukhmoy Roy. It seems he gave the money and Governor General took the credit.

The author is chairman, Economic Advisory Council to the Prime Minister
Views are personal.

LETTERS

What an irony!



With reference to "BJP accuses Chidambaram of making 'provocative' remarks on Kashmir" (August 13), there can't be two opinions about the fact that the former home and finance minister P Chidambaram's *(pictured)* alleged remarks stating that the BJP wouldn't have abrogated Article 370 had Jammu and Kashmir been a Hindu-dominated state doesn't behove a senior politician of his stature. No wonder that his mindless statement has invited the ire of the senior leaders of BJP as well as its ministers who have termed his comments irresponsible and provocative. Ironically, the top leaderships of both the CPI and the CPI (M) have also jumped into the fray by questioning the rationale behind the Centre's move to abrogate Article 370, thereby taking away the special status of J&K in one fell swoop.

It goes without saying that despite the government's determination to persist with its astute game plan to convert the terror stricken state into two separate Union Territories, the journey ahead may not be very smooth. One can safely say some of the challenges might come from "internal" factors rather than "external" ones. What an irony!

Kumar Gupt Panchkula

Grossly inefficient

This refers to "Power ministry seeks diluting air pollution standards for thermal plants" (August 13). It is distressing to learn that the government is not just pushing back the target date but also pushing up the maximum emission permitted for thermal power plants. This shows utter disregard for environmental protection and for our next generations' health in the face of the high levels of air and water pollution in India. The proposed norms are more liberal than what is in place in major economies of comparable size – the UK, Europe, the USA, China, Japan and possibly run contrary to our international commitments. Added to that is the concern that our monitoring and enforcement standards are grossly inefficient.

Indian regulations actually have to be tougher since our energy demands will grow faster than many others and we have a high population density. Also, India has to consider the location's system load not just a per megawatt (MW) emission level. A single old plant with 120MW capacity and a new one with 2,000MW capacity do not have the same environmental footprint.

P Datta Kolkata

Nature's wrath

Ever since the Cold War, there have been many predictions about World War III and the likely nuclear character it can take. However, World War III is already upon us and we are unable or are refusing to see it. The war is about nature versus man. Nature will win as it is far more powerful. Whatever control we think we can exercise over it is only temporary and soon nature will not only overcome it but do so with a brute force. Let's forget about the Arctic ice and global warming for the moment and focus on recent local events. The floods started in

Assam, moved to Bihar and Uttar Pradesh, then the entire western coast and now in Uttarakhand. The reason is just one – nature is reclaiming the space we have taken away from it.

Compared to countries like the USA, Russia and Canada, our population should be only around 100-300 million. Even taking into account the other population giant, China, we should have only about 500-600 million. The excess is occupying nature's property and it is claiming it back. True, human mismanagement in the levels of dams and ad hoc releases also added to the misery, but this is secondary. We have blocked nature's path and it is angry. Soon we will need a cabinet minister for disasters at the Centre and in the states.

T R Ramaswami Mumbai

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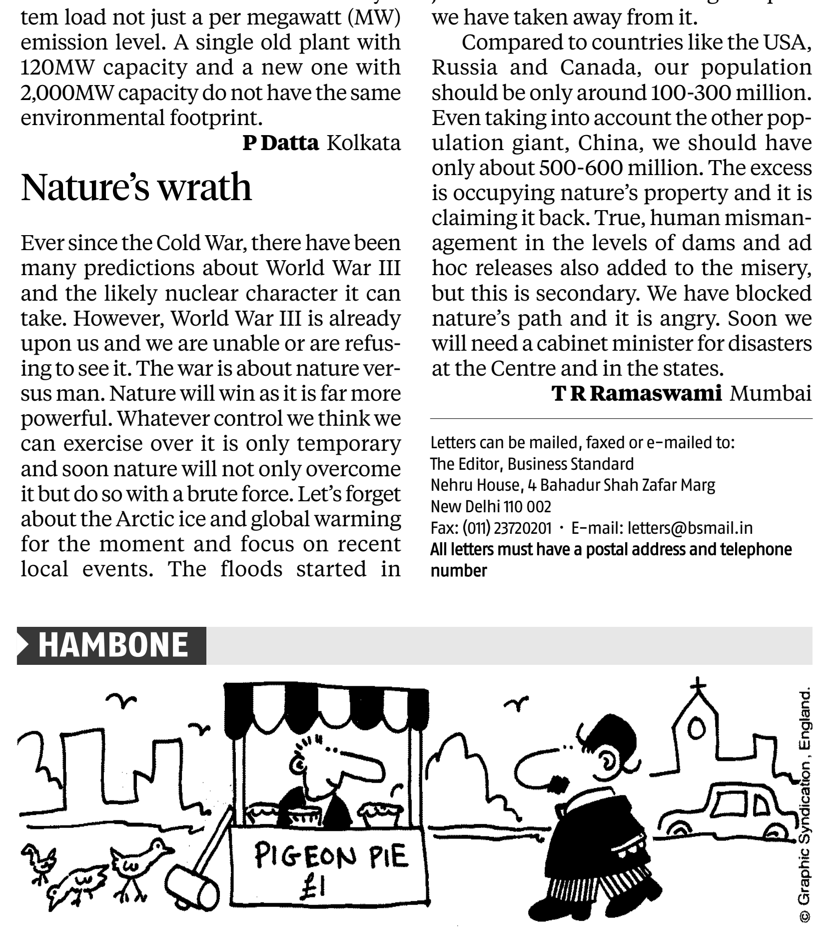
HAMBONE



