

OUR VIEW



The Infy investigation needs a broader ambit

The software major has been rocked by whistleblower charges that need a probe. The company has initiated one. But its scope should include fresh questions that have arisen

Some two years ago, when Infosys Ltd. co-founder Nandan Nilekani returned to the company as chairman after the exit of then chief executive officer (CEO) Vishal Sikka amid concerns of corporate governance lapses, its shareholders thought the worst was behind them. Little did they expect half a trillion rupees of the software major's market capitalization to be wiped out in a single day, as happened on Tuesday, the first day of domestic trading after it was rocked by allegations of scandalous behaviour at the top. No charge has been proven yet, but in the eye of the latest storm are its current CEO Salil Parekh and chief financial officer Nilanjan Roy. An anonymous complaint, purportedly filed by a group of employees by means of a letter to its board dated 20 September, accuses Parekh and Roy of demanding "unethical accounting practices" designed to overstate quarterly profits and revenues and thereby prop up Infosys's share price. Not only were accounts being fudged, the whistleblowers allege, but deprecatory words were also used by top executives for a few non-executive board members. In a statement issued on Tuesday, Nilekani said that Infosys had placed the letter before its audit committee, which had started consultations with an independent internal auditor to probe the matter.

What's true and what's false would take time to determine. However, given the high levels of transparency expected of Infosys, whose success is an integral part of India's entrepreneurial story, it would be best if the investigation broadens its scope to include other questions that have arisen. While a delayed response to the blow of a whistle is under-

standable, since a large number of such incoming messages are frivolous, there is a long gap between the receipt of the complaint on 30 September by a board member, as Nilekani's statement dates this event, and it being turned over to the audit committee, which was done on 10 October. Stock exchanges were informed even later, on 21 October. Prima facie, this seems to be in accordance with legal principles on how to proceed in such cases. The gravity of the charges was for Infosys to determine, and the firm has stated that it did not receive any corroborative material by way of emails or voice recordings. Yet, for the sake of investor confidence, the probe should examine whether its public disclosure took longer than it ought to have.

The timeline assumes importance for the reason that the information had the potential to influence the market price of the company's stock. Moreover, all listed firms are required to keep the public informed of such developments. Delays create space for suspicions of insider trading. There has been some speculation among traders on social media over allegedly unusual positions taken on Infosys shares. Attention has been drawn to some put options—which let traders make gains off a price slide in the future—said to have been bought in advance. These could simply be part of a regular trading strategy, but if data patterns warrant a closer look, then these may need to be probed as well. It is not in the interest of Infosys shareholders alone to attain clarity on this episode. With its founders serving as role models for entrepreneurs across the country, every citizen qualifies as a stakeholder in this case. Infosys has bounced back from a crisis before and we expect it to do so again.

MY VIEW | ARTHANOMICS

Why higher taxes are not the way to better welfare in India

Unlike in the West, conditions in the country are not suitable for soak-the-rich policies to succeed



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Abhijit Banerjee, winner of the 2019 Economics Nobel along with Esther Duflo and Michael Kremer, has been talking up the idea of high and rising marginal tax rates for the rich. He has also criticized the Narendra Modi government's recent corporate rate cut and said the money would have been better spent on the poor, which would have helped revive demand. He argues that there is no evidence that high tax rates deter investment or growth.

One need not quarrel with the idea of putting more money in the pockets of the poor, provided it can be funded appropriately and without setting off high inflation. But it is surprising that he should be advocating soak-the-rich policies in a country which is estimated to have lost around 5,000 millionaires in 2018 alone, according to an AfrAsia Bank-New World Wealth report. While the rich may be leaving India for reasons other than just high tax rates, surely, hiking marginal taxes will hardly convince them to return and invest in this country. Jobs and growth are created by boosting investment and entrepreneurship, not just consumption.

There have been studies to suggest that high marginal tax rates do not endanger growth, and the Eisenhower era US top rate of 91% is often cited as evidence that one should indeed fleece the rich to fund welfare. A research

study by Peter Diamond and Emmanuel Saez of MIT and University of California at Berkeley, respectively, has even recommended that the US raise its top marginal tax rate to 73%.

Evidence from Europe, especially Scandinavia, where the top marginal rates are usually in the 40-50%-plus range, also suggests that the rich do not flee high-tax jurisdictions.

The problem with these arguments is that they are being universalized without context. If the US and Europe can raise taxes without investors voting with their feet, it is because they are globally powerful and their governments can impose their laws on smaller countries and tax havens. Consider how easily Indians have been forced to comply with the US Foreign Account Tax Compliance Act, though the US has no jurisdiction over Indian citizens. Equally, totalitarian countries can enforce high rates. Consider the case of China, where financial repression is the norm and the state can commandeer resources from anyone with its ability to track almost every citizen in every activity.

Monocultural countries also find it easier to tax their citizens at a high rate; acquiescence is aided by the public knowledge that these taxes will serve to benefit someone we can identify with in terms of race or kinship. Once countries become diverse and culturally divergent, this willingness to pay high taxes reduces—as is the case with India.

To repeat, high tax rates are likely to work if a country offers huge economic opportunities, can enforce compliance even outside its sovereign jurisdiction, is largely homogeneous and mono-cultural, makes a reasonable assurance that the money will be put to good use, and its economy is largely free of corruption and the legal system is capable of punishing violations.

Almost none of these conditions are true in India at this stage of its development, and even small efforts to enforce better tax compliance attract the charge of tax terrorism, which may be partially

true, given the venal nature of our bureaucracy and the legal system's endless delays. As for corporate taxes, even the US finds it tough to prevent corporations from keeping their profits abroad in tax havens. Competitive tax rates are thus crucial till we reach a global understanding that countries must not compete on tax rates.

But beyond the simple ability to impose high marginal tax rates on individuals, there is the question of desirability. Despite high state capacity in advanced countries, few people would argue that states can spend money more efficiently than private parties. In India, this is even more true. In these circumstances, a rupee left in the hands of private individuals and companies may be put to better use than if handed over to politicians and bureaucrats.

It is also time to question the basic hypothesis that states can deliver welfare better to the poor, and that higher taxation is the way to fund this munificence. The marginal utility of higher incomes reduces as one moves up the income scale. This implies that beyond a certain level of income, wealth and personal consumption, the rich work largely to earn psychological rewards—by winning against competitors, taking on new challenges, earning plaudits from peers, and contributing to society. This may sound like an argument for higher taxation, but it is actually an argument to incentivize the rich to do more for society.

Ask yourself: If toilets have to be built for the poor, is it more likely that the Tatas would do it well or the government? So, rather than tax the Tatas and get the government to spend money on building poor quality toilets, wouldn't it make more sense to incentivize the Tatas (or Birlas, or Ambanis or Shiv Nadars and Azim Premjis) to promote social entrepreneurship and investment in human capital?

Companies and individuals are more primed to deliver better outcomes. It is time to let go of the idea that higher taxes are the way to better welfare.

10 YEARS AGO



JUST A THOUGHT

Corporate governance should be done more through principles than rules.

ADI GODREJ

MY VIEW | EX MACHINA

The case for meat options that taste like the real thing

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According to the United Nations Food and Agriculture Organization (bit.ly/2MXe4Ja), rapid increases in the demand for foods derived from animals has led to an unprecedented increase in livestock production. Livestock accounts for about 40% of the global value of agricultural output today and supports the livelihoods and food security of almost 1.3 billion people on the planet. The total volume of land set apart for grazing and for the cultivation of crops dedicated to feeding livestock represents almost 80% of all land under agricultural cultivation today.

Animal husbandry has become an industrial enterprise designed to churn out livestock like widgets. Modern livestock farms are factories, keeping animals indoors so that they can be fed to a plan and bred faster. As a result of all of this, the average time-to-market for a US chicken has come down from 112 days to 48 over the last century, while its weight has more than doubled. Estimates vary, but in general farming today

uses up anywhere between 70% and 90% of the world's freshwater.

This has come at significant environmental cost. Because of the huge amounts of nutrients and organic by-products of animal farming that make their way into our water bodies, the algae and plants in our lakes and ponds have begun to grow aggressively, using up all the oxygen available at the expense of other species. A recent study in *Nature* magazine (go.nature.com/2pTrxXi) indicated that 72-78% of all food related greenhouse gas emissions are related to animal products. According to the study, the environmental impacts of the food system exceeds the planetary boundaries for food-related greenhouse gas emissions by 110%, for cropland use by 70%, for nitrogen application by 125%, and for phosphorus application by 75%.

Unless we make drastic changes to our global dietary habits, we will not be able to meet our planetary target of keeping global warming to under 1.5 degrees Celsius. This means that everyone on the planet will have to eat, on average, 75% less beef, 90% less pork and half the number of eggs, while tripling our consumption of beans and pulses and quadrupling the nuts and seeds we eat. As an unabashed lover of food, I find all

this deeply disconcerting. I absolutely relish the many different flavours, tastes and textures of animal proteins, and the thought of having to live the rest of my life eating only plant-based foods gives me the chills. But given what industrial production of animals is doing to the planet, it doesn't seem like we have many other options.

For more than a few years now, I have been hearing about new meat substitutes that are supposed to taste, smell and feel so much like real meat that it is impossible to tell the difference. There are a number of companies competing to produce the most authentic faux-protein, the most famous of which is arguably Impossible Foods, which has recently started retailing its meat products in grocery stores around the US. The company's most sought-after product is the Impossible Burger, a patty made from a combination of soy and potato proteins, coconut and sunflower oils and food starch that offers the texture, sizzle and taste of a real burger.

Central to its verisimilitude is a food molecule called heme that Impossible Foods claims to have been the first to identify. Heme is found in every living plant and animal, but is most abundantly available in animal tissue. This, apparently, is what makes meat taste like meat and what we yearn for when we bite into a burger.

