

# We don't need no private cars

E-buses could become cheaper than conventional ones by 2025 on a total-cost-of-ownership basis



VANDANA GOMBAR

That Tesla is "unwelcome" in Singapore is old news. Elon Musk, the company's CEO, tweeted about it earlier this year. The government elaborated on the reasons last month.

"What Elon Musk wants to produce is a lifestyle. We are not interested in a lifestyle. We are interested in proper solutions that will address climate problems," Masagos Zulkifli, Singapore minister for environment and water

resources, said in an interview to *Bloomberg News*. Singapore is expanding its public transport system further while keeping a lid on the number of private cars on its roads.

Public transport that is electric — with the electricity preferably being generated via renewable energy — would be one of the better options for city commuters. India is moving towards that.

The government approved the purchase of about 5,600 electric buses across 64 cities last month, with funding support, if they meet the "required localisation level and technical eligibility". The states of Maharashtra (725 e-buses), Uttar Pradesh (600 e-buses) and Gujarat (550 e-buses) got the largest approvals.

As battery prices decline, electric buses will get cheaper. In India, BloombergNEF expects e-buses to be cheaper than conventional ones by 2025 on a total-cost-of-ownership basis — which would include the upfront cost as

well as the running cost. That would pave the way for India to become the world's second largest e-bus market, after China.

Meanwhile, commitments to all-electric municipal bus fleets are becoming more common globally. Taiwan's government approved a subsidy last month to support the transition to a fully electric fleet by 2030. Chile wants 80 per cent of its municipal fleet to be electric by 2022, and 100 per cent by 2040. In Canada, Toronto, Montreal and now British Columbia target 100 per cent electric buses by 2040. California is also committed to a zero-emission municipal fleet.

Shenzhen in China has already transitioned to a 100 per cent electric fleet. Almost 30 cities have committed to procure only zero-emission buses after January 1, 2025, under the C40 Green and Healthy Streets Declaration. These

## FOUR NUMBERS

**1.3 mn+** Projected global electric bus fleet by 2040

**1 bn+** Number of digital hailing users globally

**5 mn+** Total number of electric cars on the road

**2.5 mn+** Electric car sales expected in 2019



Source: BloombergNEF

include London, Paris, Cape Town, Auckland, Milan, Mexico City, Rio de Janeiro and Rome.

Charging infrastructure to support these fleets is springing up. Indianapolis will soon have 'wireless' charging for buses from BYD with chargers from Pennsylvania's Momentum Dynamics.

Delhi Metro got the government's nod — and support — for 100 electric buses for last-mile connectivity. The company gets over half of its daytime power from solar energy, thanks to its contract with the 750 megawatts Rewa Ultra Mega Solar Plant in Madhya Pradesh.

Taxis are also gradually going electric. Energy Efficiency Services Ltd., which had finalised the purchase of 10,000 electric cars for government use, is now offering those e-vehicles to cab companies like Ola and Meru, as demand from government departments has been muted so far. The government's incentive scheme (FAME) is also tilted towards support for electric public transport.

The U.K., which has pledged to reduce net carbon emissions to zero by 2050, announced financial backing for, among other things, flying urban taxis. Uber Elevate is working on aerial ridesharing, with demonstrator flights for air taxis planned next year, and commercial flights by 2023. Until they become a reality, electric buses and cabs will have to do.

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## CHINESE WHISPERS



### PC's 'five' jibe

As former finance minister P Chidambaram (pictured) made his way out of a courtroom on Tuesday after the CBI special court remanded him in two more days of custody in the INX Media case, journalists waiting outside sought his comments. After greeting them with a namaskar, the seemingly unflappable Chidambaram quipped, "Five per cent. Do you know what 5 per cent is?" As the CBI functionaries took him away, he raised his right hand to show the five fingers, reminding people of the recently announced April-June GDP growth figure (5 per cent), the lowest in six years. The exchange was captured on video and shared widely on social media.

### Another gathbandhan?

While the three parliamentary financial committees of estimates, public accounts, and public undertakings have been put in place, the Central government is yet to constitute the 26 department-related standing committees even after three months of the 17th Lok Sabha being constituted. Communist Party of India (Marxist) General Secretary Sitaram Yechury on Tuesday said these committees kept the government on its toes, and that Parliament could, from the next session, become a "sham", given the brute majority the government has in the Lok Sabha and a near majority in the Rajya Sabha. Yechury and other Opposition leaders are discussing the formation of a "people's platform" to raise issues relating to people's livelihood. This platform will likely include key opposition parties and will soon discuss their coming together under a common charter. Meanwhile, the Left parties are continuing with their talks of unification but will form their own "people's platform".

### Jaitley & Reddy remembered

New Delhi on Tuesday had two condolence meetings, one for former finance minister Arun Jaitley and the other to remember former Union minister and senior Congress leader Jaipal Reddy. The one on Jaitley was held at the Talkatora Stadium, while that for Reddy at the Ambedkar International Centre. The two politicians passed away in August. The meeting for Jaitley was attended by Home Minister Amit Shah and other BJP leaders. The one for Reddy had leaders from across the political spectrum, including former prime minister Manmohan Singh, senior BJP leader Murli Manohar Joshi, CPI(M)'s Sitaram Yechury, Delhi Chief Minister Arvind Kejriwal, Communist Party of India chief D Raja, and former Union minister Sharad Yadav. A close friend of Reddy and colleague of Jaitley, Vice-President M Venkaiah Naidu, attended both.

# Agriculture's 'liquidity' problem

Why recent initiatives to reduce water consumption in agriculture are likely to have limited impact

RUCHIKA CHITRAVANSHI & SANJEEB MUKHERJEE

Two initiatives by states to save water in agriculture have had mixed results, suggesting gaps in the broader policy architecture of the National Democratic Alliance's water conservation efforts. One is the diversion of land towards growing maize, and the other is the promotion of drip irrigation in Uttar Pradesh and Maharashtra. Both plans are designed to encourage farmers to divert crops from water-intensive crops such as wheat, rice and sugar.

"Nearly 89 per cent of our water consumption is for agriculture. We have to address this biggest stakeholder to manage our demand for water," Minister of Jal Shakti, Gajendra Singh Shekhawat told *Business Standard*. The principal sticking point has been the question of designing incentives for farmers to comply with these new policies as well as aligning them to consumption patterns.

The preference for growing wheat and rice, for instance, is the result of the four-decade-old support price policy, an offshoot of the Green Revolution. This has encouraged even non-traditional areas, such as Punjab and Haryana, to grow rice — one of the heaviest water-guzzling crops. In north India, Haryana, along with Punjab and western Uttar Pradesh, produces almost 26 per cent of the country's rice production estimated to be over 100 million tonnes. Similarly, state-advised prices for sugarcane, which rise year on year, have resulted in non-traditional water-scarce areas of Maharashtra

turning to sugar cultivation.

The experience of Punjab and Haryana with maize cultivation is a good example of the disconnect between policies and markets. In Haryana, at 49,000 hectares more than half the land dedicated to growing non-basmati rice has shifted to maize according to latest data for the current kharif season. In fact, maize acreage is at a five-year high in Haryana.

Punjab has also seen a rise in acreage under maize (100,000 to 160,000 hectares) and cotton (268,000 to almost 400,000 hectares) alongside a decline in non-basmati rice cultivation.

The principal factor influencing this preference for maize in Haryana has been heavy incentives. Recently, Manohar Lal Khattar's government offered farmers a subsidy of ₹2,000 per acre along with the distribution of free maize seeds to farmers, and it has also agreed to bear the insurance premium of those farmers who shift from water-guzzling crops under the *Pradhan Mantri Fasal Bima Yojana*. The state government has also assured farmers that it will buy all the produce from them.

In Punjab, a comprehensive policy to encourage a shift in cropping pattern in Punjab is expected to be announced by the end of this year.

The problem is this. Maize is not a primary consumption item in the daily diets of Indians. So though farmers may grow more of it and state agencies may buy all they produce, these moves are not aligned to the food consumption basket. "How much sweetcorn can a country consume?" one expert asked.



Indeed, the availability of cheap wheat, rice and sugar through the public distribution system (PDS) has made these commodities principal items of Indians' daily diet. No amount of conservation will solve the water crisis in agriculture as long as the contribution of water-guzzling crops remains high in Indian diets.

"The government has to look at alternative crops for people to consume. Through PDS, it successfully converted food habits. Now we need a marketing strategy. Ecologically sensitive practices have to be packaged and sold," said M V Ramachandrudu, director, Watershed Support Services and Activities Network.

The need to create markets for alternative crops also applies to drip irrigation projects. The UP government has enhanced the subsidy on drip irrigation components to up to 90 per cent for

## CULTIVATING SOLUTIONS

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- Punjab has seen a rise in acreage under maize from 100,000 to 160,000 hectares
- UP has enhanced the subsidy on drip irrigation components to up to 90% for some category of farmers
- Maharashtra has made drip irrigation compulsory for sugarcane farmers.

some category of farmers, and Maharashtra has made drip irrigation compulsory for sugarcane farmers.

Farmers suggest that the state needs to extend viable incentives if they are to grow, say, pulses instead of sugarcane. That apart, drip irrigation requires a steady supply of power. "There is no power supply for drip irrigation," said farmer leader Raju Shetti, head of Maharashtra's Swabhimani Shetkari Sanghatana. The issue is emotive enough for Shetti to say "we will not sit quiet if they make drip irrigation compulsory." So what's the solution? Ramachandrudu points to a "combination of some ten solutions," not all of them water-related.

According to a 2018 study by NABARD and ICRIER, rice, wheat and sugarcane, which together are spread over 85 million

## INSIGHT

# Lutyens Delhi: A state of mind



BIBEK DEBROY

What is Lutyens Delhi? Like Khan Market, you could say it is a state of mind, rather than a specific geographical area. If interpreted as a geographical area, there is the vaguer Lutyens Zone and more specific Lutyens Bungalow Zone (LBZ), the latter a subset of the former, unless one treats the two expressions as synonymous. If not treated as synonymous, we should go back to 1912. Under the Chairmanship of George S. C. Swinton, a Delhi Town Planning Committee was set up. The other two members were John A. Brodie and Edwin L. Lutyens. The Committee submitted two reports, in 1912 and 1913. The Committee was supposed to choose a site for the new Imperial Capital. From the June 1912 report, "The amount of land required limited the choice of ground. Fifteen square miles was needed by the Military authorities for a Cantonment which was to be placed in proximity to the Imperial City. The needs of the Imperial Capital itself, though not finally decided, had been estimated to cover 10 square miles, and, besides this, land for isolation zones and future development was needed which would vary with the precise location of the new town."

The Committee examined three sites and recommended what is now LBZ. "It has already been stated that the Military authorities have informally approved of the Naraina plan on the other side of the Ridge with its wide

expanses stretching towards Palam as a good site for a cantonment. The relation of this site to such a cantonment is almost ideal. The access to the Naraina plain at points near the centre of the site is easy to secure. The cantonment would be near but not too near the Imperial City. Amenities such as clubs, race courses, golf courses, polo, tennis, cricket, football and hockey grounds could be arranged for at a place where they could be made use of jointly by soldiers and civilians throughout the year... The site contains nothing useful or valuable which would have to disappear... Acquisition of land for this site will displace no business centre or manufacturing interests, nor interfere with the legitimate expansion of the present city into areas in which its natural extension is to be anticipated."

From the March 1913 report, "The Committee was informed that it was possible that the residence of the Government of India in the future at Delhi might extend to seven months of the year (as opposed to Shimla). The Government of India had placed their requirements, after due enquiry, at 10 square miles for the new city and 15 square miles for the cantonment. It was therefore essential to choose a large site near Delhi with ample room for expansion... The original estimate of an area of 10 square miles was arrived at in the following manner. Lists were supplied by the Government of India of the number of officers, clerks and menials who would be located in the New Capital. Units of area were approved by the same body for the space for compounds. The decision of the Government was communicated as to the allowance to be made for Government House, the secretariats, residences for Ruling Chiefs, Indian nobility, gentry and plutocracy,

commercial and educational requirements, administrative and municipal buildings. The total of these areas after allowance had been made for parks, expansion and roads came to 10 square miles... The areas fixed by the Orders in Council, dated 21st June 1912, which were communicated to the Committee, were compounds varying in size from six acres for a Member of Council to 3 acres for an Under Secretary or junior officer. After consultation with various officers the Committee tentatively cut down the size of these compounds to a standard varying from 3 acres for the former to 2 1/2 acres for the latter. Another important change was made in the method of computation.

Originally it was assumed that an official residence would be provided for every official. In working out a reduced scale of area however the Committee assumed that 1/3 of the officials of the secretary class would live in hotels or flats and that 1/2 of the Deputy Secretary and Under Secretary class would be similarly accommodated and would not require residences."

The final report was also submitted in March 1913 and said, "The committee esteem it as very fortunate that they have been in personal contact with most of the individual members of the newly appointed committee who will carry out the actual task of constructing Imperial Delhi; that one of their own members will work out in stone what for a year they have discussed on paper; and that so many of the officers, who have been associated with them, are re-engaged." This member was Edwin Landseer Lutyens and thus the origins of LBZ, "inaugurated" in 1932.

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View are personal

## LETTERS

### Highly undemocratic!



Britain's Prime Minister Boris Johnson (pictured) has not only sprung a surprise by proroguing the country's Parliament but also demonstrated his complete disdain for established democratic conventions and Westminster — democracy itself. As a politician who was not directly elected by the people, but by a section of conservatives, Johnson appears bent on circumventing debate about his no-deal Brexit in Parliament which by all accounts is undemocratic and amounts to blatant disregard for the will of the people. At this time the people of Britain and its political class are deeply divided; any attempt to circumvent Parliamentary debate on the issue needs to be decried and prevented at all cost. Given the disastrous consequences on Britain's economy arising out of a no-deal Brexit, Prime Minister Johnson should have called for a general election. As things stand now, the opposition should ask for a vote of confidence sooner than later.

M Jeyaram Sholavandan

### No lessons learnt



After emptying the hard saved reserves in the coffers of the Reserve

Bank of India, the central government has announced the merger of 10 more public sector banks to form four mega banks. While the country is facing an unprecedented economic sickness, the GDP down to a six-year low at 5 per cent and unemployment at its peak, one wonders why the government has rushed with the merger of 10 banks which is not going to be a smooth transition for various reasons. Even the merger of all subsidiary banks into the State Bank of India has proved futile. Though the NPA levels would come down technically, percentile-wise, the quantum would remain stubborn despite the window dressing.

It appears as if the government is rushing with such moves only to divert the attention of the public from the economic crisis the country is pushed into. Moreover the government appears to have learnt no lessons from the havoc the suddenly announced demonetisation and the haphazard manner in which the GST was implemented brought on the country's economy.

Tharcius S Fernando Chennai

### Need of the hour

This refers to two front page news items "GDP shocker" and "Mega merger of PSBs" (August 31). The announcement on the consolidation and merger of public sector banks and the release of GDP growth data for the first quarter of 2019-20 on the same day may be unintentional, but the story it presents is revealing. The government



must have been anticipating dismal growth figures and hence started taking action to combat slowdown in right earnest. However the opinion is sharply divided on the efficacy of the measures taken by the government in bringing about the much needed faster growth. Undoubtedly, mergers of banks is a welcome step. But then these mergers do take time to bear fruit and expecting any tangible gains in the short term may not be wise.

Whether the current slowdown in cyclical or structural or a bit of both, the lasting solution has to be structural reforms in the field of labour, land, banking etc. Any stimulus package has only a limited impact. At best, it may arrest or decelerate the slow-down temporarily given the current global situation. Putting the economy on a faster growth path requires deep structural reforms.