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Managing the rupee

The government and RBI should address overvaluation

Finance Minister Nirmala Sitharaman has been meeting industry representatives over the past few days, giving rise to expectations that the government will announce measures to revive economic activity. It has been reported that industry is looking for a stimulus package worth over ₹1 trillion. Though the details of a possible plan are not yet public, it is important to note that the government does not have the fiscal space to do so and should think through carefully before committing additional spending or tax concessions. For instance, sectors such as automobiles are demanding a reduction in the goods and services tax. But at a time when the problems are structural, a quick-fix solution may not be the ideal solution.

Instead, it should focus on some macro challenges, such as trade, to boost output. It is correct that the global trade environment has become more challenging, but, as the Economic Survey rightly noted, "India's share in global exports is so low that it should focus on market share". The external environment has become more testing with the possibility of competitive devaluation by large economies. China allowed the yuan to weaken past the psychological level of seven to the US dollar. US President Donald Trump has expressed his discontentment with a strong dollar.

Although going for a deliberate currency depreciation through market intervention like emerging market countries may be difficult for the US, lowering the interest rate by the Federal Reserve — something that Mr Trump has been demanding for long — would have a similar impact on the greenback. Though devaluation or wilful weakening of currencies is a zero-sum game and all countries cannot do it at the same time, India should look at protecting its interests in this environment. Moreover, the rupee is overvalued and is affecting India's trade balance. As economist Sajjid Chinoy highlighted in these pages on Monday, the rupee has appreciated by 18 per cent in real terms against the Chinese yuan over the past five years. This partly explains India's higher trade deficit with China. And now with rising trade tension, the yuan could weaken further. In fact, the rupee has appreciated in real terms against a number of currencies. The 36-currency export-based real effective exchange rate index was at 118. 54 in June, showing significant overvaluation. The rupee overvaluation has affected exports, which have remained virtually stagnant over the past few years.

The stated policy of the Reserve Bank of India is that it does not target any particular level for the rupee and intervenes in the currency market only to quell excess volatility. However, in the given global backdrop, the central bank, in consultation with the government, may need to devise an approach to avoid persistent rupee overvaluation. It is possible that near-zero or negative interest rates in advanced economies and the search of yields will bring in more foreign inflows over time and push up the rupee. Therefore, the currency market will need careful management. To be sure, India needs to address multiple problems to push up exports. Addressing currency overvaluation could be a good starting point in the short run.

Two countries, one system

China struggles with its own regional 'special status' issue

Escalating tensions between Hong Kong's pro-democracy protestors and the Chinese authorities have transcended the specific issue of extraditing criminals to the mainland, which was the proximate *casus belli* for the unrest that began 10 weeks ago. As Beijing sends paramilitary forces from nearby Shenzhen to augment the territory's garrison troops and cuts international airline links with the island territory, at stake is the nature of the relations between China, and its unique version of authoritarian capitalism, and the semi-democratic capitalism of the former British colony. Signals from the Chinese leadership augur a savage crackdown. This is the biggest internal threat to Xi Jinping's authority since his assumption of the mantle of President for Life in 2018. Inevitably, comparisons are drawn with the students' revolt in Tiananmen Square in 1989, where hopes of democratic concessions were met with a brutal crackdown by the People's Liberation Army on the unarmed people of China.