It is only by making drastic changes to our dietary habits that we can meet our planetary goals

Plant-based heme is widely available—most commonly in the root nodules of soybean plants—but Impossible Foods seems to have found a way to produce heme at an industrial scale through the fermentation of genetically engineered yeast. This is what makes their meatballs, kebabs, sausages and burger patties so hard to distinguish from the real stuff.

I wanted to see for myself whether this was true or not. Therefore, last week when I was in Washington, I walked into a restaurant and did a taste test. I did not have the time to organize a full-on double-blind trial. Thus, I did the next best thing. I asked the server to get me two burgers—one regular and the other made from

the Impossible Meat burger patty—and asked the server to make sure that they looked as much like each other as possible. I then asked him not to tell me which one was which till I was done tasting.

When the burgers were brought to my table, I tried my best to see if there were any visual differences between the two. To the naked eye, it was impossible to tell them apart, and when I first bit in, there was literally no difference in terms of mouth-feel, texture or taste. Given all that I had read, I knew I was not going to be served some bland, meat flavoured tofu, but even so, I was pleasantly surprised by how authentic it felt. As I made my way through the burgers, I began to pick up a few subtle differences: just the tiniest hint of a stronger Maillard reaction on one over the other that made the caramelization on the burnt ends just a tad more authentic.

I guess it is still possible to tell Impossible Meat from the real stuff—if only just. However, I have no doubt that even these differences will soon be too subtle to detect. Given human consumption patterns, it seems inevitable that we will need to change the way we farm. In which case, instead of banning meat altogether, we'd do well to encourage a tasty alternative.

| MY VIEW | CAFE ECONOMICS

What a look at the long waves of India's credit cycle could tell us

Bank lending should normally outpace nominal GDP in an emerging economy, but that's not the case in India right now



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The length of the average Indian financial cycle is 15 years, according to recent research by economists at the Reserve Bank of India (RBI). There was thus good historical reason to hope that the financial downturn that began around seven years ago would bottom out soon. However, the silver linings seem to be getting blurred again.

The recent collapse of a cooperative bank in Mumbai, the deepening crisis among non-bank financial companies (NBFCs), subterranean fears about the stability of some banks, and the unusual statement issued by the Indian central bank on 1 October that the banking system is "safe" are some indications of how the malaise in the financial sector persists.

Here are some relevant numbers. In the first six months of the current fiscal year, most of the new deposits that banks have collected since April have been parked in government securities rather than being lent to enterprises. Aggregate deposits till the week ended 27 September grew by ₹3.32 trillion. The increase in investment in government securities was of almost the same amount—₹3.10 trillion. Food credit grew by ₹18,475 crore while non-food credit fell by ₹18,887 crore. So, there was almost no increase in bank credit to the private economy as a whole.

Bank credit growth has been weak for many years. The slack in bank lending was until recently picked up by NBFCs and, to a lesser extent, by funding from the financial markets, which is available only to large companies. However, even the NBFC lending pipe is now choked.

A table from the new *Monetary Policy Report*, published by the central bank earlier this month, shows that growth in total funding to the commercial sector from both bank and non-bank sources has collapsed this fiscal year till mid-September. It is not a pretty picture.

The total flow of funds has come down sharply from ₹7.36 trillion in the first six months of fiscal year 2018-19 to a mere ₹90,995 crore in the same period this fiscal year. Nearly half of that reduction is explained by the decline in lending by banks and NBFCs. My guess is that the reduction in financial support to the industrial sector is because of inventory destocking by firms that are seeing weak demand while the decline in funds flow to the services sector is a sign of stress in the real estate industry. These two micro factors are overlaid on an overall drop in nominal gross domestic product (GDP) growth to perhaps its lowest level in two decades.

The funds crunch would have been worse if it had not been for foreign capital inflows, through either foreign direct investment (FDI) or external



commercial borrowings (ECBs). Needless to add, such foreign capital inflows are sensitive to global financial or geopolitical shocks. They provide relief, but are also a source of funding risk.

The growing dependence on foreign capital inflows to fund the Indian commercial sector fits well with deepening fears of a lower domestic savings rate, especially a sharp decline in the net savings rate of households, which have borrowed to maintain consumption levels during a period of weak income growth. The hidden message here is that India could face current account pressures if there is a domestic investment revival without a matching revival in domestic savings.

This column began with a long-term argument about the length of the Indian financial cycle, before going into recent credit data. Here is a final data point that switches attention back to the longer term. The Bank of International Settlements provides a very useful data series on what it calls the credit gap, which measures the extent to which the ratio of credit-to-GDP has deviated from the historical trend as calculated by the Hodrik-Prescott filter. The credit gap has been

negative for 22 consecutive quarters now, or the credit-GDP ratio has been below trend. Compare this with 55 quarters of a positive credit gap from the three-month period ended December 2000.

A developing economy such as India should normally have bank credit growing faster than nominal GDP because of financial deepening. The recent negative credit gap should also be seen in the context of a broadening of the sources of finance, especially from financial markets as well as NBFCs. Yet, there is no doubt that the credit gap has been negative since the end of 2013.

Economists have for long debated whether bank credit moves in tandem with the economy, anticipates what is going to happen in it, or moves with a lag.

An analysis of India's boom in bank credit followed by a bust is profoundly dependent on the answer. It is an issue this column will soon return to. Till then, it is important that the Indian public debate focuses on not just immediate bank credit data, but also on longer waves.

GLOBAL VOICES

No persuasive evidence in Clinton email probe

What about her emails? Donald Trump raised that question like a red flag for three years, as candidate and president, casting doubts on how Hillary Clinton used a private email server to communicate with her staff and others while she was secretary of state. "Hillary set up an illegal server for the obvious purpose of shielding her criminal conduct from public disclosure and exposure, knowing full well that her actions put our national security at risk," Trump said late in the campaign. Now a three-year State Department investigation has found that, while about three dozen people violated protocols about classified material, they "did their best to implement them in their operations" and "there was no persuasive evidence of systemic, deliberate mishandling of classified information."

The keeping and preservation of records isn't just a matter of concern for historians, it is essential to the smooth functioning of the government. When government officials do business outside official channels, it not only hampers the business of governing, it also raises the concern that there is something to hide. A State Department investigation in 2016 found that other secretaries of state had handled classified information on unclassified email systems. While Mrs. Clinton's name will always be associated with the practice, it is disappointing to see the use of personal email accounts proliferate across the government.

The New York Times

Netanyahu's reign might still not be over

The announcement by Israeli Prime Minister Benjamin Netanyahu that he has abandoned his latest attempt to form a governing coalition, after two general elections within a calendar year, might be seen in some democracies as marking the end of his decade in power. But in the case of Israel, such an assumption would be premature. The onus of forming a government and—at least as importantly for weary voters—avoiding a third successive election now falls to Blue and White, itself a coalition created to wrest the country from Netanyahu's grip... But what would a future without the longest-serving prime minister in the nation's history look like?

The very length of his tenure means that Netanyahu has become the face of every impasse in Israeli public life, from the failure to reconcile the country's religious and secular communities to African immigration... How Blue and White's leader, former military chief Benny Gantz, might change any of this is not clear. But it should surprise no one if, four weeks from now, Mr Gantz still faces the prospect of a rotating prime ministership with Netanyahu, and ends up taking the first two-year turn in charge so that his rival has time to clear a daunting legal inbox.

The Sydney Morning Herald

The WhatsApp revolt in Lebanon

Not since the Cedar revolution of 2005, which resulted in Syrian forces leaving the country after 15 years of post-civil war involvement, have crowds taken to the streets of Lebanon in such numbers or for so long. Protesters blocked roads and forced schools, banks and businesses to close... Far from petering out, the movement appears to be gaining momentum and now poses a serious challenge that the government of Prime Minister Saad al-Hariri cannot dismiss. Public discontent tipped after the cabinet approved a range of new taxes, among them a levy on use of the messaging tool WhatsApp. The government, which presides over one of the most indebted states in the world, withdrew the WhatsApp tax, but it was too little, too late. The protests reflect much wider, long-simmering anger over Lebanon's crumbling services, price rises and what many Lebanese see as a culture of corruption and nepotism in the ruling elite.

In Tunisia and Cairo in 2011, incumbent governments misjudged the scale of public anger and wrongly assumed that expressions of sympathy would amount to an adequate response. Sheikh Hassan Nasrallah, leader of Hezbollah, the most powerful political force in the country, has said he opposes the government's resignation. But even that may not be enough. If the political class wants to get ahead of the crisis, it may require the dissolution of the parliament itself.

The Irish Times

The IMF's troubling economic outlook

The global economy continues to slow and the primary problem is the geopolitical outlook. That is the primary message in the latest International Monetary Fund World Economic Outlook, released last week in anticipation of the fall meetings of that organization and the World Bank. Other dangers loom, however, and policymakers must be alert to a range of challenges that threaten global stability and well-being. Growth in 2019 will be the weakest since the 2008 financial crisis. The IMF anticipates global growth of 3 percent, a drop of 0.3 percentage points from its April forecast, and a substantial reduction from the 3.6 percent expansion that occurred last year. The risk factors are well known: the US-China trade war, rising tensions in the Middle East and the Persian Gulf, Brexit and a slowdown in the largest economies. Trade disputes are the biggest problem.

Japan's economy is anticipated to grow just 0.5 percent next year, its structural problems compounded by the trade war waged by its two largest trade partners... To their credit, Japanese companies have improved profitability and, almost alone, reduced speculative debt, but a downturn on the scale of the global financial crisis would render too large a portion of corporate debt unserviceable. Alert and anticipatory policy is required; while their influence is limited, Japanese policymakers must do more to shape the global economic environment.

The Japan Times

| THEIR VIEW

The RCEP as a trade opportunity rather than threat

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In 2013, a World Trade Organization high-level panel, of which yours truly was a member, estimated that the share of intermediate goods in global merchandise trade was anywhere between 60% and 70%. In recent years, as pointed out by the World Bank in its *World Development Report (WDR) 2020*, owing to a spate of protectionist policies around the world, it has come down to 50%, but remains substantial.

