What more must be done

MARGINAL UTILITY

TCA SRINIVASA RAGHAVAN

Nirmala Sitharaman has been the butt of much harsh criticism and crude jokes for about two months. These became quite brutal after the first quarter GDP numbers came out.

It was not her fault. The Budget she presented was more-or-less handed to her. Its mistakes were, in large part, because of the finance secretary and a joint secretary in the Prime Minister's Office. Both have since been posted out. The former has resigned in protest.

For the last one month the finance ministry, faced with a severe resource shortage, has been coping as best as it can. It's announced relaxations and handouts when it cannot afford them. The latest cuts in corporate tax are very brave in that context because it entails a loss to the exchequer of nearly ₹1.5 trillion.

Taken along with the likely shortfalls in indirect tax revenue, it's clear the stupid adherence to the 3 per cent fiscal deficit target is now history. Thank god.

What next?

So what, apart from some ineffective cash injection and much need tax reform as is being attempted now, should the government do? How can the economy clamber back more quickly? The answer lies, squarely, in five things.

First, Mr Modi must admit he was wrong and instruct the finance ministry to move 90 per cent of the things from the zero rate, which makes no sense at all, to the 5 per cent category. Simultaneously, all rates above 5 per cent should be combined into a single 18 per cent.

Second, personal income tax rates must be reduced to two slabs of 20 and 30 per cent in the next Budget and the tax threshold increased to ₹18 lakh. That is, if a person earns ₹1.5 lakh or less a month, he or she should pay zero tax.

This might seem like a lot but given the structure of inelastic costs that a typical middle class income earner faces, it really isn't. I had written about this some weeks ago. It's to do with very high services inflation which all governments have ignored so far and the changed family sociology in urban settings.

Third, there's asset disposal. The only assets that can be sold off without trade union and safety net issues is land. The government must initiate this process at once for funding its social programmes. No one will complain then.

Fourth, there is the question of funding temporary revenue shortfalls. I have been writing for the last one year that the time has come to revive ad hoc treasury bills in a modified form. They are the equivalent of printing notes and are a recourse of last resort.

The point is this: Just because Rajiv Gandhi made them a staple from 1986 to 1989, and consequently landed us in a mess in 1990 doesn't mean they were altogether bad. The fact is they served an important need.

What needs to be done now is to raise the current cap on them which, at ₹100,000 crore, is too low. It was set in 20 years ago.

Fifth, very crucially, the notion that expenditure is what governments want it to be and revenue must be raised to meet it must be discarded. Tax and spend is not the same as spend and tax.

Hence, contrary to the popular demand that the government must spend more, a massive expenditure compression is what is needed and, personally, I think only Mr Modi has the stature and chutzpah to get it done. An across-the-board cut of 15 per cent for the next five years will do the trick. It's been done before in 1967, 1974, 1981 and 1991.

The Bimal Jalan committee which was set up soon after Mr Modi came to power in 2014 had some very useful ideas. In essence what this entails is expenditure switching and eliminating payments to the undeserving like retired persons with incomes from non-pension sources.

A lucky PM

Mr Modi started with a crisis in 2014 and again in 2019. The first time around, he blew it. He thought the reform of service delivery alone was enough. This was the opposite of Rao-Singh reform which assumed that macroeconomic reform alone was enough.

Luckily for him, Mr Modi once again has a golden opportunity to go down as a great reformer. He has four and a half years of opportunity. Let's see how he uses them.

About one big game-changing reform he can do — we know he excels at these — I will write next time.

Hold your breath till then.

Why BJP wants Delhi polls advanced

Once the effects of the slowdown in the economy begin to be felt and the feel-good of Article 370 recede, it would be hard for the party to capture Delhi

PLAIN POLITICS

ADITI PHADNIS

"The timing is crucial," said a functionary of the Bharatiya Janata Party (BJP). "We need to have the election now".

He was talking about polls to the Delhi Assembly, due in January-February, 2020. Last time in 2015, the election was completed on February 5 and the results were out by February 8. Arvind Kejriwal became the triumphant Chief Minister of Delhi with both the Congress and the BJP wringing their hands.

This time, the BJP is clear: Kejriwal is no write-off and unless the party advances the elections by hook or by crook, the Aam Aadmi Party (AAP) government has a good chance of returning to power.

Out of a total strength of 70, the Assembly has currently 64 MLAs (this excludes Alka Lamba who has resigned from the membership of AAP and was disqualified from the Assembly, but includes AAP MLAS who have legal proceedings against them). Of this, the BJP has four MLAs and the Congress has none. The rest are AAP.

In 2015, the AAP had won 67 seats. But many of its MLAs have been disqualified. Despite that, there is no way the government can be dismissed and elections advanced — unless AAP so desires and recommends as much to the Lieutenant Governor.

Let us assume for a moment that there is a flaw in this reasoning and the elections are indeed advanced as per the wishes of the BJP. What happens then?

The BJP's assessment is that with the passing of Sheila Dikshit, the damage is not the Congress's alone — it is also the BJP's. In the Lok Sabha elections, the Congress got 23 per cent vote share. In five out of the seven Lok Sabha seats in Delhi, the Congress was at the second position. The BJP got a humongous 56.5 per cent of the vote share and won all seven Lok Sabha seats.

This is why the BJP wants elections sooner rather than later. The party's calculation is that the political advantage of de-operationalising Article 370 and central rule in Jammu and Kashmir will accrue to it only if elections are held in weeks rather than months. "Once the effects of the slowdown in the economy begin to be felt and the feel-good of Article 370 recede, it will be hard for us," the BJP leader said.