But there are critical differences between that pro-democracy movement, which erupted about a decade after the start of China's extraordinary economic transition, and the one in Hong Kong, now that China is attaining superpower status. The impulse for the '89 democracy movement came from students rather than the rapidly expanding cohorts of workers and peasants who were beginning to enjoy the fruits of Deng Xiaoping's economic reforms and were unlikely, if not uninclined, to challenge Communist Party power in any meaningful way. Protestors converged in the vast square in the symbolic heart of Beijing — outside the iconic Forbidden City, overlooked by a giant-sized portrait of Mao Zedong — and exposed China to global cynosure. At a time when "capitalism with Chinese characteristics" was still to gain credence, a crackdown, however condemnable by world opinion, was inevitable.

On the other hand, when the British exited Hong Kong, an island linked to the continent through reclaimed land, in 1997, the city was guaranteed a basic constitution that granted it limited democracy, which was to stay till 2047. Hong Kong's citizens could vote for its administrators — albeit from a slate of candidates approved by Beijing (the current embattled CEO is one of them). "One country, two systems" is the euphemism for it. China's dictatorship tolerated this exceptionalism principally because of Hong Kong's status as a global financial hub and tax haven. This not only enables millions of non-resident Chinese to invest their dollars in mainland ventures but also facilitates all manner of offshore financial transactions for the Chinese leadership. Most global corporations also route their investments through this.

It has largely been the financial underwriter to China's economic miracle. The mandarins of the Communist Party of China, therefore, have a vested interest in maintaining Hong Kong's quasi-democracy. Diminishing Hong Kong's financial clout just as China is suffering the impact of its trade war with the US would not be in the country's broader interests. This is the unstated dilemma that the Chinese leadership faces even as it ups the threat levels on the territories' unarmed protestors. For India, the Chinese leadership's preoccupation with Hong Kong offers a welcome distraction from a more robust response to the changing constitutional and territorial status of Jammu & Kashmir. But the disruptions in the former British colony also offer the Indian leadership a cautionary story of the consequences of ignoring local sentiments when altering governance architectures.

ILLUSTRATION BY BINAY SINHA

UK's democracy in practice

Its principles were witnessed during the Brexit debate

The United Kingdom has been the cause for exasperation not only among European presidents, prime ministers and Eurocrats, but also political and economic partners across the Atlantic and emerging economies alike. The object has been the apparent chaos created in charting a way out of Europe viz. Brexit and its multi-pronged fallout. Its own leaders of all parties and from within the ruling conservatives themselves aired individual — and altering — views, disagreeing openly over the best way to, or not to, exit. Penguin published a collection of amusing Brexit cartoons comprising a popular party gift. WhatsApp became a steady source of Brexit satire.

Britain's inability to find a way out reflected a short-sightedness in anticipating the complexities inherent in designing any interim or long-term arrangement that would facilitate a painless yet honourable exit from Europe. Arguably Theresa May, ex-prime minister, was viewed as having conducted insufficient consultation with Parliament if not her Cabinet before agreeing on a Brexit package with the European Union.

PARTHASARATHI SHOME

When May took her package back to her Cabinet and Parliament, there was oxymoronic muted uproar. Several members of her Cabinet resigned sequentially even as new versions of the package emerged from her office. Famously, Boris Johnson, her foreign minister — who had earlier competed with her but lost the leadership contest of the Conservatives — led the resignations. Indeed, the Conservative membership — a group of merely over 100,000 members — have just elected him their leader. It has been pointed out that, effectively, a minuscule electorate has named Britain's new prime minister. It is reminiscent of Britain's June 2016 referendum on Brexit that passed on less than 40 per cent of the electorate voting in favour (since many failed to vote).

Returning to the process of Brexit itself, however, there is an interesting vignette to learn from the sequence of events — May's various packages, Parliament's quick rejections, her refusal to give up and trudging back to the drawing board, returning to Parliament with calibrated versions, colleagues and Parliament continuing not to accept any, and at the end leaving her with few sympathisers. The cycle revealed a fundamental conviction and a fearless practice of democracy that stood out as an example across democracies of the world.

Few if any British friends or acquaintances have grasped this point. To some extent, this opacity could be explained by a widely held view from the beginning of May's tenure as prime minister that she would have to resign before Brexit. That force gathered momentum from the second Parliament rejected her first package for Brexit. What observers missed was that the quintessential element of democracy, of the freedom to express one's individual view, was time and again proved to be possible in the UK's democracy.