Sanjeev Kumar Singh Jabalpur

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## HAMBONE



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## Disinvestment blues

Purchase of BPCL by IOC would hurt the sector

The government is reportedly planning to sell its stake in state-controlled petroleum major Bharat Petroleum Corporation Ltd (BPCL) to Indian Oil Corporation Ltd (IOC) — which, like BPCL, is a state-controlled oil-marketing company. The sale will produce an oil-marketing behemoth, controlling fully two-thirds of the petrol pumps in India and over 40 per cent of India's refining capacity, as well as a majority of the aviation fuel stations. However, the government does not seem to be interested in the economies of scale. What it needs is the money it will receive from IOC in return for its 53 per cent share in BPCL. At current prices, this share would be worth about ₹40,000 crore — which would vastly help the government in its attempt to raise ₹1.05 trillion from disinvestment in the ongoing fiscal year. This deal has precedents from the recent past. In 2017-18, the Oil and Natural Gas Corporation (ONGC) acquired its fellow state-owned petrochemicals major, Hindustan Petroleum Corporation Ltd (HPCL), for a similar amount of money. Then as now, the thinking was more about achieving the disinvestment target than in increasing efficiency in the sector.

This is no way to run either a disinvestment programme or a public-sector company. It is claimed that the government is interested in making public-sector units run efficiently, but it appears that it sees them as little more than giant cash cows to fund its spending programmes. Shares of both IOC and BPCL slipped on the exchanges in response to the news of the sale, reflecting investors' views on whether this is a good idea for the companies. Decisions like this and overall poor management have resulted in significant value destruction in the public sector over the years. It should be clear that any such decision about a merger should have been taken with the companies' interests in mind, in particular what else could be done with IOC's reserves and its borrowing capacity.

IOC's debt now is more than ₹72,000 crore and its cash balance is minimal. It has planned a capital expenditure of ₹25,000 crore for this year — which may, in fact, be less than what is needed. IOC's chairman had said earlier this year that the company sought to invest ₹2 trillion over the next five to seven years. Does building up further debt in order to buy BPCL fit in with this capital investment agenda? If not, how can the government justify this purchase from the context of creating an efficient petrochemicals sector? This will clearly affect capital expenditure in the sector.

In essence, this is an attempt to use IOC's borrowing capacity — and its quasi-sovereign guarantee — to transfer funds to the exchequer instead of borrowing directly. This is similar to what it has done with the build-up of contingent liabilities in other state-owned institutions, such as the Food Corporation of India, in order to meet government expenditure. This serves neither the cause of reducing crowding out private investment nor of increasing the efficiency of the public sector. It is unfortunate that it seems to be becoming a habit.

## Sorry state of policing

Inadequate infrastructure is not the only problem

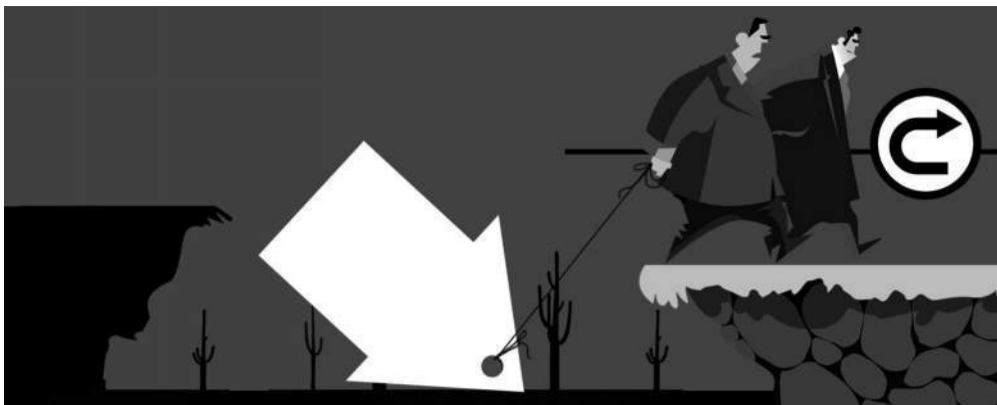
Anyone who has had the misfortune of dealing with the police in India will not be surprised by the findings in the latest report on the Status of Policing in India, produced jointly by Common Cause and the Centre for the Study of Developing Societies. This is the second such joint report and it offers a potent explanation for the low credibility of the police in public perception. The latest report, which surveys 12,000 police persons across 22 states together with their family members, reveals that the forces work at about three-fourths of their capacity and harbour frightening prejudices against women, lower castes, and minorities. The disaggregated numbers are certainly worrying in a country where rapid social transformation demands a robust and sensitised police force.

To start with, there are simply not enough people to do the job — a surprising fact, given widespread unemployment. Vacancies abound at all ranks, but those in senior ranks are higher than those in the constabulary. Across the states, 70 police stations did not have wireless devices, 214 lacked telephone access, and 24 police stations had neither. India may be a global IT champion but police stations, on average, have just six computers and states like Bihar and Assam less than one. Computers may yet be considered relatively sophisticated tools; some 240 stations did not even have vehicles. Working conditions are also abysmal. The police work, on average, 14 hours a day and one in five women in the police said she lacked a separate toilet.

The inadequacy of physical infrastructure is matched by an abject failure on the part of the state to widen the social ambit of the police force or, indeed, treat the institution in the kind of arm's-length relationship that fosters effective policing. In Uttar Pradesh and Haryana, for instance, there are as many as 60 and 53 per cent vacancies in positions reserved for Scheduled Castes, Scheduled Tribes, Other Backward Classes, and women. The study also found that the Indian police system "reeks of bias against women working in the police, with about one in four male personnel demonstrating high bias against their female colleagues". Worse, about one in four police persons in several states does not receive any kind of gender sensitisation training — an attitude that is reflected in the responses from a fifth of respondents that complaints of gender-based violence are false and motivated (which explains why most sexual assaults go unreported). Compounding these problems is the well-known suborning of the police by the political class. The frequent transfers of senior police persons who do not conform to a political leader's demands have entered the realm of popular culture.

Poor infrastructure and inadequate training and social sensitisation have all served to accentuate the foundational defects of India's police force. Unlike most functioning democracies, India's police force does not have its genesis in the concept of public service. It is the creation of the British as an instrument of enforcement and oppression — and India's leaders have chosen to embrace this aspect of policing to the exclusion of its role as a protector of citizens' — all citizens' — security, rights, and property. It should be the first line of defence in a country that prides itself on its democratic institutions. The fact that it is mostly the last tells its own story.

ILLUSTRATION: BINAY SINHA



## A next generation fiscal framework

It may be time to set up a Centre-state council for expenditure, and to re-anchor bond markets

The current economic slowdown is exposing challenges in how the country manages itself fiscally.

First, it is well understood that a fixed annual fiscal deficit target is pro-cyclical, which means it makes a slowing economy go slower, and an accelerating economy go faster. This is already visible: One of the most worrying aspects of the GDP statistics reported last week was that nominal GDP growth hit a 17-year low of 8 per cent. This explains the very slow growth in tax collections in the past few months, and means that government spending, budgeted to grow at 21 per cent but growing only at 6 per cent currently, is likely to miss Budget targets. Recall that in the June quarter, private consumption grew just 3.1 per cent, investments grew at 4 per cent, and only government consumption grew at 8.8 per cent. As government spending slows too due to the shortfall in taxes, the economy is likely to slow down further.

A fixed target is a "first generation" fiscal rule that started being adopted in Western Europe some four decades ago. Over the decades, economists have documented its shortcomings, particularly given the natural inaccuracy of any growth forecast on which fiscal targets are based. Second-generation fiscal rules instead set medium-term targets, and provide escape clauses.

Even in India, when setting up the FRBM (Fiscal Responsibility and Budget Management Act) Review Committee in 2016, the then Finance Minister had stated that "there is a new school of thought, that instead of fixed numbers as fiscal deficit targets, it may be better to have a fiscal deficit range as a tar-

get..." The Committee also documented and explained this disadvantage of headline fiscal balance rules in its report. Its choice of a debt-to-GDP target as the medium-term fiscal anchor, since adopted by the government (40 per cent of GDP for the Centre, and 20 per cent of GDP for the states), sought to provide some flexibility to the government in navigating through economic cycles. However, it then prescribed a fiscal glide path to the Centre so as to meet the medium-term target by 2023.

The growth linked "escape clause", which gives half a per cent of GDP of additional fiscal deficit buffer, would only get triggered with a "sharp decline in real output growth of at least 3 percentage points below the average for the previous four quarters". The 5 per cent growth in the first quarter is a full 3 percentage points slower than the 8 per cent reported in the first quarter last year, but is only 1.8 percentage points slower than the average of the last four quarters, not enough to trigger the clause. The government, therefore, lacks wriggle-room to stem the slowdown fiscally.

A related issue is the anchoring of the bond market: The government appears to be apprehensive that at the first sign of fiscal slippage, even if for a year, the market would drive up yields on government bonds sharply, pushing up borrowing costs for the private sector, and thus undoing the demand impetus that the government's fiscal stimulus would give. The term premium (that is, the difference between the RBI set repo rate and the yield on the 10-year government bond) is already elevated: At around 110 basis points, it is much above the average of about 60.



TESSELLATUM  
NEELKANTH MISHRA

## Does inequality matter when poverty is falling?

There is widespread concern about increasing or high economic inequality in many countries, both rich and poor. At a global level, according to the World Inequality Report 2018, the richest 1 per cent in the world reaped 27 per cent of the growth in world income between 1980 and 2016, while the bottom 50 per cent of the population got only 12 per cent. Over roughly the same period, however, absolute poverty by standard measures has generally been on the decline in most countries. By the widely-used World Bank estimates, in 2015 only about 10 per cent of the world population lived below its common, admittedly rather austere, poverty line of \$1.90 per capita per day (at 2011 purchasing power parity), compared to 36 per cent in 1990. This decline is, by and large, valid even if one uses broader measures of poverty that take into account some non-income indicators (like deprivations in health and education) for the countries for which such data are available.

If absolute poverty is declining, while measures of relative inequality (of income or wealth) show a significant rise (or remain very high), this implies that the conditions of the poor may be improving, but those for the rich may be improving much more. But if people are less poor than before, should we be concerned about high or rising inequality, about how much better-off the rich are, and, if so, why? This is an important question on which more clarity is needed, as quite often when people tell you why they dislike inequality, many of the examples they cite are really about their aversion to the stark poverty around them.

To moral and political philosophers steeped in the theory of justice, inequality in society may simply be ethically distasteful. To utilitarians, increasing income inequality, controlling for the average income, reduces social welfare simply because the same dollar has lower marginal utility for the rich

than for the poor. Many non-utilitarian philosophers also find some kinds of inequality simply unconscionable. There is, however, an important discussion among philosophers (and some economists) about the kinds of inequality that are morally permissible. The latter, for example, may pertain to cases where between two individuals facing similar life chances one may end up richer than the other simply because the former is more ambitious or hard-working than the latter. This brings to the fore a distinction between inequality of opportunity and that of outcome.

As philosophers, public commentators and the general public increasingly find the issue of personal responsibility in one's choice or life decision quite socially salient, one can make a clear distinction between opportunity-egalitarianism—seeking to offset only those inequalities that are due to circumstances beyond an individual's control (like the characteristics of a family or neighbourhood a child is born in or its biological characteristics)—and outcome-egalitarianism that, often on grounds of social norms, seeks to offset even those differences in outcome that are due to an individual's own choice (say, in blowing away one's opportunity by indulging in drugs or alcohol) or initiative (or lack of it).

Many economists take a much narrower approach on inequality, even when they are sensitive to issues of absolute poverty. They find relative inequality acceptable if it does not harm economic performance or efficiency; in fact, they are prepared to tolerate even a large dose of inequality if it improves the aggregate economic performance—the presumption is that the larger surplus keeps open the possibility of redistributing some to the poor (a possibility that is infrequently realised in actual politics), thus making everyone better-off. The main purpose of this essay is to indicate why

we may have sufficient reasons to worry about inequality even from this narrow economist's point of view. Most undergraduate economics textbooks to this day talk about an equality-efficiency trade-off. This is mainly about the disincentive effects of attempts to redistribute income from the rich to the poor. Progressive taxes to fund such redistribution may discourage work effort, investment and risk-taking, and the consequent shrinking of the pie may leave the poor worse-off compared to the case of a larger pie but with the same share as before. Economists have compared such redistributive transfers with carrying water in "leaky buckets".

In general, it is argued, allowing inequality is a way of encouraging entrepreneurs and other fortune-seekers, whose enterprise, new ideas and innovations enrich them but also improve the conditions of the whole economy from which others can benefit. The wealthy are more willing and able to take risks with new ideas, and hence redistribution may reduce productive risk-taking if it transfers wealth from less to more risk-averse agents (unless there is a public risk insurance policy to cover it so that even people with limited means are induced to take more risks). It is also the case that the rich save more than the poor, so inequality can generate more savings and investible funds, which can expand the productive base of society. Such expansion or growth may eventually trickle down to the poor (though economists on the opposite side usually argue that such trickle-down is not enough). Both sides, however, can agree that high inequality may weaken the poverty-reducing powers of the same growth rate.

(The second part will appear on Thursday)

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## Hindutva's multifaceted founder



### BOOK REVIEW

PRAVEEN CHAKRAVARTY

1907: "Gandhi is a true desh bhakt" — Veer Savarkar about Mahatma Gandhi  
1922: "Savarkar's talent should be utilised for public welfare. He is brave. He is clever. He is a patriot. He is a revolutionary" — Gandhi about Savarkar  
1928: "Criticism of non-violence is not a criticism of Gandhiji. We will fight shoulder-to-shoulder with Mahatmajee in the national struggle" — Savarkar about Gandhi  
1944: "I urge Hindus to not contribute a pie to the Kasturba Gandhi Memorial Trust. Suffering of Kasturba was insignificant

relatively" — Savarkar after the death of Kasturba Gandhi  
1948: "So, you have come to arrest me for Gandhi's murder" — Savarkar to cops

Such a steep deterioration in the complex relationship between Gandhi and Savarkar over a 40-year period is richly captured in Vaibhav Purandare's book *Savarkar*. This is just one of many, but perhaps the most important example of the intricate presentation of one of India's most controversial historical figures.

In the present political climate of weaponisation of history for electoral and legislative purposes, Mr Purandare's book about a person amid a raging public debate, offers a sense of meticulous calm. The book is extraordinarily well researched, contains a wide swathe of events in Savarkar's life and is careful to present only evidentiary facts and not stray into opinions.

My interest in the book was piqued by a claim Mr Purandare made in an article in the *Hindustan Times* that the present Modi government's governance paradigm can be easily explained through the lens of the Savarkar doctrine. After reading the book, I find some merit to that claim. From the idea of a "New India" (*Abinav Bharat*) to *ghar wapsi* to a "One nation, One rule" framework, there appears to be much in common between the ruling party's ideals and Savarkar's, including spiteful behaviour towards their opposition.

That Savarkar is a complex personality was well known, but the details were not, a gap this book bridges beautifully. For example, it explains how P K Atre, who bestowed Savarkar with the title "Veer", turned against him by the 1940s, reflecting the dramatic twists and turns in Savarkar's life. The book paints a vivid description of the constantly changing facets of Savarkar's personality, embellished with

rich anecdotes such as the gradual souring of ties even with his own Hindu Mahasabha successor Shyama Prasad Mookherjee and Rashtriya Swayamsevak Sangh chief M S Golwalkar.

The book also explains the nuanced distinction that Savarkar made between Hindutva and Hinduism. The man who coined the term Hindutva ostensibly abhorred Hindu rituals, wanted his wife to remarry if he died in the freedom struggle, wanted people to eat whatever they desired and ensured there was no funeral pyre or chanting of *mantras* after his death. Yet, he apparently detested the idea of making Muslims feel secure in a Hindu-majority land, called for the purification of Hindi by purging all Urdu and non-Sanskrit words, deemed it appropriate for India to adopt Nazi Germany's methods to forge the unity of Hindu India and so on. The seemingly staggering contradiction in Savarkar's personalities described vividly in the book leaves the reader yearning for more.