Sheila Dikshit's continuance (to the BJP's way of thinking) would have further reduced the Congress's vote percentage by 3 or 4 per cent — but not more. At a vote share of around 18 per cent, the Congress would have nibbled away at AAP's vote and it would have been advantage BJP.

But if the Congress hits rock bottom and the AAP goes from strength to strength... "then we have a problem", he said.

Just as there are structural and cyclical reasons for the slowdown in the economy, there are structural and cyclical reasons for the BJP's erosion in Delhi. In the past, the BJP had always relied on Vijay Kumar Malhotra, Madan Lal Khurana and Kidar Nath Sahani, to net the powerful Punjabi vote. This then changed to the *Baniya* (Vaishya) community which also contributed to the support base of the BJP in Delhi. Vijay Goel was the best known among them; Harsh Vardhan, current union health minister, was another. In 2013, Harsh Vardhan would have been the CM when the BJP managed to get 32 seats, four short of a clear majority. He was the main face in February, 1996, when Khurana resigned from the post of chief minister in solidarity with L K Advani, whose name figured in the Jain hawala diaries. The RSS promoted him, but he was seen as indecisive and too eager to please.

Now, Harsh Vardhan is a cabinet minister and might not want to give up that position. Vijay Goel does not enjoy everyone's trust. The wild card is Manoj Tiwari, who is the face of the rapidly growing *Poorvanchali* (Bihar and UP) population in the capital. Tiwari is an MP and the BJP state president. If no party elections are held in Delhi and he continues as president, contesting the assembly elections, this is a signal that he would be the party's choice for chief minister.

But all this is contingent on the Congress getting at least 15 to 18 per cent of the vote share. In that situation, the BJP would be unstoppable. But if the Congress' vote share goes down precipitously — to say, 8 per cent — and the BJP and the AAP are locked in a straight fight then there's no telling what might happen.

And that is what the BJP is most afraid of.

TEA WITH BS ▸ HARISH AHUJA | MANAGING DIRECTOR | SHAHI EXPORTS

A Gandhian in the rag trade

Over *pakoras*, **Ahuja** tells **Rahul Jacob** the government needs a free trade agreement with Europe fast to ensure a level-playing field with Bangladesh and Vietnam

In Delhi, an invitation to high tea usually entails tea and samosas on the lawns adjacent to the Lady Willingdon Swimming Bath at the Delhi Gymkhana or sandwiches at the Golf Club, watching garishly attired men putt against a backdrop of peacocks tiptoeing amid mausoleums. Tea with Harish Ahuja, however, involves a journey to his company's headquarters in Faridabad that sit atop one of its garment factories. The visit is akin to a pilgrimage to a temple of global trade. Neatly packed boxes headed for the United Arab Emirates are stacked near the door. The plant with 3,500 workers, many hunched over Japanese sewing machines, is a whirr of activity. A group of foreign buyers are on a tour of the factory. The laboratories for quality checks resemble an industrial theme park: American and European washing machines test that colours don't run while close by abrasion apparatus spin rapidly to test the tendency of fibres to become entangled into unsightly tiny balls on a garment's surface while in a washer or dryer.

Quality control in the 21st century has been largely outsourced to garment manufacturers such as Shahi Exports. The checks conducted on a floral dress for the US retailer Gap has the detail of a medical report. The quality control manual for Gap runs into a few hundred pages. White-coated technicians are hermetically sealed from the production floor, a metaphor also of how separate the two functions are kept. One contraption seeks to yank a button off a shirt; caught in a kind of simulated schoolboys' playground brawl, the button pops at about 30 lbs of pressure.

The tour over, I am led to a small conference room to meet Ahuja who inherited the business from his mother, Sarla. She started the company in 1971 with a few sewing machines at her home in Delhi. Despite presiding over scores of factories in what is today India's largest garment exporter with 105,000 employees, Ahuja is a modest man with much to be immodest about. Remarkably, all his workers on the production lines are full-time employees. Shahi uses contract labour only for security and housekeeping. But this means Ahuja is fully exposed to the vagaries of inflexible Indian labour laws that other manufacturers often circumvent by using contract labour. Dispensing with small talk, he launches into a comparison of the differences between China and India. "Despite being Communist, they are very investor friendly and their policies are very flexible compared to ours. In India, once you hire a worker, it is very difficult to let them go," he says.

For the garment industry, where work is highly seasonal and prone to fluctuate, this is a huge challenge, especially since 30 per cent of the total cost is labour cost. Shahi locates most of its factories in small towns such as Shikaripur or Hubli in Karnataka and overwhelmingly relies on women. On his tablet, Ahuja shows off the gleaming new factories that Shahi has built in southern India, where women make up almost 90 per cent of the workforce. With few competing job options in such places, employee loyalty tends to be higher and unionisation absent. "Men have many diversions," he says, in a refrain I have heard from factory owners across southern China. "Women are more focused."

Ahuja, 64, is supremely focused, even ascetic. A believer in standing desks, he does the interview standing up. Pleading that he had a late lunch, he restricts himself to a mug of hot water. After I insist that this interview format requires some consumption of food, he helps himself to a biscuit, but doesn't eat it. A call he needs to take in his office interrupts our tea at about 5 pm, problematically leaving me alone with a large platter of pakoras. There are few things I like more. I pass this test of character by restricting myself to four delicious pakoras that, along with tomato and cucumber sandwiches, have come from the factory canteen, which has a crèche and a medical centre with a kind and solicitous doctor.