India has been poor in accessing Global Value Chains (GVCs)—about 16%—but the opportunity to change that is knocking on our doors by way of the Regional Comprehensive Economic Partnership (RCEP) deal. Furthermore, the RCEP is important for our strategic interests, and to resuscitate a rules-based international trading order.

That said, the import of high quality and/or less costly intermediate inputs is shown to have multiple benefits: cheaper access for end consumers; positive effect on the productivity of firms; raised export growth; expanded employment and increased

domestic income. With apt policies, the benefits can eventually reach the poor and less fortunate by creating jobs and job creators.

The import of intermediate goods and their use in exports is also made possible through GVCs. The *WDR* notes that GVCs have helped poor countries grow faster, created new jobs and lifted many out of poverty.

A single percentage point increase in GVC participation is estimated to boost per capita income levels by more than 1%, much more than the 0.2% income gain from standard trade, says the *WDR*. These value chains can foster inclusive and sustainable growth, create better jobs, and reduce both poverty and inequality if developing countries implement deeper reforms and industrial countries pursue open, predictable policies.

This does not mean that domestic value addition is not important. According to a recent study by the Indira Gandhi Institute of Development Research reported in this newspaper on 18th October, *Exports, Global Production Sharing, And Jobs In India (bit.ly/32pDaqt)*, between 1999-00 and 2012-13, the domestic value-added content of India's aggregate exports increased significantly from \$46 billion to \$234 billion. Also, export-related jobs grew faster than total employment.

India has not been able to fully exploit the potential of GVCs in the past, owing to our extremely cautious approach towards foreign goods and services, and our apparent inability to implement difficult domestic reforms. We have now been presented with an opportunity in the form of the RCEP,

which includes the most dynamic economies of the Asia-Pacific region, to correct course and truly partake in the GVC revolution. Joining the RCEP would thus make eminent sense.

Globally, the import content in exports has risen from around 20% in the 1970s to around 40% in 2013. In India's case, following an increase from around 19% in 2005 to around 25% in 2011, the foreign-value added content of India's export has declined sharply to around 16% in 2016.

While some civil society organizations (CSOs) have opposed India's entry to the RCEP citing concerns of a huge upsurge in imports, the government must make a decision informed by vision, evidence and expe-

rience, and not by rhetoric. Since opposition to any major move, especially a difficult one, is considered fashionable these days, criticism of the idea naturally grabs the attention of the media, which doesn't always seem keen to cover unpopular counter-opinions.

Many CSOs, including CUTS International, have analysed evidence across countries for years, and thus have been arguing that it is possible for India to gain from the RCEP. This needs to be coupled with the right set of policies, particularly domestic reforms that would help run a business by reducing input costs such as on finance, power and logistics, removing bureaucratic hindrances, and encouraging active cooperative federalism.

Instead of considering measures like export and import restrictions, Indian policymakers should focus their energy on creating conditions for domestic stakeholders to use the opportunity to add value in GVCs formed under the RCEP. Measures to reduce input costs—by facilitating easy access to

factors of production, leading to enhanced productivity—will enable firms to efficiently add value and command decent margins in international markets.

India is currently experiencing a slowdown in consumption, traceable in part to unsatisfactory levels of disposable income among workers across various sectors. A well thought out and harmonized approach to the RCEP, linked to an improvement in wages and conditions of workers, may not only be required from the perspective of sustainable development and inclusive growth, but also for boosting domestic demand.

Going forward, India should embrace GVCs, the RCEP in particular, as it has more to lose than others by staying out. It would raise productivity, which is necessary to create export-oriented jobs with better wages, and help the Make in India programme. India needs the RCEP more than the other way around. This government has time and again shown the resolve to take difficult decisions that would deliver gains in the long run. It should not lose this opportunity.

Most importantly, we need to reduce transaction costs for our businesses to help them become competitive globally. An embrace of the RCEP could and should hasten our domestic reforms agenda.

Joining the RCEP could boost productivity, bolster our 'Make in India' agenda and deliver gains

The Tribune

ESTABLISHED IN 1881

Below-par turnout

Urban voters' apathy writ large in Haryana, Maharashtra

FOR the second time in six months, people of Haryana and Maharashtra came out to exercise their franchise. Haryana recorded 68.31 per cent polling in the Assembly elections, marginally less than the state's turnout (70.36 per cent) in the 2019 Lok Sabha polls. Maharashtra witnessed 60.83 per cent voting, almost the same (60.79) as in the parliamentary battle. However, both states saw a significant drop in vote percentage compared to the 2014 Assembly elections, when the figures for Haryana and Maharashtra were 76.54 and 64, respectively.

A higher turnout is often linked, at times erroneously, to anti-incumbency, while a lower percentage is perceived to be an indicator that the electorate prefers continuity to change or is not bothered either way. A notable exception was the Punjab Assembly elections of 2012, when the Akali-BJP alliance retained power despite an impressive turnout of 78.57 per cent. Whatever might be the correlation between these entities, the dismal show in Gurgaon (52.36 per cent) and the 10 constituencies of Mumbai City district (around 47 per cent) is a clear sign of indifference among urban voters. The apathy is all the more glaring in the country's commercial capital and film hub. The upscale Colaba was among the worst performers in Maharashtra, even as voters of tribal areas in districts such as Thane and Palghar made their presence felt.

The reluctance of city residents to vote can be partly attributed to a sense of inevitability about the election results. The Opposition parties in both states failed to offer a credible alternative. Plagued by factionalism and defections, the Congress and other outfits missed the chance of cornering the ruling party on issues such as economic slowdown, unemployment and the persecution of minorities. The one-sided outcome of the Lok Sabha elections, too, cast a shadow on the state polls. Still, the Election Commission needs to explain why the sizeable increase in voter enrolment — about 20 lakh in Haryana in five years — did not translate into a higher voting percentage. The lukewarm response to the poll panel's voter awareness campaign does not bode well for our democracy.

Short on expectation

NCRB's failure to report lynching is a letdown

DESPITE the delay of over a year, the National Crime Records Bureau (NCRB) report revealing the crime data of 2017 released on Monday is conspicuous by the absence of statistics of the keenly anticipated new sub-categories of murder. Following a spurt of murders by mobs and influential people and for reasons of religion or those ordered by khaps that shook the nation in 2015-16, the pro forma was revised to include such killings. The cloak of secrecy afforded by the failure of the government to publish the data compiled on these notorious scores is a huge letdown. It does little towards ensuring justice to the hapless victims of these communal and reprehensible crimes committed in broad daylight. Rather, the patronising suppression of data will only encourage the perpetrators. Already, RSS chief Mohan Bhagwat has dodged the issue with his derisive comment: lynching is a 'western construct' and should not be used to 'defame' India.

Acknowledgement of a criminal activity holds the key to its redress. Making public the unflattering figures is the stepping stone to an informed debate by the citizens and government; statistics are the base for reformist policies and laws to curb violence. The Modi government's propensity to hide unfavourable data is a crime that will not only cost it politically, but also prevent the nation from moving forward.

However, thankfully, the NCRB has not shied away from coming out with figures for the other new crime category: circulation of fake news and rumours. Topping the list are MP (138 incidents), UP (32) and Kerala (18). Incidentally, J&K, where communication channels have been severely curtailed since the abrogation of Article 370, reported four cases. Meanwhile, criminal activity has escalated in the country, calling for better policing and deliverance of justice. Shamefully, both homes and roads remained unsafe for women as brutalities heaped on them in the form of cruelty by husband, assaults, kidnappings and rape show no sign of abating. Add to it cyber space where cyber crime mainly related to fraud and sexual exploitation is trending upward. It's time to act.

THOUGHT FOR THE DAY

Being second is to be the first of the ones who lose.

— Ayrton Senna

ON THIS DAY...50 YEARS AGO

The Tribune.

AMBALA, THURSDAY, OCTOBER 23, 1969

SHIFT IN P.M.'S STAND ON CHANDIGARH

From Our Correspondent

NEW DELHI, October 22—Prime Minister Indira Gandhi will meet Punjab and Haryana political leaders tomorrow to discuss the Chandigarh issue, it was learnt here tonight. As reports of Mr. Darshan Singh Pheruman's deteriorating condition reached here, Mrs. Gandhi summoned Giani Zail Singh, Punjab Congress Chief, here this evening. Mr. Iqbal Singh, Union Deputy Minister for Transport and Shipping, was also present at the Mrs. Gandhi-Zail Singh talks. Meanwhile, the Prime Minister's Secretariat is getting in touch with Punjab leaders to call them to Delhi to see Mrs. Gandhi at the earliest so that she could discuss the issue with them. There seems to be a definite shift in Mrs. Gandhi's stand. Earlier, she had repeatedly announced that she would not take decision on this unless the situation calmed down. As a result of talks with Punjab and Haryana leaders a process of negotiations to settle this issue will start.

UNI adds: The Internal Affairs Committee of the Cabinet today discussed the feasibility of arriving at a decision on Chandigarh acceptable to both Punjab and Haryana. The consensus was that at the moment no solution could be devised which would satisfy both parties. Meanwhile, it was decided that the fullest help should be given to the Punjab Government to meet any emergency arising from the fast. In particular, the Centre is keen that there should be no communal clashes if anything untoward happened to Mr. Pheruman. The Committee also reviewed the situation in West Bengal and noted that the clashes had occurred in predominantly labour areas. The Committee was gratified that the situation had not deteriorated in the 24 Parganas today. The law and order situation in Assam was also discussed.

Not competitive enough

World Economic Forum report ranks India 68th out of 141 countries



SUBIR ROY
SENIOR ECONOMIC ANALYST

DURING a 17-month period ending this August, 56 companies relocated their production out of China. Of these, 26 went to Vietnam, 11 to Taiwan and eight to Thailand. The rear was brought up by India which got three, and Indonesia two.