On the sensitive subject of Savarkar's role in the assassination of Gandhi, the

book presents much detail and leaves it to the reader to draw inferences. It touches on all the circumstantial evidence presented in the trial. Yet, the curious case of a man who went from genuine respect for Gandhi to virulent critic to being implicated in his murder leaves the reader searching for more answers. The book quotes Sardar Patel as saying Savarkar's criminal culpability in Gandhi's murder was different from his moral culpability, insinuating that Savarkar perhaps should be at least morally accountable.

The book delves deep into the other controversial subject, of Savarkar's pleas for amnesty from his prison in the Andamans. As with any historical incident, it needs to be judged in the context of the times. The book presents graphic details of Savarkar's harsh treatment in prison and how he fought suicidal tendencies. He believed strongly that the national struggle for independence needed him to be alive and free, even if it meant his abstinence from direct active participation. The book argues that while it is true that Savarkar promised cooperation with the British in

return for his release from prison, it also makes it clear that Savarkar wanted India to determine her own destiny.

For those interested in revisionist history, the book offers ample scope for indulgence. One such example is a proposed meeting between Jinnah and Savarkar to discuss an amalgamation of all parties opposed to the Congress party. Jinnah proposed that the meeting could take place at his Malabar Hill bungalow, since he was the senior of the two. Savarkar insisted that Jinnah visit him at his Shivaji Park residence. The meeting never took place over this silly quandary, leaving one to wonder what if... There are many such examples.

Overall, Mr Purandare's book is a scrupulous effort to portray the multi-dimensional personality of one of India's more colourfully controversial leaders.

**SAVARKAR : The True Story of The Father of Hindutva**  
Vaibhav Purandare  
Juggernaut, ₹599, 360 pages

# Opinion

WEDNESDAY, SEPTEMBER 4, 2019



## Rational Expectations

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## We need one retail policy, not two

Making a distinction between local and foreign players in the retail sector is bad policy, govt should drop it

**E**VEN AS THE government tries to convince itself that it has not made a U-turn in its e-commerce policy—after WalMart spent \$1.6bn to buy Flipkart!—and tries to come up with a solution to the alleged ‘deep discounting’ by the likes of Amazon and WalMart, it needs to address a more fundamental issue, that of having different rules for Indian and foreign businesses within the same sector.

Right now, the fight is about whether Amazon or WalMart can do ‘deep discounting’; local retailers are protesting against this on grounds that their businesses are being destroyed. But, under the current law, there is nothing to prevent a Future Retail or a Reliance Retail from doing this on marketplaces, should they set them up. Imagine the furore if the US were to put restrictions on an Infosys while not putting the same on a US firm. So, before finalising its e-commerce policy, the government needs to think about a uniform policy for Indians and foreigners. Indeed, while India does not allow FDI in multi-brand retail, Samara and Amazon operate the More retail chain; and since Indian firms can have FDI at group levels, how will the government ensure this money doesn’t flow down to the retail chain? Again, one policy for one group of investors and another for a different set.

Also, not wanting ‘deep discounts’ is one thing, but can the government tell us what an acceptable level of discounting is, and apply it uniformly? It cannot be that a, say, 60% discounting is unacceptable in retail outlets, but is all right in the food space; the furore over Swiggy and Zomato is about their discounting driving Indian restaurateurs into bankruptcy. Also, given how the restaurant business is being revolutionised with ‘cloud kitchens’, among other changes, what is the government policy on this going to be? A narrow focus on just levels of discounts is counter-productive.

And, though *The Times of India* (ToI) priced its newspaper—or ‘product’, as the marketing gurus that ran the newspapers called it—at ₹1 several decades ago, is the government going to take action here? After all, thanks to ToI, the price of a newspaper has little relationship with the cost of delivering it? But, the government will be quick to reply, this is different; since newspapers earn their revenues from advertising, this is not predatory pricing or ‘deep discounting’. But, what if Amazon or WalMart argue that their business model is really about increasing market-share, or that the ‘data’ they collect on consumers and their buying behaviour more than makes up for the discounts they give? Indeed, this permits cross-selling as well. That’s how Google and others justify offering free services, like email or maps, or, in the case of YouTube, free videos. Surely, such services are playing havoc with local industry—WhatsApp, for instance, killed lucrative SMS revenues for telcos.

And, if the destruction of local industry is the touchstone for policy intervention, surely this has to apply to Rjio and its hyper-competitive pricing—clearly below its costs—that hit already struggling telcos badly? If maximising consumer welfare justifies Rjio’s pricing—this is probably true of free email, WhatsApp, etc—surely consumers are benefiting enormously from the ‘deep discounting’ of a WalMart or an Amazon?

If the issue is about the ‘free’ capital that foreign retailers can access while local retailers cannot, surely this applies to other areas as well? A big Indian firm getting FDI at the group level is really the same thing, even if there are so-called ‘structures’ supposedly in place to ensure this doesn’t flow to the retail subsidiary. And, if free taxpayers’ money allows an Air India to price its tickets below those of other full-service airlines like Jet Airways, isn’t this ‘predatory pricing’ based on free equity capital that others don’t have access to?

You would think this is something that should concern competition authorities in the country, yet the Competition Commission of India (CCI) has never raised this issue when, year after year, Air India gets fresh government funds. Indeed, CCI hasn’t intervened even as the government is planning a ₹80,000-odd crore bailout package for MTNL and BSNL that, very clearly, will affect the competition landscape.

Under normal circumstances, complaints of ‘predatory pricing’ and ‘deep discounting’ should be referred to CCI. Yet, most competition law the world over says that companies accused of ‘predatory pricing’ must have, among other factors, ‘significant market power’; so, when Rjio began its assault some years ago, CCI didn’t intervene since Rjio was a new entrant and had zero ‘market power’. Going by that logic, CCI cannot interfere in WalMart/Amazon either as online’s share in India’s retail market is just around 1.5%. In which case, CCI’s top-brass is probably contemplating whether the definition of ‘significant market power’ needs to be amended to also include, say, deep pockets.

Another issue for CCI to consider—and more so the government, before it finalises its e-commerce policy—is the larger issue of consumer and other welfare. One difficulty that competition authorities the world over have with digital giants like Google is that, with little chance of them jacking up prices—in this case, even beginning to charge for their services—there are few consumer groups complaining; but, anti-trust action is predicated on monopolists planning to hike prices once the competition is killed. So, the government needs to be clear about what it really wants. While the need to maximise consumer welfare is obvious, millions of farmers benefit from a complete supply chain, and lakhs of SMEs will benefit from the billions of dollars being invested by Amazon and WalMart in creating warehouses and supply chains. Does the government think the money they can make from just running ‘marketplaces’—as opposed to trying to become bigger players in India’s retail space—is enough to warrant such large investments? Once you ask the right questions, and have clarity in vision, the policy details are easy to flesh out.

## Salty RESPONSE

UP acting against the journalist who did the Mirzapur-school mid-day meal expose hurts governance and press freedom

**T**HE SHAME THAT children in a government school in Mirzapur, Uttar Pradesh, being routinely denied their due by being served critically nutrient-deficient ‘meals’—if one can call them that—of roti and salt, instead of the regular meal plan under the mid-day meal scheme, should have stung the state government into taking immediate corrective measures. Instead, it chose to file a trumped-up case against the journalist who first highlighted the gross negligence of governance. Even though the UP chief minister ordered a probe into the matter, and two teachers, in charge of the implementation of the mid-day meal scheme, have been suspended, the whistleblower journalist, Pawan Jaiswal, has been booked for criminal conspiracy, cheating and defaming the state government. Not only does this make the state government seem vindictive and suppressive of criticism but also sets a precedent of harassment for whistle-blowing.

But, the fact is UP is no outlier. For all the flaws in the world press freedom rankings, India’s position in the index has not changed significantly over the last six years, rising from 140 in 2013 to 133 in 2016, only to fall back to its current 140. While fake/biased news has seriously damaged the credibility of journalism in India, with public interest journalism, like Jaiswal’s, under attack from those in power, India runs the risk of being perceived as much worse in terms of press freedom than it actually is. The Editors Guild of India has condemned the action against Jaiswal, but unless the public forces those in power to rein in their tendency to suppress criticism, cases like this could become all too common.



## FROM RUSSIA WITH LOVE

Prime minister of India, Narendra Modi

Our strong partnership is complemented by a desire to promote a multi-polar world and the two countries closely cooperate towards this end in regional and multilateral fora

## ● MINTING GAINS

PRACTICALLY SPEAKING, THE DEBATE OVER TRANSFERS FROM RBI’S RESERVES TO THE CENTRE IS A NON-ISSUE

# Making money while creating it

MADAN SABNAVIS

Chief economist, CARE Ratings  
Views are personal



**C**ENTRAL BANKING IS probably one of the more profitable businesses. The combined Federal Reserve income and expenditure statement shows a net profit margin (surplus before transfer to treasury to total income) of 55% in 2018. In the case of the Bank of England, the banking department had a margin of 16.4% in FY18, while for the issue department it was 54.3%. In 2018, the ECB had a margin of 58.6%, which is in line with the Fed. In case of RBI, for FY19, it has been a very impressive 91%, which wouldn’t change much even if the special provision of ₹526 billion is excluded.

Central banking is quite a singular business because the organisation has to exist to ensure that currency is in the system, besides conducting other conventional functions like monetary policy, exchange rate management and public debt management. In a way, there are no ‘real’ financial statements like the ones for a commercial entity, where a sale is associated with cost of production or an asset, like a loan associated with a deposit that is created. For a central bank, money is created by the proverbial stroke of the pen, and the rest of the activities are managed accordingly in a seamless manner. At the end of the day, there is a surplus on account of these transactions, and the resulting amount is transferred to the government. But, how does this money get generated?

RBI earned ₹583 billion as interest in FY19 on holding of government securities. The stock of government securities held was around ₹9.9 lakh crore, and had increased by ₹3.6 lakh crore on a point to point basis during the year. These securities yield an interest payment to the holder, which is RBI. Interestingly, RBI had conducted a marathon size of OMOs of ₹3 lakh crore last year to ensure that liquidity was available to the system. Add to this the LAF, which supported the virtual continuous deficit to the extent of 1% of NDTL of the banking system in the region of ₹1-1.5 lakh

crore. By buying such securities, the central bank earned interest paid by the government. At even, say, 7% interest rate, the earnings are substantial.

If one follows the trail of these perennial liquidity scarcity episodes, the path is quite fascinating. The government has to borrow to meet its fiscal commitments, and last year, had a gross borrowing programme of ₹5.71 lakh crore. These are subscribed mostly by banks, which then ran into a problem of liquidity as growth in deposits was tardy. RBI stepped in and provided liquidity on a daily basis through the LAF window, and on a permanent basis through the OMOs. With the latter supporting 53% of the gross borrowing programme, the deficit was monetised adequately. The government pays interest on these bonds, which adds to the central bank’s profits, and is finally paid back to it as a transfer which supports the fiscal numbers. This ‘circle of money’ is the curious aspect of central banking, where there is a very impactful relationship between monetary policy and the Budget. Ironically, if the bonds are subscribed to by banks and there is no liquidity issue, RBI does not come into the picture, and the interest accrues to them instead of flowing back to the government.

This is not specific to RBI, but to all central banks. In case of quantitative easing, the Fed or ECB bought paper from banks and, hence, received income which would have otherwise gone to the original holders. Such paper was monetised by providing liquidity to the banks and, hence, was a win-win situation, where the system got funding while the central bank earned revenue. The cost

was the liquidity, which is reserve money created by central banks constantly and, hence, does not matter unless it leads to inflation. When economic conditions are depressed, as is the case in India, this possibility does not arise and, hence, the impact is neutral.

There is another ₹290 billion which comes as forex gains for RBI. Here, too, the central bank has an inherent advantage when there are problems in the currency market. The central bank intervenes in the forex market when there is excess volatility and the rupee depreciates sharply. All the forex reserves reside with the central banks, and can be used during such contingencies. Intervention is by selling dollars in the market to enhance supplies and bring about equilibrium. Other ‘speaking’ operations are pursued by RBI to curb speculative activity in the market.

In FY19, RBI sold \$15.4 billion in the market, which resulted in a capital gain. Intuitively, the rupee tends to depreciate over time, and as the sale takes place when the value is declining further, any sale will give a profit to RBI. Therefore, once again, a situation of forex crisis bodes well for central bank revenues and, ultimately, for the government, which also gains when the surpluses are transferred.

This is over and above the interest it earns by investing the forex reserved in securities outside the country. The

earnings were ₹458 billion on holdings of ₹27,852 billion of forex assets in securities or deposits. In fact, when RBI bought dollars from banks to provide liquidity, it automatically added to its reserves. Here, too, the trail is predictable. As our balance of payments improves and dollars accrue to the system, they move to the central bank which monetises the same through the power given to it. Now, these reserves are invested in overseas assets and earn an income.

The major bonus was ₹526 billion, which comes under write-back of provisions no longer required. The committee that worked out the complicated route to using RBI’s excess reserves came up with an ideal formula, based on prudent global practices. While the well-executed formula talks of basic tenets to be adhered to, the broader question, which is posed in some quarters, is whether or not there can ever be a risk to a central bank, which has unlimited access to ‘reserve money’ and runs what can be called, at the limit, a notional balance sheet?

This point may be pertinent; while depletion of forex reserves can drive a central bank down, the same never can happen for domestic currency, which can be issued, at will, by the central bank. A fair question is what exactly a contingency reserve is meant for, especially as the balance sheet has real assets—securities, bank deposits, forex—which are mapped notionally to liabilities, where even the ‘real component’ of currency actually has no limits for a central bank.

The argument is similar to whether a government can ever default on its domestic loans for want of money. Does this then mean that, practically speaking, this debate over transfer of reserves is a non-issue?

**A situation of forex crisis bodes well for central bank revenues and, ultimately, for the government, which also gains when the surpluses are transferred**

## China’s most indebted firm too big to fail

There might be a method to the madness of Evergrande’s wild spending; its newest diversification into e-vehicles potentially helps lower real-estate costs

NISHA GOPALAN

Bloomberg

**THERE IS A** lot working against China’s most indebted property firm. China Evergrande Group is sitting on \$113.7 billion in debt and its core profit fell 45% in the first half of the year. Real-estate growth is slowing, with banks under orders to curb home loans. President Xi Jinping’s refrain that houses are for living in, not speculation, has been cropping up more frequently.

Time to rein things in, right? Not Evergrande. The company, whose portfolio already includes theme parks and a football club, now wants to become the world’s biggest electric-vehicle maker in the next three to five years. It’s burning through precious cash—160 billion yuan (\$22 billion)—to build factories in Guangzhou.

Investors are voting on this folly with their feet. The company’s shares have fallen 30% this year, making Evergrande the worst performer among Hong Kong-listed Chinese developers. The property firm’s borrowing costs are among the highest in the offshore dollar market and its bonds are tumbling.

For anyone gawking at Evergrande’s improbably ballooning debt load, just waiting for the doomsday clock to strike midnight, there is a valuable lesson: This firm is too big to fail. Evergrande is one of China’s biggest developers—with projects in 226 cities—and its billionaire founder, Hui Ka Yan, is the country’s third-richest man. With property accounting for about a quarter of China’s gross domestic product, any instability in the sector has proven too much for Beijing to stomach. Time and again, the government has reluctantly reopened the credit spigots to

boost a flagging real-estate market. Just look at 2008, 2011 and 2014.

Crucially, Evergrande has China’s largest land reserve, with 276 million square metres (905 million square feet) of gross floor area, according to Citigroup Inc. While the developer has a lot of exposure to China’s smaller cities, where growth is slowing rapidly, it also dominates redevelopment in big, rich cities such as Shenzhen, where profit margins are robust.

Land is scarce in Shenzhen, and urban renewal—demolishing old, low-density buildings to make way for high-rise apartments—is widely seen as the answer to the city’s growing population. These projects also give Evergrande access to cheap lots, which helps keep its land costs among the lowest of its peers, according to Toni Ho, an analyst at RHB Securities. If the protests in Hong Kong accelerate China’s plans to make Shenzhen the next “global cosmopolis,” according to state-run

Xinhua News Agency, Evergrande could be in a plum position.