When Ahuja returns, he picks up where he left off in assessing India's tendency to score own goals as it loses ground in the garment industry worldwide: The rupee is overvalued by 17 per cent to 20 per cent, infrastructure deficiencies and excessive paperwork at ports add to costs relative to our competition overseas. (An electronics industry estimate shows that compared with China and Vietnam, logistics, taxes, infrastructure and land costs are about 12 to 18 per cent higher in India.) For Ahuja, the inability of Indian governments over the past nine years to sew up a free trade agreement with the European Union, is especially frustrating because it means that garments from Bangladesh, Cambodia and elsewhere go in duty free, but Indian garment exports are subject to nearly 10 per cent duty. The EU wanted concessions on wine, cheese and automobiles. The main sticking point is thought to be the need to protect automakers in India. "How many people can afford a Mercedes or a BMW," Ahuja asks. "Can it really affect Maruti's sales?"

ILLUSTRATION: BINAY SINHA

Automakers, many of whom enjoy net margins twice those of Shahi Exports' 5 per cent, command the headlines with their every utterance in a way that garment manufacturers cannot, despite being large job creators. (Tellingly, a Google search for Harish Ahuja yields many more photographs of his son who is married to actor Sonam Kapoor than of him.) Textiles and garments employ more people in India than any other industry but agriculture. In a provocative column in January 2018 in *The Economic Times*, Arvind Panagariya, the trade economist and former NITI Aayog vice-chairman, calculated that for an equivalent investment, Shahi Exports created 252 times the jobs that Reliance Industries did.

Admirers of Shahi Exports also include Naresh Gujral, the Rajya Sabha MP who built a successful garment business himself, and Ranjan Mahtani, who owns Hong Kong-based Epic Group, the largest exporter of men's casual trousers to the United States. To respond to the jobs crisis, Gujral believes governments should offer manufacturers incentives based on the number of jobs created rather than the capital invested.

Ahuja insists he only wants the government to ensure a level playing field to compete with Bangladesh, Vietnam and others. While the Modi government started its second term by rationalising codes on wages and occupational health and safety, it has ducked making it easier to retrench workers as well as allowing more overtime, restricted by law to just 30 hours a month. In China, Ahuja says, employees work "996" — 9 am to 9 pm, six days a week. Last weekend's incentives for exporters left Ahuja unconvinced. A fortnight ago, he met with a delegation of executives from the American Chamber of Commerce in Hong Kong who were scouting for production locations outside China as the trade war bites. The executives' overriding impression of India was that not much had changed. "The game is going to Bangladesh and Vietnam," reports Ahuja ruefully. He then points out that not only are Bangladesh's garments export at $37 billion more than twice that of India, but that West Bengal's share is just 1 per cent of Bangladesh's, which was considered a failed state a few decades ago.

I brood over that extraordinary statistic on the drive back to New Delhi. My Uber driver, whose wife cannot find work outside her home in Himachal Pradesh, expresses admiration for the Shahi factory because he witnessed a predominantly female workforce trooping out at the end of the day. Ahuja cites his mother, now 84 but in the office every day until a few years ago, as an inspiration: She feels it is imperative the garment industry create jobs for women. When a private equity investor recently remarked at how slim the margin of error is for Shahi because of the disproportionate challenges of operating in India, Ahuja echoed that sentiment, "Our motivation is providing employment." He is so matter-of-fact, the response seems completely sincere.

Back in pristine Lutyens Delhi, I can't help think that the imperial vistas from Raisina Hill have for too long obscured the urgency of the challenges India faces — job creation principal among them. A factory visit on occasion might help disrupt that complacency.

Not a child's play

PEOPLE LIKE THEM

KEYA SARKAR

In my craft business set-up in Santiniketan, a few artisans are direct employees. Many others, especially muslim women, who are famous for their skills in *kantha* embroidery, choose to work from home and get paid per piece. Each of the employees at my design studio oversee the work of 25 or 30 women who do the job for us.

Many of the other crafts I work with like, wood, metal, bamboo, horn etc are also not by employees but free agents who work on per piece payments. But Santiniketan being a small place, and I having now worked with most of them for over 15 years, they have become employees almost. They share with me their everyday travails, take my opinion on problems they face and how to solve them and last but not the least, often borrow money to tide over emergencies.

One such artisan, a guy who makes wonderful products in bamboo cane, delivers whenever we order products for our store. One day when we seemed to be in short supply of bamboo lampshades, I asked one of my shop assistants to call him and order more. She looked at me hesitantly and said he is not available. "He is in jail," she added rather casually. I nearly choked and asked why, because he didn't look to me like he could say a boo to a goose. "His sister's husband hung himself in their house," she explained, and "therefore he, his wife and his mother have all been locked up," she added.

In my work life in Mumbai, I had handled many a notice of quitting from junior colleagues. But back there, most of them were worried only about their pay packages. Their loyalty to any company or position lasted only till they were offered a higher salary by a competitor. But with many years of practice one had gotten used to handling that. Not that I succeeded every time, but to a large extent, one could stop juniors through counselling. In retrospect, I realise that they were mere platitudes and I wonder now how all those bright youngsters fell for it.

All those years of practice, however, are useless in my present incarnation. Another recent incident is a case in point. I have a girl who comes in once a week to draw our designs. She is brilliant at her work but somehow incapable of shouldering any responsibility beyond her "drawing" brief. I have accepted that because of her skills in creating new designs and our decade-old relationship.