Obviously, India's 'Make in India' policy launched five years ago is making indifferent progress. Finance Minister Nirmala Sitharaman has said she would prepare a blueprint with which to attract to India companies going out of China. She can do worse than taking a look at a structured study, the latest (2019) Global Competitiveness Report brought out by the World Economic Forum. The Global Competitiveness Index, on which the report is based, has been refined since 2004 and the exercise offers a ready reckoner of what a country needs to do to go forward in the competitiveness stakes.

In the 2019 report India ranks 68 out of 141 countries, that is around the halfway mark. Vietnam emerges one rank ahead. Other comparable countries which are ahead of India are South Africa (rank 60), Indonesia (50) and Mexico (48). China is way ahead at 28, just one rank behind Malaysia (27), which has long been able to play host to factories migrating out of Japan and South Korea.

Where does India score and fail to do so according to this league table? Of the 12 attributes that make up the overall competitiveness score of a country, India does well (above rank 50) on four and not well (below rank 100) on five.

India does well on the attribute of macroeconomic stability and the size



LAGGING: Abundant supply of skilled manpower, which India lacks, attracts factories. The future prospect of having a trained labour force also appears poor.

Of the 56 companies that relocated production out of China, 26 went to Vietnam, 11 to Taiwan and eight to Thailand. Only three companies set up their base in India.

of its market and tops the global list on inflation control. On the financial sector, it gets a high score for its depth and stability. But the big issue is how long this will continue as a high level of non-performing assets at 10 per cent and low capital adequacy ratio are chipping away at the soundness of its banking system. Further, what is not contained in the report, and can affect India's future status on this attribute, is the denouement of the trouble in which its non-banks are.

A powerful strength of the Indian system is its innovativeness in which it is ahead of most emerging economies and on a par with several developed countries. Venture capital is readily available and the growth of innovative companies is high. But here also some of the pluses are taken away by the low adoption of ICT. The current rise in adoption, with ubiquitous mobile telephony and rapidly rising data

consumption, is speedy but a lot of catching up is needed.

A key shortcoming is the mixed performance on various aspects of governance. The level of corruption is average. Insolvency recovery is low, the cost and time it takes to start a business is high. The quality of land administration is very poor. Balancing this is a high level of judicial independence and an efficient legal framework. The efficiency of the legal framework in challenging regulation is high. But the police do not score very well, neither does the country on Press freedom.

The labour market scores poorly with low flexibility from insufficiently developed active labour policies. Wage flexibility is low and workers do not have much by way of rights. The participation of women in the work force is abysmal. The product market is restricted by low trade openness.

On infrastructure, India scores

well on road, rail and air transport. But the quality and availability of power is poor, though gains have been made recently on reaching power to households.

Where India also scores poorly is in several areas of social capital. Life expectancy is low, one of the shortest outside Africa and below the South Asian average. Drinking water is unsafe for most. Mean years of schooling is low.

India also needs to raise its skills level. Factories will not come to a country unless there is an abundant supply of skilled manpower, of which there is a paucity. Plus, the future prospect of having a trained labour force appears poor.

A specific set of policy prescriptions were offered earlier this year by Raghuram Rajan and Abhijit Banerjee (who won the Nobel), along with several other economists while addressing issues that also affect competitiveness. To create jobs and raise exports — both the aims served speedily by being able to attract relocating factories — the country must create a better business environment.

This is best done by learning from the experiences of different Indian states in the fields of land acquisition, industrial regulation, provision of power and logistics and environmental clearance. They feel a centre states productivity council can deliver this through special economic zones, where land, environmental clearance and transportation infrastructure are made available in a coordinated manner, so that things get going speedily.

The essence of this model is to keep learning while doing. For a good reason, the country has three layers of government — Central, state and local. For an equally good reason, they need to be masters of their domains to get the best results. And for this they need to talk to one another to evolve a consensus model at a forum like the council referred to above. The beauty of consensus is that it takes long to achieve, but once it is there progress takes place at a superior speed.

In own land a foreigner

PARBINA RASHID

IT'S not easy being a 'foreigner' in one's own country. Ask Mahommad Sanaullah, who despite fighting the Kargil War and extremists in J&K and Manipur under the banner of the Indian Army, was locked up in a detention camp in Assam meant for illegal migrants from Bangladesh and excluded from the NRC.

I have no idea what foreign 'element' the authority found in him to award him the foreigner tag.

I have been forced to wear this tag ever since I came out of my home state, Assam, purely because of my accent. As a fresh entrant at Abdullah Hall at AMU, where diction and pronunciation are as sacrosanct as the grammar

of the language, I had failed to integrate myself into the Urdu-speaking crowd miserably on all counts.

Even after rehearsing a simple word like 'piyaz' 10 times before uttering it in front of the kitchen staff, I would get it all wrong. 'Bibi, aap toh bahut door desh se aayi hain na,' they would say sympathetically. Sometimes I would let them go with their belief as their sympathy would translate into an extra piece of meat or an egg.

But it was not always a happy ending. Especially, when I would try to sneak out of the hall on a working day, disguising as a day-scholar, with a headscarf and dark shades for camouflage. It would always be my accent that gave me away when the security guys stopped me at the gate to find out if I was a hosteller. And, uncer-

moniously, I would be sent back to my hostel. It was hurtful and humiliating.

I have come a long way since my AMU days, but the tag has more or less stayed with me, and so has the accent.

During my recent trip to Germany, when I landed in Munich two hours late, I had to rush to catch my connecting flight to Dresden which had to be rescheduled. Spotting a man who looked like an airport official, I approached him for help.

'Where are you from?' he asked.

'India,' I said.

'You can't be from India.' I was taken aback. Without saying a word, I pushed my passport towards him. Taking a look at it, he said in an accusing tone, 'You don't look like an Indian.'

Hassled and tired to the core, my first reaction was to retort, 'Should

I chant *Jana Gana Mana* or *Bharat Mata ki Jai*?' But knowing that my sarcasm will be lost on him, I tried to explain patiently, 'I come from the Northeastern part of India. Since we are of Mongoloid origin, we may or may not fit into the image of a typical...'

'You are an Indian all right,' he cut me short. I was puzzled. What made him change his mind? The question mark in my eyes must have told him what I was thinking. He explained, 'Your accent. You speak like a typical Indian.'

Wow, my accent proved more potent than the passport I was holding! Finally, I had a reason to be grateful to it. For, it's not easy being a foreigner in a foreign country either!

LETTERS TO THE EDITOR

Need strong Oppn leader

I am writing not to criticise any government, but in the present political scenario there is only one person who is ruling the country and the rest are just watching. After seeing the daily debates on unnecessary issues, one feels that it is simply a propaganda to divert the attention of the masses. Being youth of India, I can see that our country is in the dire need of a strong Opposition. The Congress and other parties who are not the allies of the BJP do criticise the government, but we need a leader who can match the charisma of Prime Minister Modi.

SUKRITI SHARMA, UNA

Apprehensions valid

The article 'ISI machinations can't be brushed aside' (October 22) is apt and timely. Initially, the CM of Punjab had voiced similar opinion, though not in so many words, but his voice was drubbed under politically correct pronouncements. The writer has hit the nail on its head when he mentions the deliberate 'underplay' of security perspective due to compulsions of 'politics'. Hope all concerned must be alert to the well-reasoned apprehension, so that any misadventure on the part of the ISI may not lead to bigger

and longer troubles for us all.

ANIRUDH DHANDA, KANSAL

Hungry in 'New India'

Refer to the editorial 'Going hungry' (October 22); it is appalling that India has plummeted to the 102nd rank. It belies the tall and boastful claims of a resurging and emerging 'New India', marked by overall progress and prosperity. It is a matter of shame that even small countries like Bangladesh and Nepal are better than India in this regard. Poor maternal fitness, sanitation and education also exacerbate the problem. Various schemes such as PDS, midday meal and the Food Security Act have been unable to wipe out the scourge of poverty and hunger due to poor implementation.

ROSHAN LAL GOEL, LADWA

Children wasting away

Refer to 'Going hungry' (October 22); the government should attach importance to the issue on priority and come out with some concrete remedial measures. The child wasting rate is extremely high at 20.8 per cent — the highest rate of any country in the report, which is a matter of concern. The entire country is suffering. Inflated claims mean nothing.

RAJ KUMAR KAPOOR, ROPAR

Reinvent FCI

We hand out huge farmer subsidies and increase MSPs only to then infructuously store excess grains in the face of hunger and malnutrition. While this calls for an expansion of the PDS operations, the key agency FCI needs to be reinvented and its remit reworked and intra-ministerial touch points specified. It keeps carrying a huge interest burden in the range of 1.5 lakh crore besides mounting wastage. The problem of excess grain stocks with the FCI is not recent. We have not addressed this serious issue for over a decade now. In 1995, we had 180% of the stipulated storage, and in 2011 more than twice. Year 2015 was no different, and now in 2019 it is even more pronounced.

R NARAYANAN, NAVI MUMBAI

Devise better food supply

It is unfortunate that despite being the second-largest food producer, India ranks poorly on the GHI ('Going hungry', October 22). To tackle the problem, the government should increase the budget for children's health. The problem is all the more complex because the food basket differs from region to region. It is therefore essential that we have an effi-

cient integrated system for food production, processing, preservation and distribution.

SRISHTI MATHUR, UJJAIN

Enhance skills

Refer to 'Distress signal: share of young workers in NREG begins to rise' (October 22); skills and practical knowledge are lacking in the youth. They have degrees but still face unemployment, which leaves them only with the option of undertaking unskilled manual work. The government must take steps to resolve this issue and introduce new schemes for unemployed youth. It can start skill-enhancing institutes or introduce compulsory practical courses at the school level.

NIKITA BHATI, RAJASTHAN

Focus on teaching skills

Reference to the dress code diktat at Patiala medical college; teachers should focus more on improving their own skills rather than getting distracted by what their students wear. What ultimately matters is excellence, be it of students or teachers. Such teachers need to be groomed on such sensitive issues. The public is paying a huge price on medical education.