This freedom transcended party — Conservatives and Labour, as well as others — lines, the Cabinet — some members agreeing, some defying, some resigning, and later even changing their views, rather than acquiescing to the prime minister. Members of Parliament formed cross-party groupings if they agreed on an identifiable route out. At least four major alternative packages were put up by them but rejected by fellow MPs. One conservative member, Sir Oliver Letwin, stood out in his attempt to constructively mesh together alternative views; even he did not succeed.

May could have walked out of Europe without a 'deal' but she did not, though she did verbalise "no deal is better than a bad deal". May repeatedly tried to find a solution, though the wheels of democracy reigned to overwhelm her. Finally, on July 24, May departed 10 Downing Street and Boris Johnson moved in. The new prime minister quickly asserted his resolve to abandon Europe on October 30 unless Europe relented to his demands.

Where does the UK go from here? The American president encouraged Brexit strongly right from the start even mentioning, while May was still in charge, that Boris Johnson would be a good prime minister. Does that imply that sweet trade deals will be easily achieved between the two countries if Brexit occurs? Reflecting the US's prevailing trade practices, that is uncertain.

Britain has an uphill task in its international commercial affairs and domestic economic policy implementation. Domestically, Britain's post-War framework was founded on the 1949 Atlee Plan whose objective was to improve income distribution through government intervention in health, transport, education and housing. By 1980, it was the object of critique by economists such as Julian Legrand of the LSE for insufficient achievement. By 2017-18, the situation deteriorated further. These sectors are now crying for urgent attention.

They include the National Health Service where waiting months for a GP appointment is not unknown. Emergency corridors in hospitals are packed. Trains are frequently in disrepair. Education standards have languished or worsened. Public housing has been sold to private hands while private sector developers face stern governmental requirements to provide subsidised housing, resulting in sky-high private housing prices for the unsubsidised sub-sector, reflecting the inevitable transfer of burden from the subsidised to the unsubsidised.

In the end, will Brexit be worth it? I have written on the history, psychology and economic implications of Brexit (columns of August 23, 2016; September 6, 2016; and September 18, 2018). The history began with Elizabeth I whose small navy defeated the colossal Spanish Armada, breathing self-worth into the British. Despite continuing net immigration from Europe over the centuries, including in its royal family, Britain remained an island with a strong sense of identity. Since its joining Europe, the psychology and economics were driven by unbending Eurocrats in Britain's perception until it lost patience with Europe. It voted to leave, even though on a narrow margin, come what may.

The opportunity cost can be high. Internationally, the UK's free trade with Europe will cease. Britain will have to initiate long and arduous trade negotiations across the globe. It will have to use dexterity in selling its high technology at the best prices. It will have to raise itself from the bottom up to revive manufacturing and sell its products competitively while raising its youth out of subsidies and into productive employment. A tough journey awaits.

One lacuna remains, however. Prior to May's departure, a million-strong march against Brexit in London was ignored even as the march towards Brexit gathered speed. That is the only blip on democracy that did raise an eyebrow.

No longer in denial?

The first interview that a prime minister gives to the media is always closely watched and keenly analysed. Earlier this week, Prime Minister Narendra Modi gave his first interview after the formation of the new government to *The Economic Times*. It was significant that he chose an economic daily for his first interview even though the new government's preoccupation so far has been largely with its political agenda.

Just a few days before the interview, his government had withdrawn the special status for Jammu & Kashmir and effectively nullified the provisions under Article 370 of the Constitution. His government had also reorganised the state into two Union Territories. An interview with a general newspaper and explaining in detail the government's perspective on the moves initiated in Jammu & Kashmir would have been more appropriate perhaps.

NEW DELHI DIARY

A K BHATTACHARYA

However, the reasons for the prime minister to speak to the readers of an economic newspaper and talk more about the economy were no less urgent. The deteriorating state of the economy and the largely negative response of India Inc and the markets to the government's first Budget on July 5 were certainly pressing reasons for addressing economic issues in an interview. After all, India's economic growth had decelerated to 5.8 per cent in the January-March quarter of 2019 and the prospects for the following quarter were worse. Exports growth continued to be a cause for concern, the global economic situation got more uncertain and the stock markets saw significant erosion in value, particularly after the Budget's proposals on a super-rich tax that also hit large sections of foreign portfolio investors.