Recently, when she did not come in on her usual weekly work day, I called her. She was sobbing as she answered the phone. "I am not well at all," she said. I was a bit puzzled wondering what could be so wrong with her health to make her cry. Her next sentence left me at a loss for words. "I tried to slit my throat last night, but my maid saved me," she said. "I can show you the scar when we meet," she added. I knew that she was depressed and was on and off medication, but this was not at all within the realms of possibilities that I could have imagined.

She did, however, come back to work in a couple of days and the one hour I spent on counselling her made me realise how inadequate I was. Aspirational MBAs or CAs that I needed to handle in my career in Mumbai now seemed like child's play.

A diner's paradise

PEOPLE LIKE US

KISHORE SINGH

I don't go to Goa to drink. Don't get me wrong, I love sitting at a beach shack as much as anyone else, with a G&T in one hand and the promise of a couple more courtesy of its friendly barmen. But it's to eat that I return to Goa. Nowhere else, not even in Kerala, or Pondicherry, is the catch as fresh, the curries as redolent with spices and ingredients. Goa is a diner's paradise. No restaurant — not even those that cater to the flotsam and jetsam of tourists — is ever really bad. It's impossible to have a poor meal in the state. And if you just threw up, that's the excessive beer, or alcohol, not the *vindaloo*, doing its thing.

Time was when you hungered for Goa's fiery *xacutis* and *balchaos*, but with the arrival of a choice of food options that range from regional specialties to fusion experiments, there's enough and more to keep the palate satisfied. On a recent, short trip I was fixated almost wholly on prawns, and did I strike pay dirt! Having skipped lunch because of a professional commitment, I was ready and more for my date with the aquatic crustacean. There was an invitation to join a jolly bunch of revellers for a beach party, but I opted, instead, for aloneness and quiet.

A good choice as it turned out because the tiger prawns I was served required concentration, not company. They were huge, and greatly improved by pepper, garlic and seasoning. Cooked to creamy perfection, they lifted easily off their shells and melted on the tongue, leaving behind the lingering, salty taste of the sea as a memory. If I had any complaints, it was that the specialty Martini Bar could not match the lobsters with equally splendid martinis, though it tried — an absence of vermouth in Goa rendering the cocktail insipid.

The prawns at my friend Sangy's Kitchen the following day were modest-sized but announced their presence with a tingling of flavours that took you straight into food heaven. Yet, they were mere teasers for what was to follow. "Ignore the vegetarian stuff," whispered a well-intentioned, newly-acquired friend over cocktails spiced with *kokum* and other zesty things, "you won't get non-vegetarian like this anywhere else for love or money." Verily, he spoke the truth, for what a feast there was — pork fry and beef fry, chicken curry (also cutlets) and fish moilee, and though there were as many, if not more, things that grew on the ground or on trees, those that swam, flew, walked or crawled enjoyed most of our attention.

It was a meal meant for idling, but I had a flight to catch and had been tasked with ferrying bottles of craft gins from Goa. I had expected to find these artisinal labels in the hundreds of "wine" stores that line the roads, but was in for disappointment. It wasn't till I had driven to dozens of shops that I could locate a Hapusa for my son, a Stranger & Sons for my daughter, which completed the quota the airline allowed me, forcing me to abandon the guilty pleasures of Greater Than that, it now strikes me, might have been the perfect accompaniment to the long and dull wait for a delayed flight at the state's unfortunately boring airport.

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WEEKEND RUMINATIONS

T N NINAN

Now the kitchen sink

All previous announcements having failed to do the trick, Union Finance Minister Nirmala Sitharaman has thrown the kitchen sink at the problem of slack economic growth — officially recorded for the last economic quarter at 5 per cent, and expected by many observers to be even lower in the current quarter. In slashing the corporation tax rate to the long-promised 25 per cent, the finance minister has delivered what her predecessor promised five years ago, and which a draft direct tax code had proposed even earlier. She has thus brought the corporation tax rate closer to the levels in other countries in the region. The step recommends itself further in that it is better to put money in the hands of private players than for the government to be increasing its own spending.

The clever part of the announcement is a concessional 15 per cent tax rate for fresh investment. This mirrors what Thailand announced last week: A 50 per cent cut (to 10 per cent) in corporation taxes for factories that re-locate from China. Vietnam too offers a 10 per cent rate for targeted firms. Clearly, the concessional rate is designed to see if India can gain from the US-China trade war and at the same time give a boost to the stalled "Make in India" programme.

Will it work? The jury must be out, because the consensus has been that what ails the economy is lack of demand. Boosting post-tax corporate profits attacks this issue only tangentially. For demand to get a boost, companies need to distribute larger dividend payouts and invest in new capacity, which they would not have done otherwise (this would increase the demand for capital goods, which have seen a decline in production). The problem of weak rural demand is not addressed, nor does the new announcement help companies that have slipped into the red because of slack demand or declining exports.

The tax cut is not the only thing announced. There is also a return to the bad old habit of "loan melas", and a fresh diktat to government-owned banks. This time, it is a command that no loans to small and medium enterprises should be declared to be non-performing till the end of the financial year. When will things change?

The "kitchen sink" is of course fiscal restraint, which has been kissed goodbye. Already, tax revenue has been running well short of targets. Along with the undeclared part of the deficit (hidden in various public sector companies' books, or piling up as the government's unpaid bills), the deficit this year could well be the highest in a decade — after 6.4 per cent was logged in the global crisis year of 2009-10. Bear in mind that, just a day before the finance minister's press conference, the governor of the Reserve Bank of India (RBI) had declared that there was "little space" for a fiscal stimulus — a view echoed strongly by one of his predecessors.