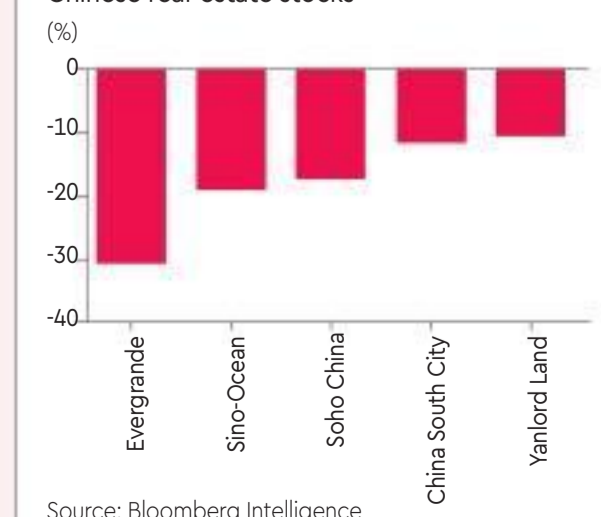
The company’s diversification into electric cars is sure to bleed money for years, and competition is getting stiffer. During his visit to China last week, Elon Musk managed to score a tax break for Tesla Inc. But carrying out one of Xi’s signature projects has its perks: For example, clean-car manufacturers can get land much more cheaply from local governments than real-estate developers. That helps explain why a host of firms including Country Garden Holdings Co. and Agile Group Holdings Ltd. are jumping in.

Being in Beijing’s favor and securing low-cost inputs is no bad thing for a cash-strapped developer like Evergrande. Maybe there’s a method to the madness of its wild spending.

*This column does not necessarily reflect the views of the editorial board or Bloomberg LP and its owners*

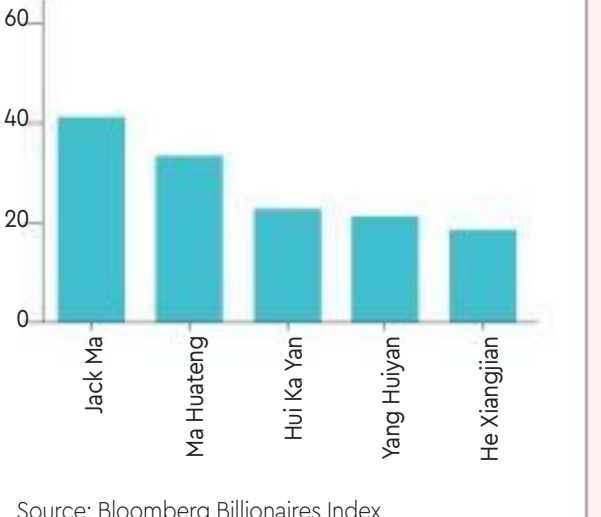
### Property downturn

Evergrande shares have fallen by almost a third this year, making it the worst performer among Hong Kong-listed Chinese real-estate stocks



### Money, money, money

Evergrande Chairman Hui Ka Yan is China’s third richest man with net worth of \$22.9 billion



## LETTERS TO THE EDITOR

### State of the economy

The Modi government’s claim that the economic growth is robust is belied by the fall in GDP growth. The government has to come out of the denial mode and acknowledge the mess the economy is in to revive it. Prime minister Narendra Modi’s wish to make India a \$5 trillion economy appears to be a distant hope. The present rate of growth falls far short of what is needed. The deceleration in growth invalidates Modi’s ‘Harvard-versus-hard work’ jibe. Still, there is no depletion of the political capital invested in Modi because of the continuing appeal Hindutva among the masses. Economic issues of vital importance are conveniently buried in the manufactured issues linked to ‘nationalist sentiment’. Former PM Manmohan Singh’s attribution of the slump in the economy to Modi government’s ‘all-round mismanagement’ holds good for BJP to counter easily. When core sectors like manufacturing, agriculture, real estate, construction and services have taken such a strong hit and consumption and investment are almost at an all-time low; an economic revival needs more than mere token measures. The quick-fix measures unveiled by the government do not suffice to undo the damage caused by demonetisation and hastily-implemented GST. BJP rode to power on the promise of creating jobs; but the Modi government has failed to create jobs and prevent the loss of existing jobs. There is dearth of talent in the government to run the economy; the failure to make use of the continued services of the country’s best economists now costs the economy dear.

— G David Milton, Maruthancode

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ILLUSTRATION: ROHNIT PHORE

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# Internet companies likely to sail into an unsafe harbour

When the government is relying on the intermediaries for development, economic growth, innovation and social transformation, the new Rules, for what they are, suggest that the government's stated goals are at odds with its policies

**W**HILE THE INTERNET ecosystem has been extremely busy with an acrimonious jostling between "data rationalists" and "data emotionalists" for the last two years, both sides have missed the elephant in the room—i.e. the draft amendments to the Rules governing safe harbour provisions enshrined in Article 79 of the Information Technology Act, 2000. Since the formation of the new government at the Centre, as per the recent media coverage, there seems to be some positive news for data rationalists: the issue of data seems to have been detached from the e-commerce policy for the time being, and there appears to be serious rethinking of some of the more restrictive provisions of the draft privacy and data protection Bill.

The engagement over data between the stakeholders is going to be protracted, but the draft revised Rules are a clear and present danger. It is well known that since the amendment of the IT Act in 2008 and the notification of the Rules in 2011, the consumer internet businesses have thrived, inviting much foreign direct investment (FDI) and even more foreign investments in Indian start-ups by global investors and companies alike.

Consequently, the Indian digital start-up system is booming—young founders, it has been seen, are aiming for nothing less than unicorns (usually a privately-held start-up company valued at over \$1 billion). The primary reason for this is that in the form of a secured and safe harbour, the Rules have so long provided a very clear framework of how intermediaries should be treated in the world's largest free-market open economy.

All that is set to change now, with the possible notification of the new Rules that make the safe harbour very unsafe for any internet company to sail into, and how?

**The current provisions of the intermediary guidelines state that an internet intermediary is granted safe harbour on three conditions:**

1. The service provider merely provides access to communication systems over which information made available by the third parties is transmitted or temporarily stored;

2. The service provider does not initiate the transmission, or in any way selects

the receiver or modifies the content; and

3. The intermediaries follow due diligence while discharging their duties.

By a Supreme Court ruling in 2014, knowledge was redefined to be actual knowledge and the process was determined to be notice and take down.

**Under the new draft Rules, inter alia, the following provisions have been added:**

Section 3(5): "The intermediary shall enable tracing out of such originator of information on its platform."

Section 7: "The intermediary who has more than 50 lakh users in India... shall: (i) be a company incorporated under the Companies Act, 1956, or the Companies Act, 2013; (ii) have a permanent registered office in India with a physical address; and (iii) appoint in India a nodal person of contact and alternate senior designated functionary, for 24x7 coordination with law-enforcement agencies..."

Finally, Section 9: "The intermediary shall deploy technology-based automated tools or appropriate mechanisms, and with appropriate controls, for proactively identifying and removing or disabling public access to unlawful information or content."

Here are the specific problems with the draft changes.

Section 3(5), the most powerful platform for P2P networking does not need to collect "track back" information for its business needs. Why empower it to collect from India? Most of the companies that provide "digital" services to Indian companies—both online and offline—do not need to have permanent offices and establishments in India as would now be required under the new Section 7. Why deprive Indian companies from their services? Finally, why allow proactive monitoring of content of Indian citizens under the garb of law-enforcement requirements under Section 9?

Furthermore, in addition to the unacceptable fact that the tail, i.e. the Rules, cannot wag the dog, i.e. the parent Act, it appears that the Rules are meant to throw the baby out with the bathwater. A problem that is perceived to be created by not more than four companies (the problem probably being sharing data with law-enforcement agencies without going into the long-drawn MLATS, or the mutual legal assistance treaties, process) is sought to be solved by making new Rules that affect literally hundreds of companies, most of which are founded and managed by Indians and readily share data with law-enforcement agencies even if the data is located outside India!

**Here are a few recommendations as a compromise:**

1. Do not empower the intermediaries vis-a-vis the citizens more than they are under section 3(5);

2. To determine the impact of an intermediary, 50 lakh users is paltry, probably 10% of internet

users is appropriate, i.e. 50 million (5 crore) average annual users;

3. One permanent representative in the form of a nodal officer should suffice, instead of the entire "permanent establishment"; and

4. Do not give any intermediary the power to monitor user content proactively even in the name of "automated tools".

At a time when the ground situation is such that every intermediary in India has to fight with either a state government or individual ministries to ensure, extend and secure the safe harbour provisions, the intermediaries are faced with the safe harbour becoming very unsafe for them! Also, at a time when some intermediaries are perceived to have control over users and even governments, please do not empower them more legally and, finally, when the government is relying on the intermediaries for development, economic growth, innovation and social transformation, the new Rules for what they are suggest that the government's stated goals are at odds with its policies.

## The long and winding career

People are working longer for reasons of choice and necessity

**A**CROSS THE DEVELOPED world, the workforce now comes in fifty shades of grey. Since 2008 the average labour-force participation rate of 55- to 64-year-olds in OECD countries has risen by eight percentage points. Depending on your point of view, that trend can be spun as ruthless capitalism requiring workers to spend more years down the salt mines or as a sign that society that is finally recognising the value of its older employees.

A new OECD report, "Working Better with Age", points out that the employment of older workers is vital, if prosperity is to be maintained. The median age of citizens in the OECD is set to rise from 40 now to 45 in the mid-2050s; on current trends, by 2050 there will be 58 retired people for every 100 workers, up from 41 today.

Many people will be more than happy to work longer. A recent survey of 1,000 British retired people found that a quarter thought they had stopped too early (on average they had quit at 62). A third said that they had lost their purpose in life after they retired.

Bartleby has reached an age at which many of his contemporaries have stopped working. The appeal is understandable. Retirement gives you the chance to sleep late and avoid the morning commute. On a summer's day, you can enjoy the sunshine; on a winter's day, you can avoid the cold and rain. No longer do you have to sit through endless meetings or check email obsessively.

But work has many compensations. It keeps the mind active and gives people a purpose in life. The first month of retirement may seem idyllic, but boredom is bound to ensue. Grand plans to learn languages and travel the world can quickly fizzle out. Furthermore, the camaraderie of colleagues provides a social network; spending all week at home can lead to loneliness. It will be a while before Bartleby retires to his seaside cottage, "Dunwritin".

Working longer should be easier now that most jobs require mental, rather than manual, labour. But the physical strain of being a fireman, miner or construction worker makes it hard to keep working in your 60s.

Of course, many people are working longer not because they enjoy what they do, but because they cannot afford to quit. That is not solely because governments have been pushing up the state retirement age. In practice, the average age at which people actually retire (the "effective" retirement age) differs from the official age by several years. In part, that is because many people do not rely on the state pension as their sole source of income and need work-related pensions to supplement it. These can be taken earlier than the official date.

However, companies have been phasing out pensions linked to final salaries and replacing them with "defined contribution" schemes. Under the latter, workers end up with a pot of savings at retirement that needs to be reinvested. The income from such pots has been reduced by very low interest rates. Women tend to have smaller retirement pots (thanks to their years spent raising children), making their difficulties particularly acute. They need to keep working.

That helps to explain the long-term trends. The effective male retirement age across the OECD was 68.4 in the late 1960s and then steadily fell to reach a low of 62.7 in the early 2000s. At that point it started to increase, reaching 65.3 by 2017. For women, the pattern has been similar. The effective retirement age fell from 66.5 in the late 1960s to 60.9 in 2000, and then rebounded to 63.7 by 2017.

These statistics indicate that age discrimination in the workforce has been reduced, if not entirely eliminated. Some countries now have laws prohibiting discrimination on the grounds of age, although surveys suggest older workers still feel disadvantaged, particularly when it comes to promotion.

Two issues seem to hold employers back. The first is that older workers tend to command higher salaries, because of the seniority system. The OECD suggests that the premium for long tenure should be reduced. The second is a skills deficit; one in three 55- to 65-year-olds in OECD countries either lack computer experience or cannot pass technology tests.

This can be tackled with proper training, organised by the government or by companies themselves. But the over-55s should take it upon themselves to keep up with technological changes. Become a silver surfer. Your livelihood may depend on it.

THE ECONOMIST

## BLOCKCHAIN IN EDUCATION

**W**IDESPREAD DIGITAL TRANSFORMATION has changed the way organisations function across industries, with research being conducted into methods to integrate contemporary technology into traditional sectors. Some of the most influential technologies that have emerged have centred on artificial intelligence (AI), machine learning (ML) and automation. Blockchain is now a worthy contender to these technologies, possessing the potential to revolutionise multiple sectors. While its effects have already been discussed in major areas such as finance, cybersecurity and logistics, an area that is of equal importance is the effect blockchain can have on the education space.

As talent acquisition becomes an important concern across industries, universities are tasked with providing their students the best possible chance to secure employment opportunities. Within this framework, a compilation of the capabilities students possess is of essence, creating a direct link between the universities and their potential employers. The process of recording these capabilities, however, suffers from two major problems.

Firstly, these records do not contain a holistic view of the knowledge the student possesses as the only aspects being evaluated are purely academic, leaving no scope

# A digital ledger of certificates

Like finance and logistics, blockchain can make an important impact on education

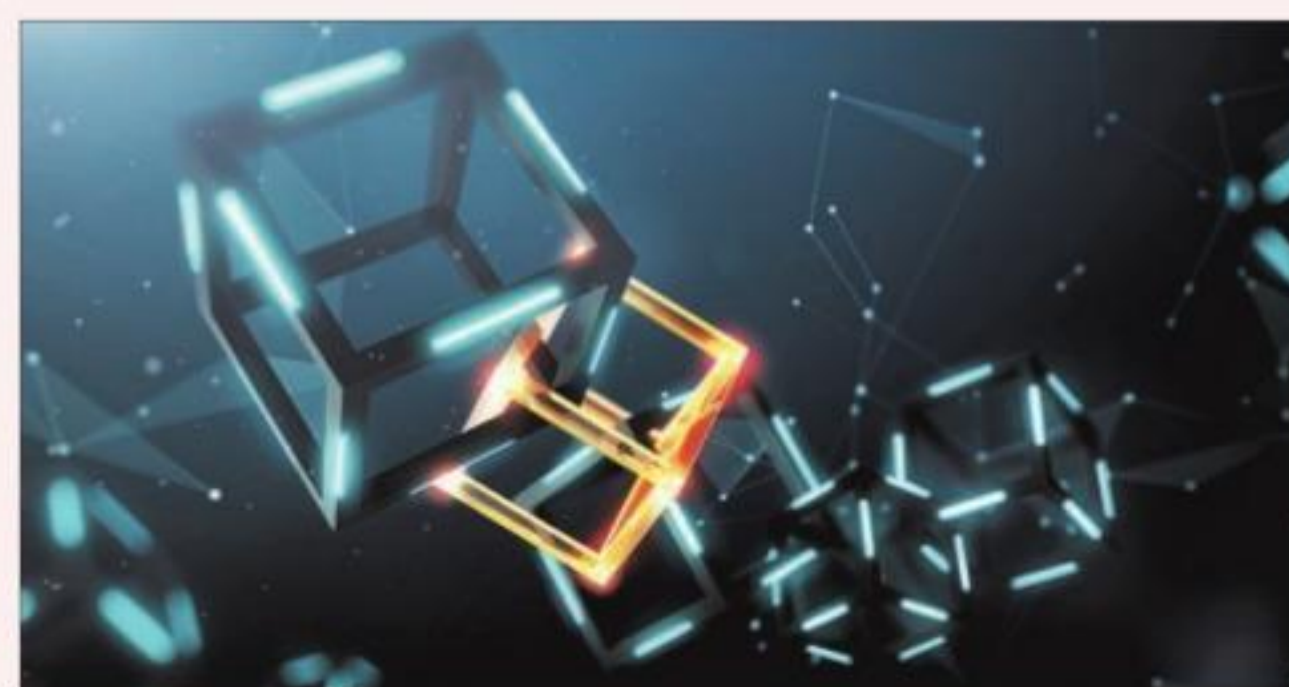
SRINIVAS KAMADI

The author is vice-president and services offering head, Infosys



for extracurricular activities that the student may undertake voluntarily. The same is true of working professionals, where the only records present are of the professional targets achieved, ignoring after-work knowledge that the employee may acquire during his/her term of employment. The second problem is that the information that is recorded is mostly in the form of physical assets, such as paper documents, which can be easily misplaced. An additional problematic aspect of this reliance on physical records is that the information tends to exist in scattered silos, leaving no possibility of integrating the information in any other manner but manually.