BRJU BHUSHAN GOYAL, LUDHIANA

India needs to amend its nuclear doctrine



LT GEN HARBHAJAN SINGH (RETD)
MILITARY COMMENTATOR

Mere signals resulting in ambiguity can also serve the required purpose, ie information warfare.

India has developed a Nuclear Triad capability (ability to launch nuclear missiles from the air, ground and submarines) in order to survive and retaliate with nuclear weapons against a first use nuclear strike, as part of its CMD doctrine. India also has Agni missiles which have ranges covering territories much beyond China. This prevents China and Pakistan from nuclear-blackmailing India.

China is the only other nuclear nation in addition to India that professes to follow the doctrine of NFU. However, Chinese sources have made statements that their NFU commitment is not applicable to the areas which Beijing claims. Also, they have mentioned some red lines, which if crossed, would invite a nuclear attack. In this context, it is relevant to point out that China lays claims to Arunachal Pradesh and certain areas along India's border with Tibet.

Pakistan's nuclear doctrine is India-specific and stipulates deterrence by "guaranteeing an immediate massive retaliation by nuclear weapons" against a ground and air attack which crosses certain red lines. To counter India's Cold Start Doctrine, Pakistan has added the use of TNWs (Tactical Nuclear Weapons) against Indian troops.

India has set up an elaborate nuclear command and control organisation with alternative command post, communications and Triad to absorb the first strike. This makes the Indian doctrine quite potent.

However, our nuclear doctrine suffers from some serious infirmities. The current nuclear doctrine only



STRATEGY: To deter China, India needs to include the use of TNWs.

Our nuclear doctrine suffers from serious infirmities. It only deals with a nuclear conflict scenario. It does not get meshed with territorial security, which is the main Indian concern vis-a-vis China and due to which India went nuclear. India's strategy has to be to deter/dissuade China from embarking on any large-scale offensive.

deals with a nuclear conflict scenario. It does not get meshed with the territorial security of the nation, which is the main Indian concern vis-a-vis China and due to which India went nuclear. China has become much stronger in conventional forces. India's strategy has to be to deter/dissuade China from embarking on any large-scale offensive. This cannot be achieved by increasing ground and air forces. Also, due to the strategic nexus between China and Pakistan, India will have to keep considerable forces on its western front.

The Indian strategy to deter China must, therefore, include using our comprehensive military potential, including the use of tactical nuclear weapons (TNWs).

Escalation leading to MAD scenario
India's doctrine envisages using 'massive nuclear retaliation' in case an adversary resorts to first use of any

kind of nuclear device, even a TNW.

It implies that if Pakistan uses a sub-kiloton nuclear weapon to wipe out an offensive Indian Army division/brigade in the desert of Rajasthan, India would immediately drop a number of strategic nuclear bombs on Pakistan cities and strategic targets. And it is implicit that in return, Pakistan would nuke Delhi, Mumbai, Jodhpur, Chandigarh etc.

Whatever the doctrine, in practice, the moment Indian troops are attacked by a TNW, there would be intense diplomatic pressure on India to not retaliate with nuclear weapons. Certainly not with strategic weapons and escalate the situation. The Indian leadership is most likely to succumb to such international pressure. A graduated nuclear response with TNWs is likely to be tolerated, though.

Also, in such a scenario, will the Indian political leadership have the courage to bear the consequences of creating a situation for MAD (Mutual Assured Destruction)? This is highly doubtful.

In view of the above, such a theoretical nuclear doctrine, which envisages raising the stakes from a tactical to a strategic level suddenly, seems "less of deterrence and more of pretence."

The adversary's leadership is unlikely to bite it and hence it does not have the required deterrence value. During the Cold War, the Warsaw Pact Forces had a marked superiority in conventional forces over NATO and, hence, were expected to overrun vital areas in Europe in a short time. America, therefore, deployed thousands of TNWs with a view to deter the superior Soviet-led conventional forces.

In due course, it was realised that

the use of TNWs in populated areas would result in colossal damage to the European population and so, they were discarded. As far as India is concerned, our area along the border with Tibet, by and large, has very little habitation and the above-mentioned constraint for the use of TNWs there and in the deserts of Rajasthan is, therefore, not relevant.

Keeping in view the superiority of China in conventional forces, the use of TNWs in our own territory, say in Tawang, Walong or Chushul, against any offensive Chinese forces is a credible and cost-effective option. India cannot mount any worthwhile conventional counter-offensive due to constraints posed by the very high altitude terrain and long lines of communications. Feeling gung-ho as a result of exercises is a different kettle of fish as compared to the actual shooting war.

Keeping in view the threat of TNWs from Pakistan, the Indian nuclear doctrine should state that their first use by an adversary will be responded to in kind and with much greater intensity.

As far as diplomacy and world opinion are concerned, the answer is: there is nothing offensive in the proposed doctrine. It is a defensive doctrine to safeguard India's territorial integrity. The TNWs are planned to be used only in our own territory.

With such a doctrine, India can certainly deter/dissuade China and Pakistan and reduce some Army formations and costly air assets. Thus, it can devote greater financial resources towards economic development and alleviating poverty.

In the context of wars that India is likely to get involved in, talking about MAD seems a mad idea.

Rampaging BJP keeps old ally on tenterhooks



RASHEED KIDWAI
SENIOR JOURNALIST & AUTHOR

GOING by exit poll survey indicators, the outcome of the 2019 Maharashtra and Haryana Assembly polls appears to be another set of bad news for the Congress. The make-or-mar moment for the Congress has entered its most decisive phase. Party's interim chief Sonia Gandhi was to address nine public meetings in Maharashtra, but she failed to turn up in any. In Haryana, too, her rally at Mahendragarh was abruptly called off. For the first time since the Sitaram Kesri era, the Congress faced a situation where its chief did not step out of the house during the poll campaign.

The silent support base of the grand old party, as per exit poll agencies, across Maharashtra, is evaporating. In the Mumbai metropolis alone, among Dalits, Christians, Muslims, North and South Indian votes, only Muslims and a smaller slice of Christian voters seem to have backed the Congress. Senior Congress leaders say they were stunned that in party strongholds like Nanded and Karad, traditional party supporters moved to the BJP in droves on Prime Minister Narendra Modi's thrust on muscular nationalism and the BJP's plank of cultural nationalism.

While the Congress is in urgent need of new leadership, organisational revamp and accountability at all levels of party hierarchy, party leaders at various levels of hierarchy are unable to force the issue. The million-dollar question is whether Rahul Gandhi would accept the mantle of leadership within a short span of quitting the high office. After October 24, it will not be surprising to hear voic-



THE DIE IS CAST: The exit polls have spelt bad news for the Congress.

es, appeals, Twitter calls asking for 'Rahul lao'. Bizarre as it may sound, many think Rahul's return at the Congress helm of affairs may bring back disgruntled leaders like Ashok Tanwar in Haryana and Sanjay Nirupam in Maharashtra back to the party fold.

Interestingly, a section of the Congress feels the actual verdict on October 24 may have a lot more in store in Maharashtra, is evaporating. The exit poll findings that the BJP and ally Shiv Sena would do well in the state.

Conventional wisdom points at the Sena abiding by the 'coalition dharma', accepting junior-partner status and letting young Aadiya Thackeray learn lessons of governance under Devendra Fadnavis. However, there is another side of the Sena which may turn euphoric, a tad more ambitious if the News 18-

IPSONS projection of the Sena crossing the 100-seat mark becomes a reality.

In such a scenario, the vanquished parties — the Nationalist Congress Party and Congress — would desperately offer the Sena unconditional support in exchange for dumping its senior partner at any point during the new innings. The Sena is known to bargain hard when it comes to sharing ministerial berths and portfolios. It would, therefore, be interesting how Fadnavis, Amit Shah and BJP working president JP Nadda negotiate the phase. The Sena has been the BJP's longest and ideologically compatible ally. But of late, it has been acting as strident opposition to the BJP both inside and outside Maharashtra. Some of the editorials and headlines in the *Saamana* mouthpiece have been far more critical of the BJP, Modi and Fad-

navis than any left-of-centre publication.

There is a reason for it. When the BJP and the Sena had joined hands in 1989, the broad understanding between LK Advani and Bal Thackeray was that the BJP would get more seats in the Lok Sabha elections and the Sena would contest more seats in the state assembly polls. But since 2009, the BJP has been winning more seats than the Sena (in 2014, they contested separately. The BJP won 122 and Sena 63 seats and formed the government together).

The political and inter-personal equations have undergone a sea change since 2014 that marked the emergence of Narendra Modi-Amit Shah *jodi*. A section of the Sena thinks the BJP's rise and reach has a potential of swallowing the Sena. Some opinion and exit poll surveys for the 2019 Assembly polls predict the BJP netting anything between 75 and 90 per cent seats it is contesting as part of the alliance. In the context of the BJP's spectacular performance, the Sena seems to be running out of time to keep its regional identity and primacy in Maharashtra politics.