In announcing just such a stimulus, which translates into a larger government borrowing programme, the finance minister has changed the dynamics of the debt market and made problematic a widely expected interest rate cut by the RBI next month. Alternatively, any policy rate cut announced will not find full reflection in a constrained money market. So while the equity market celebrates, the debt market has been left with a problem. In economics, there is no free lunch.

The tax cut has been done in a manner that hurts states disproportionately, because the cut is in the rate of basic tax (revenue from which is shared with states), not in the surcharge that the Centre keeps for itself. The states now have one more complaint against a central government that had once promised cooperative federalism, because New Delhi recently re-framed the terms of the Finance Commission to pre-empt a part of Central revenue before it is shared with states. Further, adopting an aggressive stance it has proposed to the Commission that the states' share of Central taxes should be slashed sharply from present levels. No government in New Delhi has ever done this, and Centre-state fiscal relations are therefore fraught. But why worry when companies and investors are happy?

It's Modi vs economy

The struggling economy is Narendra Modi's biggest challenge. He could defy it and continue to rise spectacularly, or fix it miraculously and do even better

The many years I spent covering and travelling to countries where people weren't quite as free to speak against their rulers as in a reasonable democracy taught me an important lesson: One thing that blooms in tough times is a sense of humour and irony. If anything, hesitation and fear get the creative juices flowing. Some of the best cracks at the Soviet regime were heard on the streets and in the shops of Moscow, but in whispers.

Yesterday's whispers are today's WhatsApp forwards. Since no one quite knows who first invented the joke, there is safety in anonymity to begin with, in numbers later. The flavour of this season is the state of the economy, never mind the latest desperate steroid shot of ₹1.45 trillion worth tax breaks even as Nirmala Sitharaman's Budget unravels press conference-by-press conference.

Among the many memes and cracks on the Narendra Modi government's shambolic economics that landed in my inbox — and probably yours too — was about a maharaja and the elephant he loved. Unfortunately, the elephant fell mortally sick. The heart-broken maharaja said he'd behead anyone who first reported to him that the elephant had died.

The inevitable happened. But no one would dare to tell the maharaja. Finally, the mahout gathered courage and, trembling, informed the boss his elephant wasn't eating, getting up, breathing, or responding.

"You mean my elephant is dead?" the maharaja asked.

"That, only you can say, maharaj," said the petrified mahout.

Now our economy, we are told here, is the elephant of this story. So many ministers of this government are announcing that the "elephant" is probably dead in their own different ways. But nobody is willing to announce clearly that it is dead.

NATIONAL INTEREST

SHEKHAR GUPTA

Now, to borrow from Mark Twain, reports of the Indian economy's death are greatly exaggerated. But it is deeply and perilously sick. The markets, untameable, unlike many other institutions, are voting with their feet. Nearly ₹1.1 trillion of investor wealth has been lost since June, also wiping out most of the new capital the government gave its public-sector banks in the first round. The only good news is inflation, but it is now so low that it conforms to the dictionary definition of that mostly malapropistically used expression in Indian English: Doldrums.

The government's responses fall in three categories: The first, that this is all rumour-mongering and disinformation by Modi-haters.

The second is yet another press conference by the finance minister, where she makes a few more announcements. The latest was more substantive, a mega, one-off tax-slash without a game plan. A great headline for the Houston weekend, and a couple of days' celebrations at the markets. But, unless the government is bold enough to cut its own expenses to pay for this bonanza, it will either be funded by printing more currency, or indirectly taxing the poor. Good money will go down the tube and the crisis will worsen.

The third, and the most important, is that these are early days in this term. Mr Modi is first fixing some of the biggest challenges of the past 70 years. First step towards a Uniform Civil Code with the criminalisation of triple talaq, Article 370, and, soon enough, maybe as early as November, the building of the Ram Temple will also begin.

Then, the argument goes, the toughest but the most essential things done, Mr Modi will take charge of the economy directly. And you know when he does that, no miracle, or even that $5 trillion by 2024, is unachievable. I can only sincerely hope, and pray, that these voices are proven right.

Another view is that probably things will not improve dramatically on the economy anytime soon. But, as we said in National Interest in May last year, since Mr Modi's mass popularity isn't just unassailable in the old, American Teflon-coated sense but in a sui generis cast-in-titanium one, he will ride it out. His voters will sacrifice for him.

This was articulated most brilliantly by Haryana Chief Minister Manohar Lal Khattar at ThePrint's "Off The Cuff" conversation with me and my colleague Chitleen Sethi in Chandigarh earlier this month. He said when there was a nationalist upsurge, people readily accepted economic sacrifices.

When nationalism is so strong, he elaborated, even a setback becomes a unifying factor. Example: How the entire country, awake to watch the Chandrayaan-Vikram landing until 2 am, rallied together even in the heart-break of its loss.

What this means is that periodic bursts of other such events and headlines can keep people, and Mr Modi's popularity on a high even if the economy struggles. Watch the mood, for example, on the "Howdy, Modi!" night in Houston.

The rise, rise, and rise of Mr Modi has shattered conventional political analysis. India has forgiven him for the unmitigated folly of demonetisation. The jobs situation has been bad, but it hasn't hurt him electorally. Travelling during the elections, it was striking how many ordinary, poor people said they were hurting, but what was a little personal sacrifice "*desh ke liye* (for the nation)".

It isn't impossible that they will continue to shower him with the same affection. The headline management, spectacle, and smart new schemes (I say so without any sarcasm), like *nal-se-jal* (water on tap) and Ayushman Bharat, in addition to the already existing, successful ones such as LPG, toilets, rural housing, and Mudra loans will all help. But there is a catch.