Information security is the most contemporary issue that is plaguing the education space. Most countries suffer from the menace of fake certificates that are readily available—as cheap as Rs 2,000—and are used by candidates to enhance their prospects of employment. As a result, organisations are faced with a simultaneous talent crunch and excess of applicants as they are now required to spend a large amount of time and money to verify all certificates and transcripts submitted. Digitisation has aided in this process by the movement of all physical records to digital platforms. This, however, raises the prospect of the loss of all digital records due to cyber



threats such as hackers and digital currencies. Such a situation can have repercussions beyond merely the academic domain, with a lack of verifiable certificates leading to inefficient governance and a weak healthcare system due to the cross-linking of user data in the contemporary world.

Blockchain to the rescue: It is into this troubled space that blockchain arrives and has begun to create viable solutions. The digitisation of records represents the first space where the influence of this technology can be felt. Although most universities and organisations have moved from physical to digital transcripts and records, these are still stored in on-site databases.

Blockchain allows for the creation of a central server on the cloud where multiple universities and organisations can store records, creating a database that is easily accessible, no matter the geographical location. Within this centralised server, individual profiles can be created for every student and employee who tags their records and renders them unique, thereby combatting the problem of fake certification. An added advantage of these profiles is they remain dynamic and are agnostic to categorisations such as academic and extracurricular, allowing for every profile to be updated in real-time when the individual gains additional capabilities. Such a situation implies

that organisations can verify an individual's credentials more easily and will save on both financial and temporal costs.

From a security perspective, the hub model of information reduces the points of entry for cyber threats while securing the limited ports that exist with elements such as data encryption and two-factor authentication. By securing data in transit, blockchain allows for greater data transparency without the fear of incursions. The creation of digital ledgers also makes tracing the path of information much easier in cases when theft and falsification do occur.

Clearly, blockchain has the potential to transform education. There are, however, certain roadblocks that must be overcome. Cultural indifference and caution towards digital records is the first challenge, as geographies persist in their preservative attitudes towards paper records. Also, data registration is a slow process and some countries still do not possess adequate infrastructure to regulate such a system. These challenges can be overcome, as showcased by the work being done by universities and organisations in the US such as the MIT. The Indian government, too, has put into place plans for the creation of an indigenous blockchain network. Given this scenario, blockchain is set to change the way the education space functions and help ensure that fraud and information security will cease to be menacing issues.



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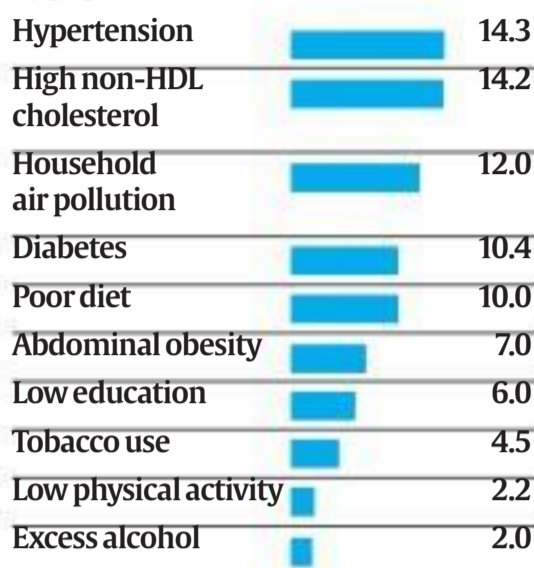
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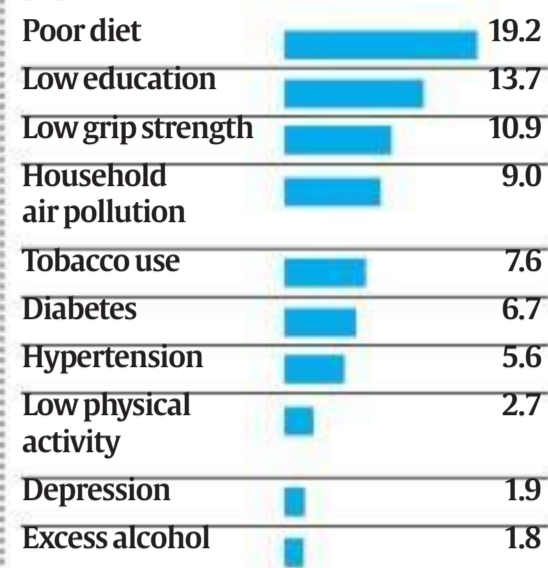
## TELLING NUMBERS

## Air pollution in Indian homes key heart risk factor: The Lancet

Top 10 risk factors for cardiovascular disease in low-income countries, by population-attributable fractions



Top 10 risk factors for death in low-income countries, by population-attributable fractions



**ANURADHA MASCARENHAS**  
PUNE, SEPTEMBER 3

HOUSEHOLD air pollution has emerged as one of the key causes of cardiovascular diseases (CVDs), and 12% of all CVDs in low-income countries are attributable to it, a new report has said. Hypertension is the largest risk factor for CVD in low-income countries (which include India), followed by high non-HDL cholesterol and household air pollution.

## What it means for India

In the report that looked at risk factors for CVD, researchers enrolled 1,55,722 participants between January 2005 and December 2016. These included 35,793 from five low-income countries, including India.

Household air pollution is a greater risk factor for CVD in India than diabetes, tobacco use, low physical activity and poor diet. An earlier report from a PURE study (*Lancet Respiratory Medicine* 2014) showed that Indians had the lowest lung function among the 21 countries studied.

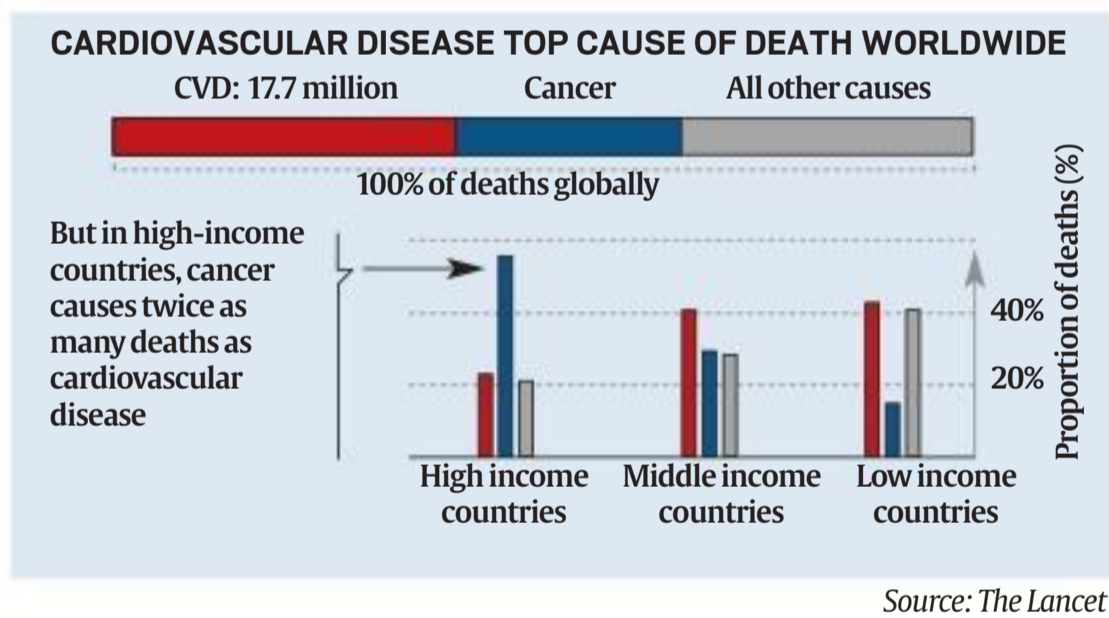
At least 65% of homes in India use biomass fuel for cooking and heating. In urban areas, the use of mosquito coils, *dhoop* sticks and *agarbattis* contribute to high household air pollution.

Dr V Mohan, Director of Madras Diabetes Research Foundation and one of the study authors, told *The Indian Express* that household air pollution is becoming an important cause of overall and cardiovascular mortality in low-income countries. "This is actually a window of opportunity... because if the household air pollution can be controlled, we can see significant decrease in mortality including due to cardiovascular disease in India," Dr Mohan said.

Dr Sundeep Salvi, Director, Chest Research Foundation, and an expert on the national steering committee to prevent air pollution, said the study has highlighted for the first time that household air pollution is also a leading risk factor for heart disease and deaths in India. "The major focus has been ambient air pollution that is pollution rising from motor vehicles and industries. It is now time to wake up and realise that the pollution we generate in our house is also responsible for significant adverse effects," Dr Salvi said.

## CVD and cancer

The other report, which followed 1,62,534 middle-aged adults in the 21 countries, found that CVD remains the leading cause of mortality among middle aged adults globally, but this is no longer the case in high-income countries, where cancer is now responsible for twice as many deaths as CVD. It was estimated that 55 million deaths occurred in the world in 2017, of which approximately 17.7 million were due to CVD. Dr Mohan explained that in high-income countries, people have started living longer, so deaths due to CVD have reduced, and more are now dying due to cancers.



## SIMPLY PUT

## In ethanol, govt's sugar solution

Government has hiked ethanol procurement price for blending with petrol, allowed conversion of old sugar into ethanol. How is the move expected to address problems of overproduction and unpaid dues?

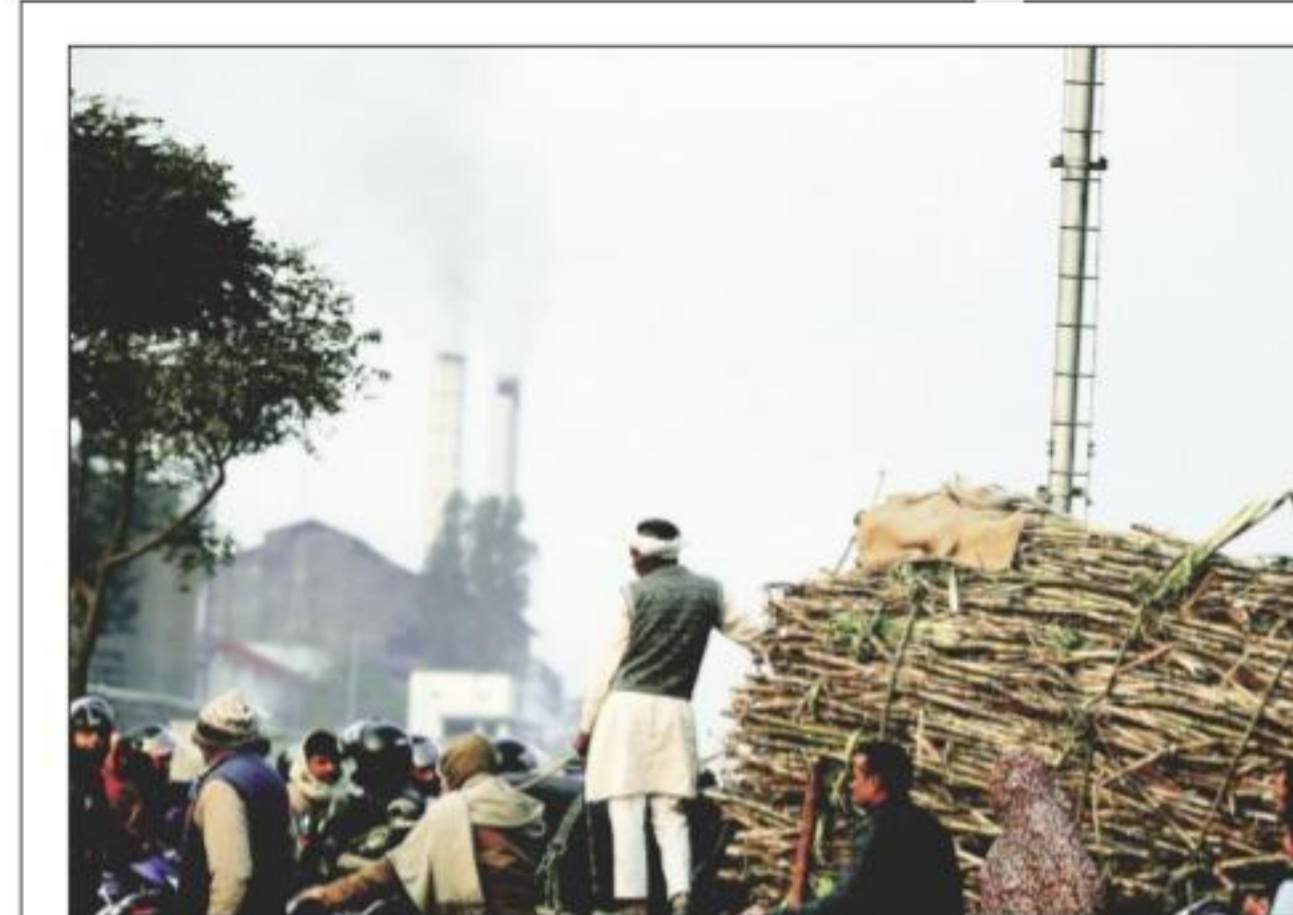
**PARTHA SARATHI BISWAS & HARISH DAMODARAN**  
PUNE, NEW DELHI, SEPTEMBER 3

ON TUESDAY, the government approved an increase in the price of ethanol to be produced by public sector oil marketing companies (OMCs) from sugar mills for blending with petrol for the 2019-20 supply year from December 1. The Cabinet Committee on Economic Affairs (CCEA) also allowed conversion of old sugar into ethanol, which again is expected to help mills deal with the current overproduction in the sweetener and make timely payments to farmers for the cane delivered by them.

## What exactly is ethanol and how do mills produce it?

Ethanol is basically alcohol of 99%-plus purity, which can be used for blending with petrol. The normal rectified spirit used for potable purposes has only 95% alcohol content. Both ethanol (also called anhydrous alcohol) and rectified spirit are produced mainly from molasses, a byproduct of sugar manufacture. Mills typically crush cane with a total fermentable sugars (TFS) content of about 14%. Much of this TFS — sucrose plus so-called reducing sugars (glucose and fructose) — gets crystallised into sugar. The uncrystallised, non-recoverable part goes into what is called 'C' molasses. The latter, constituting roughly 4.5% of the cane, has a TFS of 40%. Every 100 kg of TFS, in turn, yields 60 litres of ethanol. Thus, from one tonne of cane, mills can produce 115 kg of sugar (at 11.5% recovery) and 45 kg of molasses (18 kg TFS) that gives 10.8 litres of ethanol.

But rather than produce sugar, mills can also ferment the entire 14% TFS in the cane. In that event, they would end up making 84 litres of ethanol and zero kg of sugar. In between these two extreme cases, there are intermediate options as well, where the cane juice does not have to be crystallised right till the final 'C' molasses stage. The molasses can, instead, be diverted after the earlier 'A' and 'B' stages of sugar crystal formation. Mills, then, would produce some sugar, as opposed to fermenting the whole sugarcane juice into ethanol. If ethanol is manufactured using 'B' heavy molasses (7.25% of cane and with TFS of 50%), around



Cane being transported to a sugar mill in Shamli, Uttar Pradesh, in January. Express Archive/Praveen Khanna

21.75 litres will get produced along with 95 kg of sugar from every 1 tonne of cane.