The idea, therefore, seemed to be to dispel the growing feeling among business leaders that the Modi government was more focused on its political agenda and less concerned about the economy. A detailed interview on the government's approach to the economy, even though it did not address many specific concerns of industry, was considered an instrument for sending out a message that Mr Modi was adequately engaged with the economy and its problems. Jammu & Kashmir did figure in the interview, but it was completely overshadowed by economic issues.

Two messages from Mr Modi came out loud and clear —one for the bankers and the other for industry leaders. For bankers, the message was intended to reassure them that there would be no witch hunt for their lending decisions taken in good faith. The bankers were also urged to resume lending at rates that reflected the relatively low inflation level in the economy. Almost in a similar vein, Mr Modi asked industry leaders to make more investments and assured them that those who followed the law would receive the government's full support. He also talked about how his government took stringent action against dishonest tax officials.

Both the messages have come in the backdrop of reports of harassment of industrialists and bankers. There have been reported instances of how the tax department has been harassing business leaders and traders to collect more taxes and meet their targets. Many public sector bankers have become wary of approving loans for fear of the law enforcement agencies filing cases against them. As a result, business leaders and traders are starved of resources that they could use for their ventures.

Mr Modi made two more specific assertions. He compared the individual's right to personal data as important as the right to private property. The statement does not address the larger privacy concerns over data, but is nevertheless a message to giant multinational digital companies that are upset over the Indian government's data localisation policy. The Indian government has been insisting that foreign companies dealing in data in India must locate their data within the Indian geography and, therefore, become subject to the Indian laws on data. Foreign digital giants could not have missed the import of that statement from Mr Modi.

His second assertion pertained to the automobile industry, which has been shaken by a sharp fall in demand for passenger vehicles. At a time, when different government departments are setting different target dates for phasing out the traditional fossil fuel-based passenger vehicles and replacing them entirely with electric vehicles, Mr Modi announced that the country's market was large enough for the growth of both traditional vehicles (based on internal combustion engines) and electric vehicles. He suggested that both types of vehicles could co-exist.

There were many other reassuring statements from the prime minister like those on the importance of fiscal consolidation, further reforms in sectors such as banks, pensions, insurance and power, more relaxation in norms for foreign direct investment, and liberalisation of labour laws. His reference to the need for increased asset monetisation seemed to suggest that public sector disinvestment or even strategic sales of government equity in public sector undertakings (PSU) would receive high priority in the coming days.

But his equal emphasis on asset recycling is indicative of the government moving ahead with the earlier idea of selling existing assets like tolled roads and bridges to the private sector and use the resources generated from such sales to finance fresh investments in various infrastructure projects. Those hoping that the government would loosen its purse strings and spend more on such infrastructure projects would be disappointed. But asset recycling as an instrument for raising fresh resources to reinvest in a wide range of infrastructure areas is an idea, which now seems to be receiving serious government consideration.

Whether all these reassuring messages for bankers, captains of industry and taxpayers will help change the mood in industry and the markets, only time will tell. And whether the economy benefits from such commitment on reforms in a host of sectors and other policy initiatives will depend on how soon and how effectively these ideas are actually implemented. But that the prime minister chose to speak on such issues through an interview in a newspaper shows that he may no longer be in denial. Mr Modi may have recognised that the Indian economy needs urgent attention.

Ambedkar's shifting legacy

BOOK REVIEW

ARCHIS MOHAN

What is the representation of Dalits in India's newsrooms? I have seen quite a few in the half-a-dozen newsrooms in which I have worked in nearly two decades in journalism. They clean the toilets and are entrusted occasionally with the upkeep of in-house canteens. I cannot remember having had a Dalit journalist colleague. If there were any, they may have thought it wiser to keep their caste identity concealed and never spoke on Dalit-related issues.

Constitution-mandated quotas in government jobs and public education have ensured Dalit representation in the bureaucracy and publicly-funded academia in the last 70 years. As Dalit activist Chandrabhan Prasad has reminded us over the years, the post-1991 liberalisation helped Dalits become entrepreneurs or get jobs as skilled work force in the private sector. A Centre for the Study of Developing Societies (CSDS), a Delhi-based think tank, survey in 2006 found negligible representation of Dalits in mainstream English and Hindi newspapers and news channels. The situation does not seem to have changed much in the past 13 years since.

The lack of Dalit representation in the media is at the heart of *No Laughing Matter, The Ambedkar Cartoons 1932-1956*. These were the crucial years in Ambedkar's public life and the book features 122 cartoons, arranged in seven chronological phases that collate how Ambedkar was depicted in cartoons in English language newspapers.