In his first term he was able to fund these, despite indifferent growth, essentially through the additional excise duty (around ₹11 trillion) in four and a half years. To create additional money now without growth will be impossible. And, if crude oil prices rise — unlikely but not impossible — it will destroy this political economy.

Right-wing "socialism" or socio-populism rules the world now. So, you could keep taxing, spending, distributing efficiently and winning. If growth, however, collapses or even stagnates at the 1980s level as T N Ninan had warned on this page earlier this month, there won't be that much to tax. This Budget raised capital gains tax and introduced a tax on share buybacks by listed companies (partially rolled back on Friday).

The last time we had a leader enjoying such popularity was Indira Gandhi. In early 1972, after Bangladesh's liberation, she was at her peak. She could do nothing wrong. She launched herself on a series of economic blunders in her hard, destructive Left turn. It was, actually, quite popular among the poor then, as appearing to hurt the rich usually is.

This logic has also inspired Nirmala Sitharaman's Budget, with the effective tax going up to 42.7 per cent. Everyone knows it will bring little extra revenue. Tax collections, if anything, are falling. But the rich are angry and complaining. So, the poor must be happy. What worked for Indira in 1969-73, must also work for us now.

Except, the same Indira who could do no wrong in 1969-73 was doing nothing right by mid-1974. Her nationalisations and nationalism had combined to ruin the economy. She made a terrible blunder in nationalising the grain trade, egged on by her Soviet-inspired advisors, and it wrecked the rural economy so badly that it became the first time she blinked, and rolled back a socialist disaster. Compare that a little with the Modi government's panicky ₹1.45 trillion corporate tax write-off. This is a loss of nerve.

Indira's decline was spectacular. The Arab-Israel Yom Kippur war, followed by the operationalisation of the Organization of Petroleum Exporting Countries, and the oil price shock, came at the wrong time for her, as Black Swan events usually do. By mid-1974, hers was a lost cause. Pokhran-1 or the annexation of Sikkim could not rekindle the fire of mass-sacrificing nationalism. Not with rising unemployment and the inflation rate exceeding the 30 (yes, 30) per cent mark.

Maybe Mr Modi is indeed a once-in-a-millennium, cast-in-titanium phenomenon and he will defy this history. Or, maybe, as his most committed loyalists say, he will take charge of the economy and work a miracle. We can only hope the second proposition becomes a reality.

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A saga of corporate greed and plunder

AL FRESCO

SUNIL SETHI

William Dalrymple's expansive and enormously rewarding new book *The Anarchy: The East India Company, Corporate Violence and the Pillage of Empire* (Bloomsbury; ₹699) starts, oddly enough, with a word and a work of art. The Hindi word is "*loot*", which long ago passed into the English lexicon for plunder. The artwork is more complex: It is a lavish painting of an enthroned Mughal passing a scroll to a bewigged Englishman. Hanging in Powis Castle in Wales, home to the Clive family and stuffed to this day with some of the EIC's priceless *loot*, it portrays the momentous turning point in 1765, when the ill-fated emperor Shah Alam handed the revenues of Bengal, Bihar, and Orissa — selling out the richest provinces of his empire to a trading company headed by plunderer-in-chief Robert Clive.

As Mr Dalrymple tells it, the picture is a figment of the painter's imagination. In reality there was neither a gorgeously attired prince nor a public ceremony for signing the notorious Treaty of Allahabad: "The transfer took place, privately, inside Clive's tent ... As for Shah Alam's silken throne, it was in fact Clive's armchair, which for the occasion had been hoisted on to his dining-room table and covered with a chintz bedspread."

This is the sort of detail, of bombastic imagery contrasting with tawdry reality, that this enthralling 500-page volume (including a hundred pages of source notes) abounds in. Mr Dalrymple sets down his proposition swiftly: "India's transition to colonialism took place under a for-profit corporation ... a dangerously unregulated private company headquartered in one small office, five windows wide, in London ... which existed entirely for the purpose of enriching its investors." The EIC's transformation in 50 years — from an entity trading in tea, textiles, opium, indigo, and saltpeter — to an economic giant borrowing and lending millions of pounds to the British government was politically corrupt, violent, and territorially rapacious.

How a group of men who had "not yet learnt to wash their bottoms" (as one 18th century Indian observer remarked) brought the mighty Mughal empire to its knees is a stark throwback to the rise of contemporary corporations and their encroachments on modern nation-states. "Facebook and Uber usurp national authority but they do not seize physical territory; even an oil company with private guards in a war-torn country does not compare," notes the *Financial Times* in a recent review.

The time span of EIC's takeover — with blinded, brutalised Shah Alam and his line sequestered in the Red Fort as shadowy, impoverished kings of Delhi — may be short but this narrative's terrain is intricate and vast. Piecing a mammoth jigsaw of the subcontinent in turmoil, Mr Dalrymple's opus delves into the Maratha conquests, the rise of Shia dynasties in Avadh, Deccan, and Murshidabad, the Rohilla rebellions, and the Anglo-Mysore and Carnatic wars. We get well-rounded portraits of not just the infamous and famous, like Nadir Shah, Tipu Sultan, or British pro-consuls such as Hastings, Cornwallis, and the Wellesley brothers, but of significant figures that have faded from the pages of history. These include French commanders like Dupleix, Raymond, De Boigne, and Cuiller-Perron — indeed one of the merits of his research is to dig into the archives in Pondicherry. There is also a fascinating account of the Jagat Seths, powerful Marwari bankers to the nawabs of Bengal, and their sway over Murshidabad.