## So what has the government done?

Given the surplus sugar production in the country, it has allowed mills to produce ethanol from 'B' heavy molasses and directly from sugarcane juice. On Tuesday, the CCEA approved even use of sugar and sugar syrup for production of ethanol; mills can simply add these to the molasses mother liquor for further fermentation. But the real impetus has come from mills getting higher rates for ethanol manufactured from the 'B' heavy and sugarcane juice routes. For the 2018-19 supply year (December-November), the ex-distillery price payable by OMCs for ethanol manufactured from the conventional 'C' molasses route was fixed at Rs 43.46 per litre. This was set higher at Rs 52.43/litre for ethanol from 'B' heavy molasses and Rs 59.13/litre from sugarcane juice. For the new 2019-20 supply year, the prices have been raised marginally to Rs 43.75/litre ('C' molasses), Rs 54.27/litre ('B' molasses) and Rs. 59.48/litre (sugarcane juice). Moreover, even ethanol produced from sugar and sugar

syrup will enjoy the Rs 59.48/litre rate.

## How will all this play out?

Currently, ex-factory prices of sugar are ruling at around Rs 32 per kg. If a mill were to produce 115 kg of sugar and 10.8 litres of ethanol through the conventional route, its gross realisation at Rs 32/kg and Rs 43.46/litre would be roughly Rs 4,149 from every tonne of cane crushed. But if it were to convert the entire cane juice into 84 litres of ethanol, the gross realisation at Rs 59.48/litre works out much higher at Rs 4,996 per tonne of cane. In other words, there is a huge incentive to produce ethanol today. This has been additionally facilitated by the government mandating 10% blending of petrol with ethanol. Between 2013-14 and 2018-19 (supply years), ethanol procurement by OMCs has increased from 38 crore litres to an estimated 200 crore-plus litres. Out of the latter, 32 crore litres is expected to be made from 'B' heavy molasses and sugarcane juice. If mills are able to divert more of cane juice for ethanol, it would mean producing less sugar. Since the country is producing too much

## THE SUGAR BALANCE SHEET\*

- Closing stocks as on September 30, 2018 : **104.11 LAKH TONNES**
- Production in 2018-19 season (Oct-Sep): **329.50 LAKH TONNES**
- Total availability (1+2): **433.61 LAKH TONNES**
- Domestic consumption : **260 LAKH TONNES**
- Exports : **38 LAKH TONNES**
- Closing stocks as on Sep 30, 2019 (3-4-5): **135.61 LAKH TONNES**
- Likely production in 2019-20: **270-280 LAKH TONNES**
- Domestic consumption: **270 LAKH TONNES**
- Targeted exports: **60 LAKH TONNES**
- Closing stocks as on Sep 30, 2020 (6+7-8-9): **75.61-85.61 LAKH TONNES**

\*Projections do not factor in diversion of sugarcane juice for ethanol

sugar and is importing oil, the ethanol-blending programme is beneficial both for mills and for the country's balance of payments. Ten-per-cent blending requires 330 crore-litres of ethanol, which can now be produced through the 'B'-heavy molasses and sugarcane juice routes as well.

## What is the present situation in sugar like?

Mills are expected to close the 2018-19 sugar season (October-September) with all-time-high stocks of 136 lakh tonnes (lt), which is equivalent to six months of domestic consumption. Even if production falls from 329.5 lt to a projected 270-280 lt in the new season and exports nearly double to 60 lt — the country consumes only 265-270 lt a year — stocks will remain at levels where mills will still struggle to pay farmers (see box). As of now, they have outstanding cane dues of over Rs 10,000 crore, of which Rs 7,000 crore-plus is in UP alone. These will mount further as crushing for the 2019-20 season begins in a month's time. Ethanol is the only real saviour under the circumstances — both for mills and cane growers.

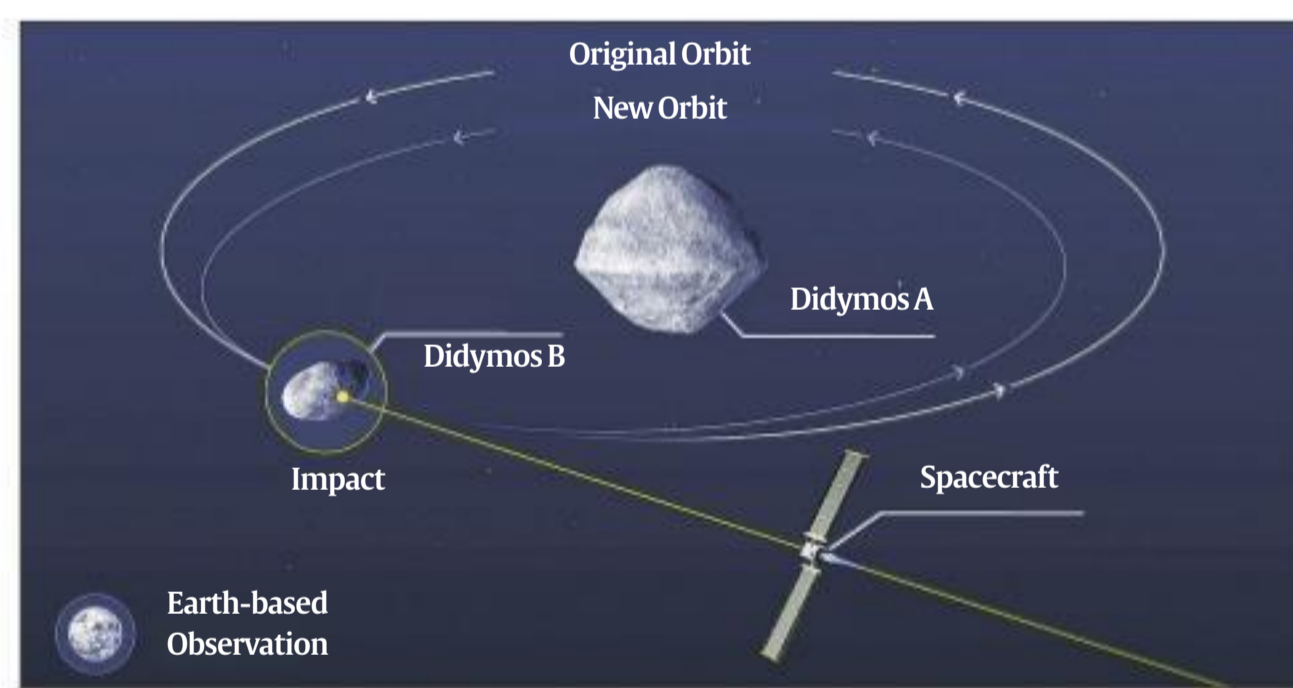
## How to deflect an asteroid: plan in progress

**EXPRESS NEWS SERVICE**  
NEW DELHI, SEPTEMBER 3

AMONG ALL the causes that will eventually cause the extinction of life on Earth, an asteroid hit is widely acknowledged as one of the likeliest. Over the years, scientists have suggested different ways to ward off such a hit, such as blowing up the asteroid before it reaches Earth, or deflecting it off its Earth-bound course by hitting it with a spacecraft. Now, scientists have embarked on a plan to test their expertise with the second of these two methods.

## The mission

It is an ambitious double-spacecraft mission to deflect an asteroid in space, to prove the technique as a viable method of planetary defence. The mission, which includes NASA and the European Space Agency (ESA), is known as the Asteroid Impact Deflection Assessment (AIDA). During September 11-13, asteroid researchers and spacecraft engineers from around the world will gather in



Mission profile of NASA's DART mission, which aims to deflect Didymos B — the "moonlet" of the Didymos asteroid system. European Space Agency

Rome to discuss its progress.

The target is the smaller of two bodies in the "double Didymos asteroids" that are in orbit between Earth and Mars. Didymos is a

near-Earth asteroid system. Its main body measures about 780 m across; the smaller body is a "moonlet" about 160 m in diameter. The project aims to deflect the orbit of the

smaller body through an impact by one spacecraft. Then a second spacecraft will survey the crash site and gather the maximum possible data on the effect of this collision, ESA explained in a statement.

## Tools of the mission

NASA is building the Double Asteroid Impact Test (DART) spacecraft for launch in summer 2021. It is planned to collide with the target at 6.6 km/s in September 2022. Flying along with DART will be an Italian-made miniature CubeSat, called LICIAcube, to record the moment of impact.

ESA's contribution is a mission called Hera, which will perform a close-up survey of the post-impact asteroid, acquiring measurements such as the asteroid's mass and detailed crater shape. Hera will also deploy a pair of CubeSats for close-up asteroid surveys and the very first radar probe of an asteroid. All this would allow researchers to model the efficiency of the collision. This can help turn this experiment into a technique that could be repeated, as needed, in the event of a real threat, ESA said.

## Apache attack helicopters: what IAF's lethal new acquisition can achieve

**MAN AMAN SINGH CHHINA**  
CHANDIGARH, SEPTEMBER 3

EIGHT APACHE AH-64E stealth attack helicopters, among the most advanced military flying machines in the world, joined the Indian Air Force on Tuesday, providing a significant boost to its combat capabilities at a time of complex security challenges.

## How do the Apaches enhance the attack helicopter capabilities of the IAF at this stage, since it already has the Russian Mi-24/Mi-35 gunships in its inventory?

One of the major reasons why the IAF decided to go in for the Apaches is their ability to operate at much higher altitudes than the aging Russian attack helicopters and, of course, because of the advanced technical abilities that come with the American-made helicopter.

The Mi-35 could not operate in the Kargil conflict at the heights that the IAF wanted it to be used in support of the Army. While the primary task of the attack helicopter gunship is in support of mechanised armoured formations, yet the adaptability of the inven-

tory to be used elsewhere is also important.

The Russian gunships were made for an era when a dual role was envisaged for them. Thus, in addition to their attack role, they have cabin space for eight soldiers, who can be speedily dropped behind enemy positions. The Apache does not have any cargo role, and is, in comparison, smaller and more nimble.

Among the Apache's modern capabilities are the ability to shoot fire-and-forget anti-tank missiles, air-to-air missiles, rockets, and other munitions. It also has modern electronic warfare capabilities to provide versatility in network-centric aerial warfare.

## So, how many Apaches will replace the IAF's Mi-35s?

IAF had signed a contract with aerospace major Boeing and the United States government in 2015 for 22 Apache AH-64Es. The first eight of these attack helicopters have been delivered on schedule, and the last of the choppers is to be delivered by March 2020.

These helicopters will be deployed in the western regions of the country. In addition to these machines, another six helicopters are being procured for the Indian Army,

## APACHE STATS

## IN THE COCKPIT

- Visual and aural cues
- Multipurpose colour displays
- Digitally shared graphics
- Automated data input

## PAYLOAD

- 4 Stinger missiles
- 16 Hellfire missiles
- 76 rockets
- 1,200 rounds of 30 mm calibre

which will enhance mechanised operations comprising tanks and infantry combat vehicles in desert and semi-desert regions.

**Will all the Apaches be in flyaway condition, or does the deal involve local**

## production?

The Apaches are being received in a semi-flyaway condition, as were the Chinook heavy-lift helicopters, also manufactured by Boeing. After affixing their rotors, the aircraft are able to fly on their own.

There is an agreement between Boeing and Tata to manufacture the fuselage of the Apaches in India under the joint-venture Tata Boeing Aerospace Limited, Hyderabad. It is not known if any of these fuselages have been used in the eight Apaches delivered so far.

## Who is supplying the firepower for the Apaches? What weaponry does an Apache carry?

The firepower in the Apaches is being integrated with the helicopter by Boeing itself in the United States. The helicopter is capable of delivering a variety of weapons, which include air-to-ground Hellfire missiles, 70 mm Hydra rockets, and air-to-air Stinger missiles.

The Apaches also carry a 30 mm chain gun with 1,200 rounds as part of the area weapon subsystem. The helicopter carries the fire control Longbow radar, which has 360-degree coverage, and a nose-mounted sensor suite for target acquisition and night-vision systems.

The weapons and radar systems in the helicopter will enhance the capability of the IAF in providing integrated combat aviation cover to the Army strike corps. These tan-

dem seating helicopters are day/night, all weather capable, and have high agility and survivability against battle damage. These are easily maintainable even in field conditions, and are capable of prolonged operations in tropical and desert regions.

## When and where did IAF pilots train on the Apaches before the induction?

The IAF pilots who were to fly the Apaches began their training on the helicopters in the United States in 2018. The US Army provided the training to the fleet's pilots and maintenance personnel at Fort Rucker, Alabama.

## Which other countries fly these attack helicopters?

Boeing's global customers for the Apache include Egypt, Greece, India, Indonesia, Israel, Japan, Korea, Kuwait, the Netherlands, Qatar, Saudi Arabia, Singapore, the United Arab Emirates and the United Kingdom, apart from the United States Army. The company said in a statement that India was the 16th nation to procure the helicopter, and that it was receiving the most advanced variant.



## The Indian EXPRESS

FOUNDED BY  
RAMNATH GOENKA

BECAUSE THE TRUTH INVOLVES US ALL

# Not without humanity

NRC cannot be the definitive document to prove citizenship. It can provide a base from which to move forward



MITRA PHUKAN

ON AUGUST 31, the final National Register of Citizens, excluding 19,06,657 people from the 3,30,27,661 who had applied, was released in Guwahati. This was a controversial document, much anticipated and dreaded in Assam for the past few years, ever since work on updating the NRC of 1951 started in 2013. The 19 lakh have been given another 120 days to submit documentary proof to the Foreigners' Tribunals.

The issue of identity has been central to Assam for decades. Agitations and movements demanding the ouster of "outsiders" have led to street demonstrations, peaceful processions as well as terrible violence. Students have lost years in academic lives, the economy has suffered greatly. There has been the inevitable lack of development because there is no peace. And yet there has been no satisfactory answer to the fraught question of the number of illegal immigrants in this state. The NRC seems set to be yet another controversial document, its relevance questioned by almost all stakeholders.

The process itself has been perceived, sometimes, to be heartless, as when inhabitants of remote areas reeling under calamitous floods were called, at very short notice, to appear before NRC centres in distant places. People have committed suicide, and many are being treated for depression, after not finding their names in the draft rolls. Strange things — such as one sibling appearing on the rolls, while another is missing, parents' names on it but that of children missing, the name of a soldier serving in another state missing — point to the flaws of the humongous exercise.

There have been doubts about whether the state government machinery was up to this complex task. Was it even practical to have a Register of Citizens in just one state, when both in- and out-migration within the country is common? Many of the respondents would be illiterate, they would not see documentary proof as a necessity. As it turns out, this last has turned out not to be true. People who, by their dress and appearance, are viewed as "foreigners" and "Bangladeshis", with insecurity dogging them for decades, have carefully preserved the documents that would prove their citizenship. Besides, there are people with very

"Assamese" names who do not find their names on the NRC. Others could not submit relevant documents and are now living in a state of fear. There are also a large number of people of Nepali origin whose names do not figure, though they have lived here for decades.

The All Assam Students' Union, which spearheaded the anti-foreigner movement decades ago, calls it a flawed and incomplete document, because the number of those excluded is too small by their reckoning. The BJP, AGP and Congress are united in their unhappiness about the document, though for different reasons.

For some decades now, a figure of 50 lakh immigrants residing illegally in Assam has been banded about. There were fears about being "swamped" by the language, religion and culture of the "Other." Since this figure was about 16 per cent of the total population of Assam, it was certainly unacceptably high. But there is no convincing explanation of how it was arrived at. Even the draft rolls of the NRC had excluded around 40 lakh. And now that 19 lakh is the official figure, arrived at after a time-consuming and expensive process, a figure likely to become even smaller, those who believed in the veracity of the previous number, and who based their thinking and political careers on it, are left insisting that it is flawed. Depending on the side they are on, the flaws take on different hues. Meanwhile, almost two million people will need to prove their citizenship status again.