As the foreword by Suraj Yengde, a first generation Dalit scholar, points out, Ambedkar in the cartoons of these years "is shown as a child, a crying baby, a recalcitrant hooligan, at times literally dwarfing him in the company of other nationalist leaders".

Mr Yengde, who has recently written *Caste Matters*, writes how Ambedkar is "shown shoeless (representative of the Mahar servanthood), as a woman prostituting her way up the social and political ladder", "a trouble-maker and at times as someone whose sole purpose is to disturb the fecundity of other Indian leaders."

Unnamati Syama Sundar spent over six years collecting these cartoons. The author has "taken to task" doyens of the Indian political cartooning fraternity of that era -- Shankar, Enver Ahmed, Vasu, R K Laxman, Earan, R Banerji, Oommen, Bireshwar and Ravindra. According to the author, of all the cartoonists of that era, Shankar was the "most erudite" and seemed to have a "grudging admiration" for Ambedkar.

If Ambedkar was ridiculed or largely ignored in the media during his lifetime, it forgot him quickly enough when he died. As Mr. Sundar writes, during his own school days and growing up, he was familiar with Bapu (Mahatma Gandhi) and chacha (Jawaharlal Nehru), or even Karl Marx and Lenin, but never Ambedkar despite studying in a college meant for Dalit and tribal students. Bahujan Samaj Party (BSP) founder Kanshi Ram resurrected Ambedkar in the Dalit imagination in the 1980s. The V P. Singh government conferred on Ambedkar the Bharat Ratna posthumously and declared April 14, his birth anniversary, a gazetted holiday in 1990.

Ambedkarites are no fans of Gandhi, the communists and the Rashtriya Swayamsevak Sangh (RSS). There are those among Ambedkarites who believe the razing of the Babri Masjid on December 6, 1992 was no coincidence. The date was the death anniversary of Ambedkar, the architect of the Constitution. A couple of months before his death in 1956, Ambedkar rejected Hinduism and converted to Buddhism, along with half a million people, in Nagpur as a mark of protest against the caste system. This was to fulfil the vow he had taken over 20 years back, called the "Yeola declaration," that while he was born a Hindu, he would not die as one. The book has quite a few cartoons from that era.

In his introduction, the author voices the Ambedkarite anger at Gandhi and communists. Few in the Ambedkarite movement forgive Gandhi for the Poona Pact of 1932, where he fasted to "blackmail" Ambedkar to agree to reject separate electorates for depressed classes. In 1933-34, possibly as a penance, Gandhi took a nine-month tour against "untouchability" covering over 19,000 km to visit every province. In his speeches, he implored Hindus to banish "untouchability". Most in the Congress at the time felt Gandhi was wasting his time on a "religious issue" when the struggle to win independence should take priority.

The author has produced a cartoon from an edition of the *Organiser,* a publication inspired by RSS ideology, to underscore the irony of the Sangh lately publishing special editions on Ambedkar and its efforts to appropriate the Dalit leader's legacy. On February 12, 1951, the *Organiser* published a cartoon to ridicule the Hindu Code Bill. The Bill's prime backers were Ambedkar and Jawaharlal Nehru, and among other things, it banned polygamy. The cartoon depicted Ambedkar and a woman on a donkey, riding towards a precipice with Nehru holding a banner that states "all clear". "Ambedkar rides an ass of a Bill," the caption stated.

When several Constituent Assembly members started calling Ambedkar a "modern Manu", the Hindu lawgiver —rather incongruously since Ambedkar had burnt the *Manu Smriti,* —an article in the *Organiser* termed it "an instance of depicting a Lilliput as a Brobdingnag". "It borders on ridicule [sic] to put Dr. Ambedkar on par [sic] with the learned and god-like Manu".

By the 1970s, Madhukar Dattatraya 'Balasaheb' Deoras, the third RSS chief, included Ambedkar in the Sangh pantheon of *epratahsmaraniya,* or those remembered at the daybreak prayer, and the *Organiser* calls him a champion of Hinduism. As the author points out Hinduism is "a religion he held in scorn, while he did not relent in trying to save savarana Hindus from themselves". "At least an ass can count on consistency as a virtue," the author adds.

NO LAUGHING MATTER: The Ambedkar Cartoons 1932–1956
Edited and selected by Unnamati Syama Sundar
Navayana
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