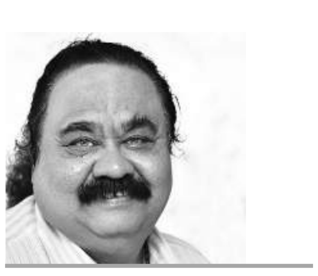
The Anarchy derives its subaltern flavour from its liberal use of non-official sources — multi-lingual accounts by contemporary observers spiced with judicious dollops of *bazaar* gossip. How else would we know that Siraj-ud-Daula, nawab of Bengal, was a serial bisexual rapist and psychopath, or that Lady Clive, upon the couple's return home in 1760, laden with Indian loot, was so rich that her "pet ferret had a diamond necklace worth over 2,500 pounds".

Deftly woven into the many strands are sorties into military and art history. The advent of muskets and use of cannons, raised to a height, and deployment of small but generously paid battalions of sepoys, became the despair of large armies led by Indian rulers. Nevertheless, from 2,900 sepoys in 1757 after Plassey, the Bengal army grew to 50,000 in a few years. "The colonial conquest of India," said one historian, "was as much bought as fought." Nor does Mr Dalrymple drop the story of art that he began with. As things fell apart at the centre, painters migrated to small remote hill kingdoms. Places like Jasrota and Guler became the San Gimignano and Urbino of India, homes to "utterly exceptional artists".

A social media criticism notes that the book's subtitles and cover illustrations are different in its Indian and UK editions. The provocative sub-head and image of battle in India have been replaced by *The Anarchy: The Relentless Rise of the East India Company* and an image of placid soldiers Britain.

That, surely, is a caprice of international marketing. It should in no way detract from the excellence of the material within.

Doordarshan turns 60, finds no admirers



YES, BUT...

SANDEEP GOYAL

Doordarshan turned 60 last week. But its landmark birthday almost went completely unsung. No bouquets. No celebrations. No reminiscing about its past glory. No revisiting its past accolades or achievements. There were some listless media reports about Doordarshan's diamond jubilee with some insipid comments and pious homilies by a couple of government mandarins. But that was all. What a pity! The "national" broadcaster, methinks deserved better.

Doordarshan gave a whole generation of Indians their first taste of real home entertainment. The 1980s especially saw epic serials like *Buniyaad* and *Hum Log* spell-bind a whole nation; Ramanand Sagar's *Ramayan* and BR Chopra's *Mahabharat* captivated young and old alike; comedies like *Yeh Jo Hai Zindagi*, *Mungerilal Ke Haseen Sapne* and *Wagle Ki Duniya* pole vaulted over filmi slapstick and redefined humour and satire; concurrently Jaspal Bhatti regaled viewers with his hilarious *Flop Show* and *Ulta Pulta*; Shyam Bengal's *Bharat Ek Khoj* shed new light on 5,000 years of Indian history; Siddharth Kak and Renuka Shahane's *Surabhi* ran a record 415 episodes as a cultural magazine enlightening India about its heritage; historicals *The Sword of Tipu Sultan* and *Mirza Ghalib* were grand renditions; neighbourhood drama *Nukkad*, and the Kruttika Desai-Kitu Gidwani starrer Air Hostess broke new ground, challenging societal norms; RK Narayan's eponymous work *Malgudi Days* came alive on *Doordarshan*, as did the mythological *Vikram Aur Betal*. Shahrukh Khan debuted on *Fauji* while *Waah Janaab* gave Shekhar Suman his first break. Amol Palekar's *Kachchi Dhoop* starring Bhagyashree and Ashutosh Gowarikar was a path-breaking serial. And few of that generation can forget Govind Nihalani's 1988 National award winning period television film and six part mini-series *Tamas* which premiered on Doordarshan with Om Puri in the lead. Even programmes like *Chitrahaar* and Tabassum's talk-show *Phool Khile Hain Gulshan Gulshan* had audiences glued to the screen.

Krishi Darshan, the program designed to disseminate agricultural information to rural and farming audiences, debuted on Doordarshan on January 26, 1967, and is Indian television's longest running program, with loyal viewers even today.

Most of the above shows were pioneering efforts — superlative creative ideas that redefined television content in the context of the times. Avant-garde; path-breaking; thought-provoking; emotionally-resonant; critically-acclaimed; popularly-endorsed. Sure, Doordarshan was the only channel on television, and therefore the default choice, but that did not prevent it from encouraging creativity, innovation and experimentation.

For Doordarshan, the decade of the 1980s was its acme, its peak, though some of its memorable properties continued to attract audiences even in the 1990s. The advent of satellite television resulted in the flight of talent from Doordarshan leading to creation of new programming that was very different ... *Aap Ki Adalat*, *Khana Khazana*, *Antakshari*, *SaReGaMa*, *India's Most Wanted*, *Top 10*, *Kya Scene Hai*, *Tol Mol Ke Bol*, *Jeena Issi Ka Naam Hai* and fiction like *Tara*, *Hasratein*, *Saans*, *Mano Ya Na Mano* and *Hum Paanch* that was conceptually and texturally different from what had been the norm in earlier years. *Doordarshan* just did not have the will or the appetite or the wherewithal to compete or even play catch-up.

Doordarshan as the state broadcaster also enjoyed a monopoly over news for decades. The dawn of a new century, the 2000s, also completely metamorphosed that domain reducing Doordarshan to being largely seen as an instrument of government propaganda.