It is nobody's case that Assam does not have illegal migrants. It does, as do many other countries, and states that are better policed, and have less porous borders. The sensitivity of this issue here, though, has been caused by several factors. There is the fact of the visible markers of identity of Muslims of Bengali origin. The bearded, lungi-clad man is called a Bangladeshi and a Mian, derogatively. This is why many people from the Char areas had welcomed the idea of an error-free NRC, since it would prove, publicly, their Indian citizenship. Migrants from Nepal do not face this abuse because they do not have identity markers like the Muslims of Bengali origin do. There is also the fact, unfortunately, of religion — Hindu, non-Hindu.

Assam has been a land of shifting borders. Even after independence, several states were carved out of Greater Assam. The Brahmaputra and Barak valleys lie in uneasy coexistence.

The creation of Bangladesh in 1971 saw a huge influx of refugees, straining Assam's resources greatly. The topography of the region is such that borders are difficult to define. Chars, the riverine islands that dot the Brahmaputra along its course, rise, and become inhabited. After a few years, they are washed away, and the inhabitants, who live in makeshift homes, move to a newer place. In the vast expanse of the Brahmaputra, with no shoreline in sight, who is to say, as one ekes out a precarious existence, whether one is a citizen of India or not.

There is a need for a valid and accurate NRC. But most people here believe that it cannot be at the cost of humanity. There is also the notion that the demand for the NRC is a product of xenophobia. Events have shown that this is not true. For instance, when many busloads of people from distant Chars in western Assam came, overnight, to provide, once more, their citizenship documents to NRC centres in eastern Assam, they were looked after by volunteers who came together to give them food and shelter. Many had the markers that identified them as Muslims of Bengali origin, while the majority of those who provided succour were not.

One can only hope that this humanism will show the way forward. What will happen to those who cannot prove their citizenship, and yet have their homes here? Not giving them voting rights, while they still keep rights to property and employment, would be one way out acceptable to most, since it was the idea of these migrants becoming vote banks for a particular party that gave rise to insecurities. In this exercise, there can be no place for religious affiliations or bias. But first and foremost, seal the porous borders with all neighbouring countries.

This NRC cannot be the definitive document to prove citizenship. At most, it can provide a base from which to move forward, with humane practicality.

Phukan is a novelist from Assam

## THE HEALING TOUCH

A new law will not remove trust deficit between doctors and patients. National Medical Commission must evolve protocols

THREE DAYS AFTER a mob beat a doctor to death at a tea-estate hospital in Assam, the Union Ministry of Health and Family Welfare has placed in the public domain a draft bill "to address the issue of violence faced by healthcare professionals". The provisions of the draft law, uploaded on the ministry's website on Monday, are stringent — they deal with mental and physical abuse targeting doctors, and cover not just hospitals and a radius of 50 metres around them, but also ambulances and home visits by healthcare professionals. The draft proposes a maximum imprisonment of 10 years and a fine of Rs 10 lakh for assaulting doctors, para-medical staff, medical students and diagnostic service providers in healthcare facilities. It addresses a long-standing demand of doctors for a Central law to curb violence against healthcare professionals. Cleaning the unholy mess involving doctors, patients and hospitals will, however, require much more than punitive measures.

The debate on medical ethics in the country has largely been framed by the doctor-patient binary. This has not only come in the way of a satisfactory resolution of the complex problems pertaining to the rights of patients and doctors but has also resulted in doctors becoming the face of the failure of the country's healthcare system. At one government doctor for 10,000 people, India's doctor-patient ratio is far lower than the World Health Organisation's recommended ratio of 1:1,000. Moreover, the atmosphere in most public and several private hospitals is hardly congenial for those suffering serious illness. Tempers often run high when patients have to contend with unhygienic and overcrowded facilities, the waiting time to consult a specialist is painfully long and there are queues for even routine diagnostic tests. With most hospitals lacking grievance redressal mechanisms, patients often vent their frustration on healthcare professionals. A study published in The Lancet in 2017 noted that nearly 75 per cent Indian doctors have faced some form of hostility during their career.

The rising incidents of violence against doctors point to an aspect of healthcare that hasn't received much attention in policy circles: There is hardly any meaningful communication between doctors and patients. The doctor-patient relationship in India is largely paternalistic. A doctor rarely communicates to patients — or their relatives — the complexities of the ailment in jargon-free language or prepares them for long-drawn therapy. The medical school doesn't equip a young doctor with the communication skills to convey bad news to patients' relatives with empathy. Violence in any setting is reprehensible. But the hostility against doctors points to a trust deficit between them and patients. A law against such violence will address, at best, the symptoms of the problem. The new regulator of the medical profession in the country, the National Medical Commission, must evolve protocols to heal the doctor-patient relationship.

## FOR CHILDREN'S SAKE

UP government must fix flaws in the mid-day meal scheme, not target journalists for reporting them

THE FIR AGAINST a journalist who called attention to the substandard mid-day meal that was being provided to children in a school in Mirzapur, Uttar Pradesh, reeks of official highhandedness. As the state's Basic Education Minister Satish Dwivedi has reportedly said, police cannot proceed against a journalist for "merely exposing corruption and highlighting reality". The FIR must be withdrawn immediately.

Pawan Jaiswal had shot a video in the last week of August that revealed how children at Seur Government Primary School were fed only rotis and salt in their mid-day meal — as per government guidelines, the meal needs to be freshly cooked and wholesome. Additional Chief Secretary (Home) Awanish Awasthi has alleged that the video was stage-managed and justified the FIR against Jaiswal and two others, including a village pradhan pratinidhi, Rajkumar Pal. Awasthi has claimed that the expose was a conspiracy to malign the image of the education department since the journalist, instead of approaching the authorities, made the information public. The official seems to have confused the role of journalism with that of the government's public relations department. By all accounts, Jaiswal did what was expected of him as a journalist, which is to report the story in the public space. An inquiry by the Child Development Officer, Additional DM and Sub-Divisional Magistrate, Chunar, has confirmed the veracity of Jaiswal's report and action was taken against the errant officials. There seems to be no evidence so far to suggest that the journalist and the panchayat representative had motives other than exposing the negligence of the school officials. The mid-day meal scheme is a pivotal government initiative that has improved attendance and learning outcomes and is helping fight child malnutrition. It needs to be monitored carefully.

The FIR against Jaiswal could have a chilling effect on other journalists in the state. UP's record in delivering public services and goods is far from desirable. Officials concerned about the government's image should fix the flaws in the system instead of targeting those who merely bring them to public notice. As for the UP Police, it should focus on urgent tasks like curtailing crime through legal means, instead of harassing journalists for doing their job.

## CAPTAIN'S WILL TO WIN

Virat Kohli's appetite for success, his single-mindedness, make him stand apart

IT SHOULDNT COME as a surprise that Virat Kohli, the most ambitious and intense modern-day Indian cricketer, has already become the most successful Test captain, notching up his 28th win, one more than MS Dhoni. He now has 13 overseas wins from 27 Tests, while Sourav Ganguly had 11 in 28 games. His job was definitely helped by the fact that he is in command of a far superior pace attack than his predecessors. But it would be churlish to use that as a putdown.

It's in his intensity and will to win that he stands apart from MS Dhoni, who was a good limited-overs captain but who often let the game drift in Tests. Dhoni had a better batting line-up and his bowling attack, too, wasn't toothless. Barring the wonderful Jasprit Bumrah, the other pacers under Kohli had played under Dhoni's leadership. In fact, Ishant Sharma lost his way then and Mohammad Shami, who too has played under Dhoni, has stepped up under Kohli. Unlike Dhoni, Kohli has also shown a greater single-mindedness in his pursuit of wins, even if on the odd occasion it has led to a loss instead of a plausible draw. Dhoni would often play down overseas matches, but Kohli has repeatedly talked about his ambition to win more overseas.

Ganguly had the intensity and the will to win overseas but while his blueprint was built on a fabulous batting line-up — his elevation of Virender Sehwag as an opener was the most impactful factor behind his success as a leader — Kohli's is built around his bowlers. Still, despite his achievements, Kohli isn't yet rated as highly as Dhoni or Ganguly in public perception. Dhoni's aura was built on limited-overs success, in particular the 50-over and T20 World Cup triumphs, and Ganguly would be rightly seen as the man who got India to win overseas on a (relatively) consistent basis. The good thing is Kohli is young and if he continues to improve as a captain, he can leave behind a formidable legacy.



BINOY VISWAM

PRESENTING THE BUDGET 2019-20, Finance Minister Nirmala Sitharaman was eager to paint a rosy picture of the Indian economy. But within no time, this show of strength was proved hollow. It was only a matter of a few weeks before the government began to frantically come out with new experiments for strengthening the already strong economy. The latest announcement is the merger of 10 public sector banks to create four entities.

The government believes that big banks will now have enhanced credit capacity. This may be true to an extent. But, that alone will not save the economy. The stability of the banking system is also related to the capacity for recovery of loans. The government has boasted that it recovered Rs 1,23,156 crore in the last financial year. But, this recovery rate is to be compared with the volume of bad loans — Rs 8,06,412 crore in March 2019.

Sitharaman was conspicuously silent about the huge amounts of money written off. Bank frauds grew by 84 per cent in the last financial year. A lion's share of bad loans is attributed to the nexus between corporate houses, bank executives and political chieftains. The bigger the banks become, bigger is the risk of fraud. Mergers will only add to that risk. The experience of mergers, as it happened in the State Bank of India group, underline the futility of the exercise. It is ironic, that on the same day as the merger announcement, the government had to announce the

## A FICKLE FRIEND

Government has laid out red carpet for foreign capital, which is unreliable in long run

lowest GDP growth in the last six years of 5 per cent for the first quarter of 2019-20.

It was unprecedented that during this period, the government had to arm-twist the RBI to transfer to it a record amount of Rs 1.76 lakh crore. Reportedly, the government nominee on the committee for reviewing the RBI's economic capital framework had pleaded for Rs 54,255 crore more from the RBI reserve. It was turned down by the committee. The government nominee, who is also the Finance Secretary, tried to convince the members that the financial stability risk provisions be reduced to 3 per cent of the RBI balance sheet, whereas the "safe range" according to experts is between 4.5 to 5.5 per cent.

This shows that the government is so frantic that it is not concerned about the sustainability of even the RBI. Such kinds of policy clashes between the government and RBI had led to the resignation of former RBI Governor Ujit Patel and Deputy Governor Viral Acharya. The Modi government is not in a mood to pay attention to the basic principles of banking, according to which the stability of a bank is the cardinal concern for all its transactions.

The government's claims of a strong and vibrant economy have been shattered to pieces. About a week ago, the finance minister announced new measures aimed at attaining financial stability and economic growth. It was as though she was presenting a new budget. The thrust of the proclama-

tions was, of course, "ease of doing business". In all the crucial sectors, rules and regulations were relaxed to suit the interests of capitalist greed.

The justification was that only private investments can bring development for the nation. When they talk about an investment-driven economy, again they eye foreign direct investment. All relaxations, concessions and red carpets are meant mainly for them. They are reluctant to learn lessons from the experience of various countries vis-a-vis unbridled foreign capital. Such countries had to mortgage all their national interests and political autonomy at the altar of foreign capital.

On July 28, the Cabinet further came out with new relaxations allowing 100 per cent FDI in coal mining and contract manufacturing, and 26 per cent in digital media. A vast world of unlimited profit is being offered to global barons.

It is well known that foreign capital is eager to enter Indian market in order to maximise profits. But, the moment they see a better playground, this capital will leave. The impact of unconditional dependence on foreign capital would be disastrous for the economy. We are not in a time of stability and growth. But, the government wants to hide the gravity of the crisis.

Viswam is Rajya Sabha MP from the Communist Party of India



## SEPTEMBER 4, 1979, FORTY YEARS AGO

### NAM IN HAVANA

PRESIDENT FIDEL CASTRO formally inaugurated the sixth Non-aligned Conference with a hard-hitting anti-imperialist, anti-racist, anti-American and anti-Chinese speech. However, he was equally forthright on the need for developing countries to wage a war against poverty and underdevelopment. He brought into the open the plight of the non-oil producing underdeveloped countries and appealed to the "sense of responsibility" of the oil-producing countries to cooperate with the less privileged countries. With his charismatic personality, Castro dominated the inaugural session with a speech that lasted an hour and 25 minutes.

### FAMINE IN MP

A SPECTRE OF famine is looming large over a sizeable part of Madhya Pradesh. Twenty-three of the state's 45 districts are reeling under the impact of the worst drought of the decade. The late arrival of monsoon and meagre rainfall have destroyed kharif, the main crop accounting for above 60 per cent of the total foodgrains production in the state, and created an unprecedented shortage of drinking water in both rural and urban areas.

### JANATA'S CHARGES

THE JANATA PARTY charged the "defectors", led by Charan Singh, with frustrating the

mandate given by the people in March 1977. But, it gave a solemn pledge to the people that with their cooperation, the party would provide a "cohesive, stable, progressive and dynamic" government led by Jagjivan Ram with his national stature, administrative ability and deep sympathy for the legitimate aspirations of the downtrodden. In its resolution on the political situation, the national executive reiterated its conviction that the Indian polity cannot be identified with religion, language or culture of a section of the people. Any sectarian approach is not only contrary to the philosophy of life but also to the national ethos so painstakingly built during the freedom struggle.

# 13 THE IDEAS PAGE

## The world's most happening place

Global power axis is shifting eastwards from the Pacific-Atlantic. India's future lies in the Indian Ocean region



RAM MADHAV

THREE DECADES AGO, when globalisation was the flavour of the season, a big section in India, comprising the conventional Right and Left, was up in arms against it. The argument, broadly, was that globalisation was a conspiracy hatched by the developed West to take over the emerging markets of the developing world, that included India. Some of us, though we shared the concerns about globalisation, felt that this cannot be the sole argument against it. Our scepticism was based on the evolving global power order at that time.

The advent of the globalisation era had coincided with a significant geo-political development. Starting with the late '80s, fissures started erupting in the USSR body politic, ultimately leading to its dismemberment and collapse in the early '90s. The West's aggressive globalisation push started around that time. It had arguably seen the collapse of the USSR and the end of bipolarity in global politics as an opportunity to attempt a West-centric global standardisation.

Scholars in the West were gung-ho over this prospect. Recall Francis Fukuyama's famous article in 1989 in the reputed journal, *The National Interest*, provocatively titled "The End of History?" Later, in 1992, he expanded his theses into a book, *The End of History and The Last Man*. Fukuyama's argument was that with the collapse of the Soviet Union, humanity had reached "not just... the passing of a particular period of post-war history, but the end of history as such: That is, the end point of mankind's ideological evolution and the universalisation of Western liberal democracy as the final form of human government".

The unipolar world that Fukuyama had conceived in his article was the dominant thought in the West at the time globalisation was unfolding. Naturally, the thinking world outside had doubts and scepticism about the real intent of that process. Many scholars in the world questioned the validity and ambition of Fukuyama's argument. History proved them right and Fukuyama wrong.

Three decades into its existence, globalisation is at the end of its tether. Countries the world over are increasingly turning inwards. Global institutions are losing their relevance and influence over large parts of the world.

But the world is not turning nationalist, as some had argued at the time of the emergence of globalisation. Instead, we see a process of the emergence of new power blocs in different parts of the world. These power blocs are hankering to become strategic poles, thus leading to the emergence of a multi-polar world order. Multipolarity is the new flavour of the season in the 21st century, marking a death blow to globalisation and unipolarity.