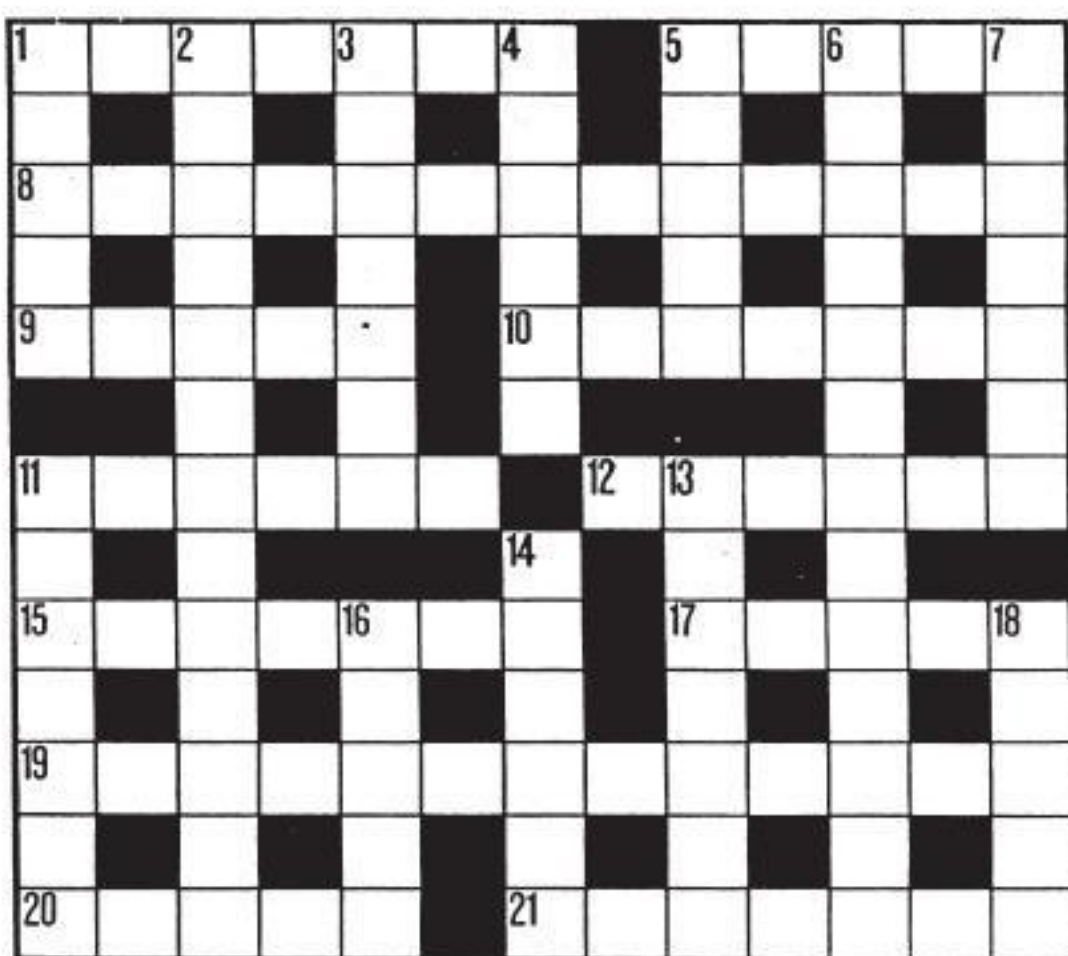
All eyes would be on the young Aadiya Thackeray: whether he would indulge in the more confrontational and adventurous course or put his head down to learn the ropes of governance. A position in the government has the potential to prepare him for future challenges but high expectations from the cadre and past legacy, illusion of grandeur or a combination of these factors may trigger a new situation. Both the NCP and the Con-

gress are eagerly looking for it.

Incidentally, in its early years, the Sena was derogatorily referred to as the 'Vasant Sena' after legendary Congress leaders Vasant Naik and Vasantdada Patil provided the Sena credibility by accepting its agenda of approving 80 per cent employment of locals in business establishments. Both Naik and Patil had detested the dominance of Gujarati, Parsi, Sindhi and Bohra Muslim enterprises in Mumbai and Maharashtra. Bal Thackeray played his role as the Congress' 'hitman' till he became a cult figure on his own.

One such election where the Shiv Sena helped out the Congress was the 1967 Lok Sabha poll. Congress stalwart VK Krishna Menon had been denied party ticket and was contesting as an independent candidate from the Bombay North East constituency and campaigning on his proximity to Jawaharlal Nehru. His election campaign posters read 'Nehru's vision, Menon's mission' and showed Menon within a Nehru silhouette. Indira Gandhi, who was fighting to isolate Menon, instructed her key aides to get the former Defence Minister defeated at 'all costs'. Thackeray, Shiv Sena chief, and Marmik campaigned for Congress nominee SG Barve. A day before voting, Marmik published a cartoon that showed Menon with two foreign girls, his hands around their shoulders. The caption insinuated that they were why Menon wanted to be Defence Minister. Barve won the election.

QUICK CROSSWORD



ACROSS

- In the direction of (7)
- Cranium (5)
- Exaggeration (13)
- Fine net fabric (5)
- Single eyeglass (7)
- Layers (6)
- Flexible (6)
- Shake (7)
- General meaning (5)
- Furtive (4-3-6)
- Pitch suddenly (5)
- To exhibit (7)

DOWN

- A freshwater fish (5)
- Shrewd operator (7-6)
- To honour (7)
- Ingratiatingly polite (6)
- Forbidding in appearance (5)
- Quite ordinary (13)
- Matter of pure chance (7)
- Bag on shoulder strap (7)
- Very ugly (7)
- Was inclined (6)
- Bumptious (5)
- Too long delayed (5)

YESTERDAY'S SOLUTION

Across: 1 Dixie, 8 Maritime, 9 Comfy, 10 Badinage, 11 Dante, 12 Sad, 16 Beirut, 17 Amazon, 18 Yam, 23 Stray, 24 New World, 25 Break, 26 Old guard, 27 Clash.
Down: 2 Idolater, 3 In future, 4 Banana, 5 Fit in, 6 Midas, 7 Ceres, 12 Sty, 13 Dam, 14 Pastoral, 15 Nowadays, 19 Allure, 20 Enjoy, 21 Swede, 22 Bonus.

SU DO KU

8							7
		4	5		3	9	
2	9						1 6
4	2			6			8 1
			7	5			
9	5		8				7 3
6	1						9 5
		9	1		6	8	
3							4

EASY

CALENDAR

OCTOBER 23, 2019, WEDNESDAY

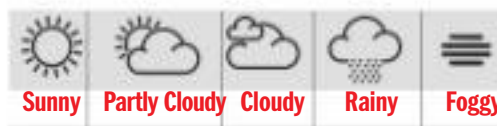
- Vikrami Samvat 2076
- Shaka Samvat 1941
- Kartik Shaka 1
- Kartik Parvishte 7
- Hijari 1441
- Krishan Paksh Tithi 10, up to 1.09 am
- Shubh Yoga up to 4.57 pm
- Aashle Nakshatra up to 3.13 pm
- Moon enters Leo sign 3.13 pm.

YESTERDAY'S SOLUTION

5	4	2	9	1	7	8	3	6
1	9	7	3	6	8	2	5	4
6	3	8	4	2	5	7	9	1
3	2	9	6	8	1	5	4	7
8	7	1	5	3	4	6	2	9
4	6	5	7	9	2	1	8	3
2	5	3	1	4	6	9	7	8
7	1	4	8	5	9	3	6	2
9	8	6	2	7	3	4	1	5

FORECAST

SUNSET: WEDNESDAY 17:43 HRS
SUNRISE: THURSDAY 06:31 HRS



CITY	MAX	MIN
Chandigarh	31	16
New Delhi	32	16

PUNJAB

Amritsar	30	16
Bathinda	31	14
Jalandhar	30	15
Ludhiana	31	17

HARYANA

Bhiwani	32	15
Hisar	32	15
Sirsa	31	16

HIMACHAL PRADESH

Dharamsala	22	14
Manali	18	04
Shimla	19	09

JAMMU & KASHMIR

Jammu	28	16
Leh	—	—
Srinagar	—	—

UTTARAKHAND

Dehradun	29	14
Mussoorie	21	10

TEMPERATURE IN °C

When retail met media

What does the entry of non-media firms like Flipkart into video and media firms like Times Internet into transactions mean?



MEDIASCOPE

VANITA KOHLI-KHANDEKAR

Last week Flipkart, an online retailer, launched a streaming video service. *Backbenchers*, its first original series that goes live this month will be hosted by filmmaker Farah Khan. She will be bantering with some of India's top celebrities. Guneet Monga of Sikhya Entertainment comes on board as a creator and curator of short stories. More than half the con-

tent on Flipkart video will be from tier-II and tier-III towns. The idea is to drive internet users not familiar with online shopping to Flipkart, said a company spokesperson at the launch event.

The move is interesting for three reasons.

One, Flipkart that reaches 160 million people is majority owned by the \$515 billion American retail giant Walmart Inc. On the other hand, another US-based firm — the \$233 billion Amazon, one of the largest online retailers in the world, began a video service in 2007 that eventually evolved into Amazon Prime Video. It has invested millions on original shows such as *The Family Man* or *The Marvelous Mrs Maisel*. Amazon Prime Video came to India in 2016. So two of the world's largest online and offline retail firms have made significant streaming video forays into India.

Two, Flipkart's video service comes soon after one from food aggregator

Zomato. Earlier in September, Zomato began offering 18 originals such as *Food and You with Sanjeev Kapoor* or *Dude Where's the Food with Jordindian*, among others. Then there are the food shows it has licensed and Sneak Peek, a series on restaurants it launched in August last year. The originals will be available only in India, where Zomato operates in 500 cities. The rest of the videos can be streamed in all the 24 countries to the 70 million users it reaches. The idea is to drive penetration and get people to spend more time on Zomato. Last year Ola, a cab-sharing app, began offering Ola Play, an in-cab video service for a small extra charge.

Three, and there is irony in this, this wave of non-media companies getting into video comes at a time when media companies across the world are getting into all sorts of "transaction services." These could be direct online retail or activities that helps direct traffic to sites where users spend money. This in turn

generates a commission or "affiliate revenues." For instance, Times Internet, one of the largest digital publishers in India, gets just over a third of its revenues from services that push affiliate revenues, such as Dineout, ETMoney or GradeUp.

Where would a video offering from Flipkart or Zomato sit in a market swimming with multi-million dollar shows?

There are more than 35 apps competing for the attention of around 600 million broadband users in the estimated ₹8,000 crore online video market in India. Google's YouTube is the largest, reaching over 265 million Indians every month with revenues of over ₹2,000 crore in 2018. There is Hotstar from Disney, Voot from Viacom18 and Netflix among others.