So at 60, is Doordarshan ready to be consigned to the dung heap? Well, even today DD has 67 studios, 1,400 transmitters, some 32,000 employees, seven national channels, 17 regional channels, English and Hindi international channels, eight state specific networks and seven regional state channels. Most importantly, it has the Doordarshan Free Dish outreach. No private broadcaster comes even close. But the key issue remains whether Doordarshan can be delinked administratively and financially from the government and whether, going forward, it should attempt to be a strong competitor to private broadcasters in the world's second largest television market or a become a world-class public service broadcaster like the BBC.

Many years ago, at an industry seminar I had pointed out that Doordarshan's mandate necessarily has to be to talk to the citizens of India while private channels peddle their wares to the consumers of India. That is the fundamental issue of orientation. BBC's mission in the UK is "to inform, educate and entertain". Most importantly, in that order. Doordarshan seems not to have any clear mandate. Or intent. Or purpose. Or direction. Except being a handy instrument in the hands of whichever government is in power.

If Doordarshan has to survive, and remain relevant, it needs to be granted its much awaited autonomy which will free it from being an in-house mouthpiece. And then be given the freedom (and resources) to "do good", especially with the vast network at its command. History can be repeated ... another *Tamas*? *Nukkad*? *Surabhi*? *Wagle* and *Mungerilal*? Who knows.

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Indigenous Indians?

EYE CULTURE

KUMAR ABISHEK

The contradictory narratives surrounding the two near-simultaneously published studies, based on the DNA analysis of human skeletons found at the Harappan site of Rakhigarhi in Haryana, have reignited the debate on the Aryan migration theory. The findings of the two studies, published in *Cell* and *Science*, did not reveal any major new information but gave ammunition to both migrant and nativist camps to fire fresh volleys.

Though sitting on the fence, I'm looking at the nativists. The only reason: We have already read about the Aryan migration theory in our schools, and it's time we heard the other side.

The idea of home-grown Aryans goes entirely against what I studied in school that they were migrants from Central Asia and perhaps invaded the population of the Indus Valley Civilisation, which ultimately led to its decline. Also, that Vedic culture was brought to India by these immigrants.

The commonality between Sanskrit and European languages, and the similarity in genetic makeup (the presence of R1a1 gene, also dubbed the Aryan gene) across Europe, Central Asia, and the Indian subcontinent are often cited as the proof of Aryan immigration around 2000-1500 BC. Other findings, too, strongly support this theory — like the presumed similarities between the religious practices mentioned in the *Rigveda* and the *Avesta*, the religious text of Zoroastrianism.

However, Aryan immigration (or invasion) is still a theory. The other side, too, has strong theories and arguments.

First, the theory of Aryan invasion currently has few takers. The decline of the Indus Valley Civilisation during the period of the widely believed Aryan migration appeared to have had supported the theory of invasion, which was proposed by Mortimer Wheeler. He had interpreted the presence of many unburied corpses found in Mohenjo-daro as the victims of the conquest, and famously stated Indra "stood accused" of the destruction. However, there was little to support this idea and later Wheeler himself nuanced his stance (and those unburied dead were found to be the victims of floods); many western archaeologists abandoned this theory.

The term "invasion" nowadays is mostly used by the opponents of Indo-Aryan migration theory, who claimed it to be the brainchild of colonial rulers.

Even Sir John Marshall, the director-general of the Archaeological Survey of India from 1902 to 1928 and who oversaw the excavations of Harappa and Mohenjo-daro before Wheeler took over, suggested the Indus civilisation represented an indigenous culture that set the foundation for later Vedic, Buddhist, and Hindu civilisations (*Mohenjo-Daro and the Indus Civilization Volume I*).

According to the supporters of the nativist movement, the ancient Indian civilisation should be traced back to the glory days of the Harappan culture (3500 BC-1700 BC), when both Sanskrit and the Vedic culture originated.

Subhash Kak's *On the Chronological Framework for Indian Culture* noted the *Sapta Sindhu* region, the region that called the heartland of Vedic texts, is associated with a cultural tradition that has been traced back to at least 8000 BC without any break. The term "Aryan" in Indian literature has no racial or linguistic connotations.

Many studies have also pointed out the *Rigveda* speaks of no external homeland or migration from Central Asia. Besides, geological studies have determined the Sarasvati dried up around 1900 BC. Since the river is mentioned in the Rigvedic hymns, the inference is the *Rigveda* was written much earlier, and not around 1500 BC.

Also, according to Cornell University's Kenneth Kennedy work, there is no evidence of demographic discontinuity in the archaeological remains from the 4500-800 BC period and that there was no significant influx of people into India during this period; the recent *Cell* study, too, found "no evidence of large-scale movements of people into South Asia". However, the it said India had a heterogeneous population right from the beginning of settled life.

About the language link, Kak said: "... population increase, greater contacts and trade with the emergence of agriculture, coupled with large-scale political integration, led to extinction of languages and also to a transfer of languages across ethnic groups. In such a complex evolutionary process, it is meaningless to pin a specific language on any racial type. In the Indian linguistic area itself there exist deep structural relationships between the north Indian and the Dravidian languages."

On the 'Aryan' gene, a research, conducted by Swarkar Sharma et al and published in *Journal of Human Genetics* in 2009, concluded: "The observation of R1a* in high frequency for the first time... resolved the controversy of the origin of R1a1*, supporting its origin in the Indian subcontinent."

Still, I would like to point out that the western and north-western ends of the Indian subcontinent were not much far away from either Mesopotamia or Central Asia, and sharing of culture and population through trade, marriages, wars and other means was bound to happen. Even if there was no mass migration, there was movement of population, and in thousands of years, all add up.

Neither can we rule out foreign influence on Vedic culture, nor can we call it an import entirely.