Under the new pecking order, America continues to enjoy primacy but a much reduced one. The American leadership seems content with its role in global affairs reduced while its priorities seem more domestic than global. The European Union is struggling to find its coherence to emerge as an important pole. But internal contradictions like Brexit and disputes over the entry of East European nations bog it down. The rise of a China-centric Asian power order that has spanned new alliances, both regional and interest-based, is a phenomenon in our neighbourhood. China's Belt and Road Initiative (BRI) and the Shanghai

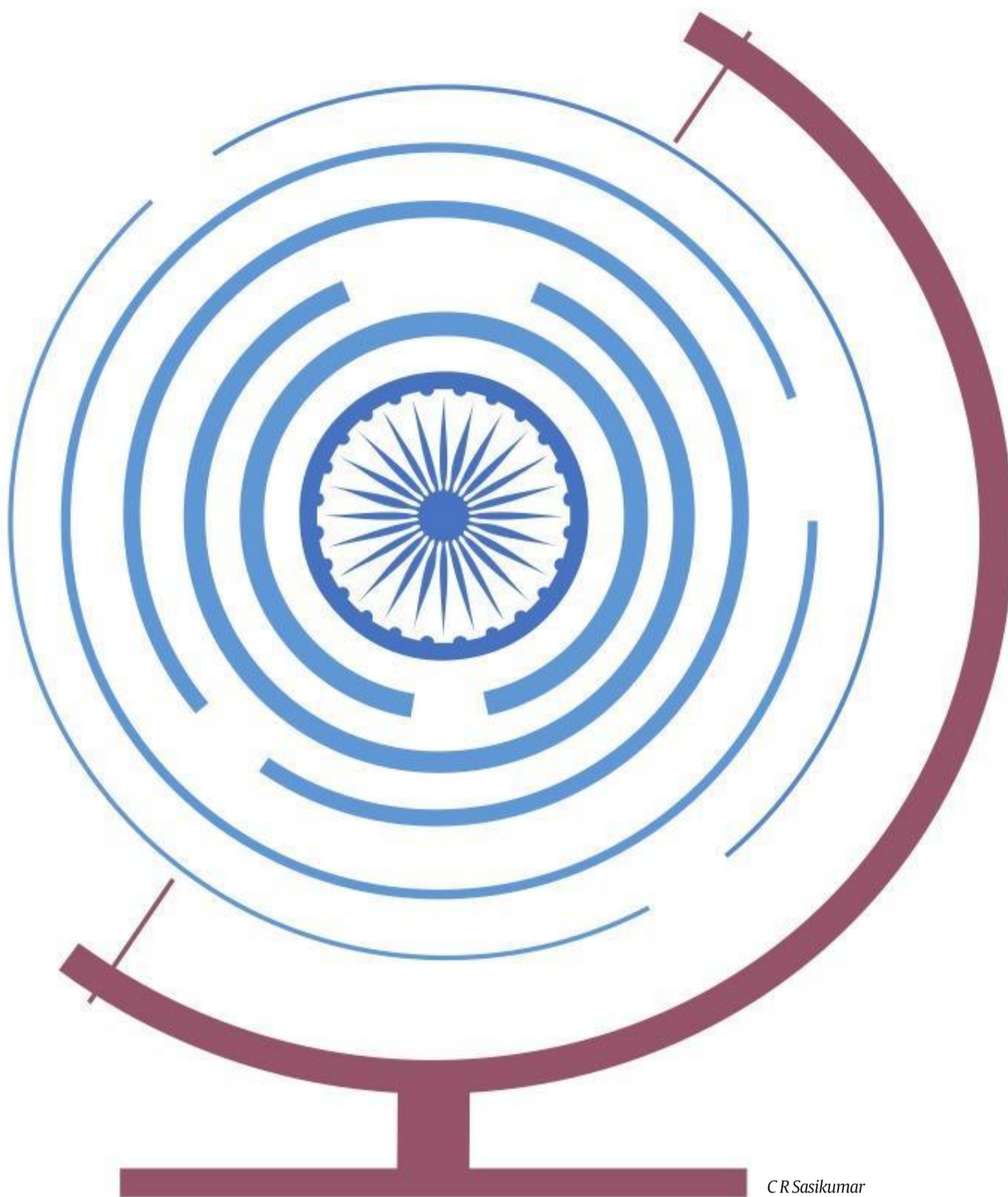
Cooperation Organisation (SCO) have been causing ripples in the world today.

A new Hanseatic League-style arrangement is trying to reemerge on the world stage with the coming together of countries like Ireland, the Netherlands, the Nordic and Baltic states, while the Arab League, with 22 member states, is in complete disarray with war, terror and despotism. Erstwhile superpowers like Russia and the United Kingdom are struggling to find a place of prominence in the new 21st century world order. Leaders of both countries have great power ambitions — the UK leadership talks about "Global Britain" while Putin centered his 2018 campaign around the slogan "Strong Russia". Yet it appears to be a long road ahead for both countries.

Amidst all this, India is quietly building itself as an important power. Vibrant democracy, literate and skilled manpower and a vast middle class with strong purchasing power are its advantages that attract world attention today. Its strong leadership under Prime Minister Narendra Modi has been able to bring the country on par with major powers in the world through proactive diplomacy and global positioning. Yet we still have to travel a long distance before we emerge as a strong pole. We are no doubt capable of it, but for it to happen, we need to do a few things, and do them differently.

The Indian Ocean is where India's future lies. The global power axis is constantly shifting eastwards from the Pacific-Atlantic region, and the Indian Ocean region has

The Indian leadership needs to appreciate the fact that in the emerging multipolar world order, India is a natural leader in the Indian Ocean region. By turning eastwards and focusing on building an Indian Ocean Bloc, it can aspire to rise as a guiding pole for many countries in the region. India has to think and act fast. As an influential region, it is already witnessing major competition among the leading powers. But with its historic, cultural and civilisational linkages with countries in the region and its present standing in the world, India could become a natural gravitational force for countries, mostly the island nations, in the region.



C R Sasikumar

emerged as the most influential region today. It is here that the power axis will settle down ultimately in this century; it is here that the emerging new economies come together with strong traditional economies; it is here that populations and markets with purchasing power exist; it is here that strong military powers with massive defence spending exist; it is here that massive energy-guzzlers like India and China are located. It is the world's most happening place today.

The Indian leadership needs to appreciate the fact that in the emerging multipolar world order, India is a natural leader in the Indian Ocean region. By turning eastwards and focusing on building an Indian Ocean Bloc, it can aspire to rise as a guiding pole for many countries in the region. India has to think and act fast. As an influential region, it is already witnessing major competition among the leading powers. But with its historic, cultural and civilisational linkages with countries in the region and its present standing in the world, India could become a natural gravitational force for countries, mostly the island nations, in the region.

An Indian Ocean Conference of the stakeholder nations in the region is thus an idea whose time has come.

*The Fourth Indian Ocean Conference is taking place in the Maldives, with leaders of about 40 countries participating. The writer is national general secretary, BJP and director, India Foundation*

that the profit earned by the RBI is "not kept with the bank and government, in a way people of the country, has natural ownership over it". Of the Rs 1.76 lakh crore, it says, Rs 1.23 lakh crore is the dividend "that the RBI has earned in terms of profit and in any case Government would have got that". It asks, "if those reserves are meant for Bharat, where's the question of raiding the RBI?"

The remainder of Rs 52,000 crore being transferred to the government, *Organiser* says, is as per the report of the committee headed by the former RBI governor Bimal Jalan.

The editorial adds: "Though the government has announced various policy measures to boost the economy, over-reliance on FDI and FII has been the real problem, as these investments will always be opportunistic, profit-fleecing and antithetical to our domestic supply chain. Not just the recapitalisation of banks, but also investing in economic and social infrastructure in such a way that small and medium scale industries, which are the natural employment generators in Bharat, will get the boost."

### PAKISTAN'S MADNESS

PANCHAJANYA HAS GIVEN its attention to the

"madness" of Pakistan when it comes to Kashmir in its editorial. It begins by saying "just like depression makes a person either sleepy or crazy," a similar negativity can be seen "when it comes to issues related to a India" and Pakistan has come to the brink of craziness. It says that it is in this context that Pakistan's fuming — after India has "removed Article 370" and reconstituted Jammu and Kashmir — should be seen.

It adds that even after Pakistan has gone to numerous countries and knocked on the door of the UN four times, the issue of Kashmir has not been internationalised. Instead the editorial says, "Pakistan's madness has definitely become evident to the world for trying to intervene in affairs of other nations".

Talking about the basis for Pakistan's existence, the editorial says that "if the meaning of an Islamic country is Pakistan, then which country would want to become what Pakistan today?"

### NOORANI'S POLEMICS

ORGANISER HAS CARRIED a review of AG Noorani's book on the RSS titled, *The RSS: A Menace to India*. Written by BS Harishankar, the article argues that the book is "another

addition in the smear campaign against RSS" and is "spineless polemics". As the book was released by former Vice President of India Hamid Ansari, the article first talks about Ansari inaugurating a conference of the Popular Front of India and says that "it shall be untrue if Ansari claims he was not aware of aware of PFI's background" and then says that "now the equations are clear: Why has the PFI been left out from the book by Noorani? It mentions then that the PFI has been accused of various anti-national activities, which include links with various Islamic terrorist groups".

The review then talks about the various parts about the book and tries to counter the assertions made by Noorani. It has several examples of accusing Noorani of not looking at other religions, especially Islam. It says that "Noorani conceals many truths, especially the heavy criticism by Churches against Islamic fundamentalists in India". Later it said that "instead of acknowledging these serious criticisms against Islamic outfits by Churches in India, Noorani accuses Uttar Pradesh Chief Minister Yogi Adityanath of coining the term 'love jihad' for Muslims who marry Hindu girls".

Compiled by Krishn Kaushik

### WHAT THE OTHERS SAY

"With the threshold for documentary proof high, and the appeals process long and murky, the process of updating the NRC has been mired in controversy given the BJP's penchant for stoking anti-Muslim, anti-immigrant sentiment." — DAWN

## On a shaky foundation

Central government did not renew President's rule in J&K, in accordance with Article 356, in time. It is a gaffe that has had dire consequences



GOPAL SANKARANARAYANAN

AS THE MIASMA around Article 370 pervades the public discourse, most conversations appear to revolve around the issues of broken promises, self-determination and lack of legislative consent. Of course, reams of processed wood pulp have attempted to navigate the readers through the jungle that is constitutional law, and for the most part, it appears that while integration of the state of Jammu and Kashmir with the federation may be unexceptionable, it is perhaps the process adopted that has raised questions (and hackles). The object of the present article is to look, not at the presidential orders from earlier this month, but at what formed the foundation of the entire exercise — the imposition of President's Rule in December, 2018.

Article 356 of the Constitution allows the President to impose his rule on a state where he is satisfied that governance is not in accordance with the Constitution. The proclamation he/she issues in this regard can also provide for the vesting of the powers of government in the President, that of the legislature in Parliament and most significantly, the suspension of the provisions of the Constitution that would apply to a body or authority in the state. In our Westminster form of government, this essentially means the central government can abuse Article 356 to impose its will on states where inconvenient opposition parties are in power. All our leaders have been guilty of its abuse, probably none more so than Indira Gandhi who is solely responsible for more than half of all its invocations since 1950.

Anticipating this misuse then, the Constituent Assembly provided two principal safeguards in Article 356: First, that every proclamation would be valid for only two months; and second, if resolutions approving the proclamation were passed by both Houses of Parliament, then it would be valid for six months, which could be extended up to a maximum period of three years with parliamentary resolutions on each occasion. For the present discussion, it would be pertinent to consider the exact words of Article 356(4): "A Proclamation so approved shall, unless revoked, cease to operate on the expiration of a period of six months from the date of

issue of the Proclamation."

As far as Jammu and Kashmir is concerned, the President first issued his Proclamation on December 19, 2018, vesting the powers of the government with himself and those of the legislature with Parliament. This was followed on January 3 by the approval of the Houses of Parliament. Notably, this approval gave the Proclamation a life of six months with effect from December 19, 2018 (not from January 3, 2019). Therefore, if it were not extended before June 18, the Proclamation in the solemn words of the Constitution, would "cease to operate". In 1994, a nine-judge bench of the Supreme Court in the *S R Bommai* case had observed that the necessary consequence of such a lapse of the Proclamation would be that the "status quo ante revives". It emphasises: "The Legislative Assembly which may have been kept in suspended animation also springs back to life".

However, it appears that the government missed the bus.

Imagining that the cut-off date was July 2, resolutions were tabled to extend the Proclamation on June 28 in the Lok Sabha and July 1 in the Rajya Sabha, thereby purporting to renew the six-month period from July 3. This, as Article 356(4) clearly shows, was impermissible, because the Proclamation had ceased to have effect on June 18 itself. The only option now was a fresh Proclamation to be issued by the President on the same terms as the earlier one — imagine your passport or driver's licence, but without a grace period for renewal, thereby requiring you to apply afresh.

Neither the notifications by the President on August 5 and 6 under Article 370, nor the exercise by Parliament to reorganise the state as two Union Territories were carried out with the approval of the J&K state legislature. In fact, both the nation's executive and the legislature proceeded as if the legislature did not exist, singularly on the misapprehension that the Proclamation was still in force. The consequence of this gaffe appears to be grave — gubernatorial privilege has been speculated and the creation of new territories to be directly governed by the Centre has undermined the federal canon. India and its government have had to endure obloquy, both from within and without, and a frustrated neighbour has drummed up visions of nuclear war.

While the integration of the land and its people is necessary, it is cardinal that the world's most resplendent democracy heed constitutional process, because without it, we are back in the dark days of the Emergency.

The writer is senior advocate, Supreme Court of India

## LETTER TO THE EDITOR

### CHINA'S HYPOCRISY

THIS REFERS TO the article, 'Upholding the law' (IE, September 3). The writer asserts that whatever is happening in Hong Kong is purely China's internal affair. The writer also alleges that radicals in Hong Kong have been supported by the Western media and diplomatic agencies of some countries. However, on August 16, China placed the Kashmir issue in front of the UN Security Council and in so doing it openly supported Pakistan. The Chinese government is well aware that the unrest in Kashmir has been caused by Pakistan funding terror. Isn't this a case of double standards?

VD Malviya, Noida

### DEALING WITH PAK

THIS REFERS TO the editorial, 'The Pak muddle' (IE, September 3). There is a lot of confusion in Islamabad and Rawalpindi since the Indian government abrogated Article 370 and changed the status of Jammu and Kashmir and Ladakh. War with India is definitely not an option. The consequences of war will be devastating for both countries. However, it's difficult to talk with Pakistan given that actors in the country speak in different voices.

Vihaan Gupta, Ujjain

THIS REFERS TO the editorial 'The Pak muddle' (IE, September 3). Pakistan raising the Kashmir bogey ad nauseam and portraying itself as the messiah of Kashmiris. The Balakot strike was a game changer which rattled Pakistan to its core. India should not respond to Pakistan's provocation, rather concentrate on restoring normalcy in Kashmir.

Deepak Singhal, Noida

### LETTER OF THE WEEK AWARD

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

THE WINNER RECEIVES SELECT EXPRESS PUBLICATIONS

### BANKS AND JOBS

THIS REFERS TO the editorial, 'Bigger better' (IE, August 31). The mega merger of public sector banks appears to be aimed at fiscal consolidation and reviving growth. The government feels that this move will help the Indian economy touch \$5-trillion mark well in time for the next parliamentary polls. The consolidation may improve economies of scale, leading to greater operating efficiency. But shrinking the number of PSU banks from 27 to just a dozen could also lead to a fall in their employment potential, much like what happened during the SBI's consolidation. There are also apprehensions that while mega loans may increase, the MSME sector could get neglected.

Lal Singh, Amritsar



### VIEW FROM THE RIGHT

### RBI TRANSFER

THE RECENT DECISION of the Reserve Bank of India to transfer Rs 1.76 lakh crore, which has come under sever criticism by the Opposition, is the defended by *Organiser's* editorial. Titled 'Utilising Reserves for Bharat' the editorial argues that "the real focus of the debate should be the utilisation of this amount and not the transfer of amount".

The editorial starts by saying that the nationalisation of banks by former Prime Minister Indira Gandhi in 1969 was "the biggest infringement on autonomy of not just the RBI but the entire banking system". It then says that the critics of the recent RBI transfer, including Rahul Gandhi, are "considering this fact" and says that certain issues need to be put in context. It argues that the autonomy of RBI's decisions is maintained by its independent directors. It says