These are regular media firms that make advertising or subscription revenues from serving licensed and original content. "We don't want to be Netflix or YouTube. We are a vertical content creator, so our budgets are limited. The idea is to aid people in their dining-out or dining-in decisions. It is about transaction and search based video rather than a full movie," says Durga Raghunath, senior vice-president, growth, Zomato.

However, globally, with the exception of Amazon, the record of non-media firms that try their hand at video is pretty dismal. Walmart, MediaMarkt, Carrefour, Sainsbury's, among some of the world's biggest retailers have tried to use video. "Most of these services were TVOD (transaction video-on-demand) focused and not particularly successful. Most closed after a few years," says Tony Gunnarsson, principal analyst, Pay-TV and OTT Video at London-based research and consulting firm Ovum. Eventually, the contradiction between trying to become a creative firm trying to get audiences simply doesn't sit well with the pressure of getting that video to generate so many million in sales.

The reverse is not yet as true. NDTV Convergence, NDTV's successful digital arm took a serious shot at specialised retail in fashion but it hasn't amounted to much. A bulk of Times Internet's revenues, growth and profits comes from brands such as The Times of India or Gaana. However, affiliate revenues from a host of services are growing too.

Wait then for more experiments from media and non-media players before a pattern emerges.

Twitter: @vanitakohlik

CHINESE WHISPERS

Study material

The Parliamentary Standing Committee on Finance, led by Jayant Sinha, has selected a bouquet of subjects it will study. Among the 15 selected, the committee will study inflation-targeting guidelines and monetary transmission, the quality of supervision and oversight of financial institutions, the implementation of the Insolvency and Bankruptcy Code, and "achieving \$10 trillion GDP — a long-term prospect for the Indian economy". Sinha was minister of state for finance as well as civil aviation in the first Narendra Modi government.

Sulking Scindia



Congress General Secretary Jyotiraditya Scindia (pictured) has once again attacked the Madhya Pradesh government,

run by the Congress. In a recent move, he took on the government for allegedly letting off people, arrested for involvement in spurious food trade, without sufficient opprobrium. Speaking at an event where health minister Tulsi Silawat was present, Scindia indicated the cases against the wrongdoers were closed even without Silawat's knowledge. Scindia has been taking potshots at the state government ever since he was ignored for chief ministership and because of the delay in replacing Kamal Nath by him as Madhya Pradesh Congress Committee president. A few days ago, he had criticised the government for supposedly failing to fulfil the promise of farm loan waiver.

Animal spirits in the livestock census

The latest livestock census points to encouraging trends in dairying and poultry rearing

SANJEEB MUKHERJEE

The 20th livestock census released a few days ago throws up some interesting findings that could alter fundamentally policy-makers' approach to the country's animal husbandry industry.

This was the first livestock census that used IT in a big way: Data was collated from tablet computers used by the over 80,000 field staff, which explains why these provisional findings are available within a year from the start of the census on October 18, the fastest in recent times. Till the 19th census, provisional results were declared more than a year and a half after the exercise began and the provisional data was often inaccurate and subject to considerable alterations. This time, government officials say, the final data will be released "very quickly".

The livestock census covers all domesticated animals. Preliminary data augurs well for the country's dairy industry by reinforcing India's position as the world's largest milk producer. Although the number of overall cattle (male and female; crossbred and indigenous) has risen marginally after recording a fall in the 19th census of 2012, the female cattle population in both the segments has

shown a steady increase.

Overall, the total female cattle population rose 18 per cent between 2012 and 2019. More significantly, however, is the relatively faster growth of 39 per cent for the high-yielding crossbred variety against 10 per cent for relatively low-yielding indigenous female cattle. This is not a new trend — in fact, the census confirmed what dairying experts knew.

But the increase in the number of crossbred female cattle is of special significance because these animals can produce the same quantity of milk all year round, which helps smooth the typical seasonal ups and downs in milk supply. "The rise in crossbred female animals along with increase in the number of indigenous female cattle population signifies that dairy farms will be able to reduce their reliance on skimmed milk powder during the lean summer months because they will have access to a constant supply of liquid milk," said R S Khanna, a noted dairy and livestock expert.

In terms of the buffalo population, the number of females grew 8.6 per cent between 2012 and 2019, whereas the number of male buffaloes declined 42.35 per cent. Buffaloes account for 20.5 per cent of the country's total livestock.



KEEPING A COUNT

Animals	2007*	2012**	2019***
Total livestock	529.70	512.06	535.78
Cattle	199.08	190.9	192.49
Buffaloes	105.34	108.70	109.85
Poultry (Total)	—	729.21	851.81
► Backyard	—	217.49	317.07
► Commercial	—	511.72	534.74

20th provisional livestock census (in million)
Note: Total livestock population will not match the tally as all animals have not been included
*18th livestock census
**19th livestock census
***Provisional 20th livestock census
Source: Provisional 20th livestock census

In 2018-19, crossbred animals accounted for almost 28 per cent of India's annual milk production of around 188 million tonnes, while indigenous animals contributed 18 per cent; buffaloes accounted for the highest share at 49 per cent.

The rise in high-yielding female crossbred cattle is important because it reduces the pressure on land and related resources and significantly improves dairying economics. On an average, crossbred cattle yield 6-8 litres per animal and indigenous or *desi* breeds 3-4 litres. This development, however, runs somewhat contrary to the ruling National Democratic Alliance's ideological position of reversing the trend of falling indigenous cattle numbers (both male and female). The Rashtriya Gokul Mission, launched in 2014, spent ₹1056.82 crore between 2016-17 and 2018-19, principally on establishing indigenous cattle breeding centres, special tagging of indigenous cattle and so on. This programme suc-

ceeded in achieving a marginal rise in female indigenous cattle numbers but not in the male of the species.

Another interesting census finding is the sharp decline in the number of horses, mules, donkeys and camels. The drop in the number clearly shows their reducing importance in transportation in small towns for short distances. In Jammu & Kashmir, for instance, the horse and pony population has dropped 56 per cent between 2012 and 2019, which can be attributed to the increasing reliance on overhead cable cars for transport during religious pilgrimages.

A big revelation of the 20th livestock census was the sharp increase in the number of backyard poultry birds in comparison to the number of birds from commercial farms. These include, fowls, ducks, emu, turkeys and quail and other birds. The data shows that the number of backyard poultry birds rose a staggering 46 per cent between 2012 and 2019. The num-

ber of poultry birds from commercial farms, which are typically located near urban areas, rose 4.5 per cent during the same period.

Though the contribution of backyard poultry in India's total poultry population is still around 40 per cent — the majority of the birds still come from commercial farms — the sharp growth in its population reflects an interesting development. Backyard poultry is practised mostly by small farmers, and the birds they rear are consumed by the household; very small quantities are commercially sold. A rise in their number could have a favourable impact on India's malnutrition and act as an additional source of income for small, landless farmers.

Rickey Thaper, treasurer of the Poultry Federation of India, says the increase in backyard poultry birds is a direct result of steps several state governments, especially in the east, took to distribute chickens and fowl among the landless, poor growers.

Monitoring agreements



Cabinet Secretary Rajiv Gauba (pictured) last week wrote to all Union secretaries about the need for "continuous and effective monitoring" of Memoranda of Understanding, or

MoUs, signed by their ministries or departments with foreign governments and agencies on cooperation in various fields. In a letter on October 15, Gauba stated such monitoring was needed "so that their potential may be tapped optimally". He observed that "many MoUs may have lost their relevance, and obsolete MoUs may be discontinued". He said Action Taken Reports on decisions of the Cabinet or the Cabinet Committee on Economic Affairs on MoUs/agreements were often not updated regularly on the e-Samiksha Portal of the Cabinet Secretariat. He asked secretaries to order a "structured review" of all MoUs/agreements.

INSIGHT

Getting real about real estate

As of now, foreign investors appear to be the only viable source of long-term funds for the sector



DIVYA JAIN

The failure of PMC Bank has once again thrust attention on the ailing residential real estate market in India. While there was corruption involved in PMC Bank's downfall, its demise was essentially sparked by loans to a real estate firm that could not pay it back. The flagging residential real estate market is a cause for grave concern for the economy as a whole and the financial sector in particular. Former RBI chief, Raghuram Rajan has also recently remarked on the broad shadow the real estate sector casts on the entire economy and the risks to the banking sector. More worryingly, historically, most financial crises have been driven by a crash in the real estate market that first contaminates the financial system which then throws a spanner in the entire economy. Before the sub-prime crisis in America, the world has seen several real estate-led contagions devastate large economies. The real estate sector played a starring role in the savings and loan crisis in America, the Japanese financial crisis and the Swedish banking crisis. India's real estate poses a similar risk to the stability of the economy. The genesis of the problem lies in the uniquely "irregular" business model of residential real estate developers in India and the disruptions

caused to it in the last few years.

Traditionally, real estate developers have followed a model of land speculation where the objective was to acquire land and develop it in small increments to maximise profits from the increase in the value of the underlying land. Like all speculative models it was based on cheap leverage. Developers had two main sources of funding to leverage their exposure to land prices. "Investors" with unaccounted for wealth and pre-sales to end customers or real estate speculators. On a risk adjusted basis, both these sources of funding were cheap. "Investors" with unaccounted for wealth needed avenues to deploy their cash and were willing to accept a below-market rate. Pre-sales to end users or speculators generated "float" or interest-free advances which could be deployed to buy more land or fund development of the project. Access to cheap leverage led developers to create large banks of inventory to maximise their exposure to the real estate market.

The weakness of this model was that it was critically dependent on real estate prices going up. As long as the prices increased at a rate that was higher than the cost of holding inventory, a developer would make a tidy profit from his leveraged exposure to real estate prices. Buoyant prices were also critical to attract speculators who were willing to participate in pre-sales or invest in housing stock purely for capital gain.

This model has suffered a series of shocks in the recent years. With the implementation of RERA, developers no longer have easy access to "float" money. Demonetisation and attendant measures initiated by the government against black money dealt a body blow to the risk appetite of "investors" with unaccounted for wealth. Developers now turned to NBFCs and shadow lenders for funding. With the liquidity

drying up for NBFCs and house prices stagnant at best with no sign of revival in demand, developers now face the deep end of the sea with massive unsold inventory.

It is this unsold housing stock that threatens the economy and the financial sector. By some estimates, India's unsold housing stock is as high as 5 per cent of the GDP. A chaotic liquidation of this stock can lead to heavy losses for the shadow lenders which in turn can contaminate the banking system leading to a full-blown financial crisis. Unfortunately, a reactive approach (which this government seems to favour for most issues) will only compound the problem. If the government intervenes after the liquidation of developers and their stock of unsold housing has begun to impact the financial sector, it will risk contagion as well as moral hazard where both responsible and irresponsible builders/lenders will benefit from intervention. Moreover, the costs of such a "bailout" are likely to be high and burdensome on an exchequer which is already struggling to meet its deficit targets.

There are several proactive measures that the government can initiate to minimise the probability of such a scenario. They are market-based, largely revenue-neutral and are likely to allow for an orderly assimilation of unsold inventory into the market thereby minimising the risk of contagion. A liberal FDI regime for real estate where foreign investors can invest up to 100 per cent in completed projects will greatly help resolve the unsold inventory problem. This will allow foreign investors to take exposure to Indian housing demand and also provide avenues to developers and shadow lenders to de-risk and deleverage their balance sheets, thereby minimising contagion risk.

This will also have several positive

externalities for the sector and the economy. One, foreign investors will only invest in projects with potential for returns thereby weeding out unviable projects and developers from the market (no moral hazard). Second, the public exchequer will be spared the burden of bearing the folly of shadow lenders and developers. Last, foreign funds will look to maximise yields by renting out these residential properties. This will lead to the development of an organised and professionally-managed rental market for housing that will be a boon to consumers and developers alike.

The government can supplement this by several other measures designed to boost yields and provide exit opportunities for such funds. This could include tax exemptions on rental income and simplified listing norms for housing REITs. This model has enjoyed considerable success in the United States where several funds such as American Home and Silver Bay mopped up large chunks of the housing stock in the aftermath of the sub-prime crisis and subsequently listed as REITs.

Notwithstanding the greed and avarice that has led to the current state of the real estate sector, it remains a valuable source of employment and growth and poses great risk to the financial system. The sector needs to come to terms with the structural changes in the regulatory and funding framework and emerge as a strong contributor to growth. For this, it needs liberal doses of "patient capital" which is in short supply domestically. As of now, foreign investors are the only viable source of long-term funds for the sector. The government needs to realise these facts and get real about real estate.

The author is a "probabilist" who researches and writes on behavioral finance and economics

LETTERS

Time to shift gears

This refers to "Running for cover" (October 22). This is the appropriate time to consider both a higher deposit insurance cover as well as a risk-based premium for deposit insurance. First, the present deposit insurance cover is too little. It needs to be hiked to ₹10 lakh. Second, risk-based premium should be introduced, based on supervisory ratings for banks. In the case of foreign banks, the Reserve Bank of India should use its own ratings as well as obtain home country ratings through the mechanism of supervisory colleges. The ratings should be carefully worked out based both on on-site supervisory examination, off-site monitoring and market intelligence.

Third, more transparency should be introduced. The depositors need to know the risks involved in putting their savings as deposits in a bank that offers higher returns. The principle of risk returns needs to be fairly well communicated. One of the ways of doing so would be to make it mandatory for the depositors to pay a small part of the cost of premium for the enhanced deposit insurance cover. The time has come for cross-subsidisation of deposit insurance cover to end. Financially weak and poorly managed banks need to pay more premium. There should be a perceptible shift from the present policy of opaqueness in strengths and weaknesses of banking entities to greater transparency and communication of

the risk-return principle.

Arun Pasricha New Delhi

A masterstroke

This refers to "Bargain hard but go for RCEP deal" (October 22). If the authorities let the rupee slide to find its real level, it would be good for everyone all round and also effectively take care of the anxieties arising out of the possible dumping of items under the Regional Comprehensive Economic Partnership that could destabilise local producers. The higher import costs in rupee terms for oil etc could be managed by lowering tariffs on those with, if any, minimal revenue loss to the exchequer. Exports would get more profitable and hence grow faster and for travellers, this could provide a damper too. For those invested in the stock market here, their returns to be worthwhile would need higher prices for stocks providing them buoyancy there too. Or is this a pipe dream with severe unintended consequences?

We would, in the long run, benefit from the free trade agreement and cut down transit time, paperwork etc and improve the ease of doing business — all in one stroke.

Asit Desai Mumbai

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HAMBONE



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The pension deficit

The govt should release statutory dues to the EPFO

The Employees' Provident Fund Organisation (EPFO) is reportedly considering giving its members an option to start drawing their pension when they turn 60 rather than 58, which is the case now. Incentives such as additional bonus may be offered to those who agree to postpone the withdrawal. On the face of it, the idea makes sense because most pension funds start payment once the investor turns 60. An additional two-year window will help the beneficiary grow her or his pension kitty. The problem, however, is the reason behind the EPFO's move. As recently reported by this newspaper, the government is reneging on its commitment to the EPFO, and the accumulated dues are now worth over ₹9,100 crore. Employees in the private sector contribute 12 per cent of their basic salary to the EPF and the employer makes a matching contribution. Further, from the employer's contribution, 8.33 per cent goes to the Employees' Pension Scheme (up to a salary ceiling of ₹15,000) and the government contributes an additional 1.16 per cent of that. There are about 40 million active accounts in the pension scheme. The government in 2014 decided to increase the minimum monthly pension to ₹1,000 for all subscribers to the scheme and provide about ₹800 crore per year for this purpose. The EPFO on its own was not in a position to implement this. However, funds are due on this account as well.

What is intriguing is that part of the dues are pending since 1995-96, the year the Employees' Pension Scheme was started. This is a good indicator of how government finances are managed in India. The government tends to postpone expenditure to the extent possible and this is not restricted to one particular area. This practice must end because it doesn't help achieve anything. On the contrary, it can end up increasing the eventual liability for taxpayers. At a broader level, as has been argued on these pages before, the government should work with a more realistic assumption of both revenue and expenditure to improve transparency. Presenting a clear picture of the fiscal situation will also help the government manage its finances in a better manner and allow it to make the required adjustments.

Therefore, in the present context, the government would be well advised to release the funds to the EPFO. The pension fund is reported to be in deficit. Besides, the government and the EPFO should also prepare for the future. The subscriber base of EPFO schemes will increase with rising workforce and formalisation of the Indian economy. This means that the government's liability in terms of contribution to the pension scheme will also increase over time. It may require adjustment in expenditure so that the government is able to meet its commitment in time. Further, the EPFO would need to keep the interest rate on the provident fund more flexible, depending on returns generated without taking excessive risk. India doesn't have a robust social security system and, thus, it is important to protect and expand the institutional mechanism in place.

Economics of livestock

Utility value determines choice of animals

The futility of the government's controversial cow protection policies is evident from the 20th livestock census (2019) data, which was released last week. Despite setting up the Gokul Mission for the preservation and promotion of indigenous cattle breeds and curbs on the movement and trade of cows, and vigilantism by self-appointed cow protectors, cattle-keepers continue to prefer cross-bred cows and buffaloes over *desi* cows. While the population of exotic and cross-bred cows has surged by nearly 27 per cent since the last livestock census in 2012, that of the indigenous and non-descript cattle has dipped by 6 per cent. The buffalo count has also risen, even if only marginally.

Significantly, this trend is conspicuous in Uttar Pradesh, which has recorded the largest number of cases of vigilantism and lynching. The state government is also directly involved in the cow conservation campaign. All district authorities in Uttar Pradesh have been asked to build *goshalas* (cow shelters) to keep and feed cattle at government expense. A one-rupee cess has been imposed on every liquor bottle to raise funds for this purpose. Yet, the state's cattle population has declined by nearly 4 per cent, while the buffalo count has risen by about 8 per cent. Worse still, the closing down of many old slaughter houses and preventing opening of new ones have resulted in a decline in the number of goats and sheep as well. This bodes ill for the export of mutton from the country's leading meat-exporting state.

Stray cattle are not enumerated in the livestock census. But anecdotal evidence suggests a sharp increase in their numbers as a result of the ban on the movement and trade of cows. While earlier the old and unproductive cows used to be disposed of in the cattle bazaars, these are now left loose to roam about in the countryside, damaging crop fields and forests and competing with other livestock for fodder and feed resources. Farm organisations from all over the country are demanding an urgent solution to this menace.

The livestock census also shows that the population of several useful but low milk- or non-milk-yielding domesticated animals is dwindling rapidly. These include equines and bovines like horses, ponies, mules, donkeys, camels, and yak. No doubt, these animals cumulatively constitute only about 0.23 per cent of the country's vast livestock wealth, but these are useful in their own respect, with each one having its own unique qualities. The most dramatic fall is in the number of donkeys (61 per cent) and mules (57 per cent). If not protected, these animals may vanish in near future.

Clearly, the livestock-keepers' choice of the animals and their breeds is guided more by their utility rather than the government's diktat. That explains why the population of major milch animals is steady or on the rise while that of the draught animals, which are no longer in much demand due to the availability of mechanical alternatives, is plummeting. The best way to popularise the pure-bred indigenous cows would be to boost their inherent milk yield through selective breeding without altering their typical genetic makeup, which is adapted to local conditions. The policies concerning the movement and marketing of cows also need to be revisited for the benefit of the cattle owners and the overall livestock economy.

The battle of the fading hegemon

The outcome of the China-US struggle is far from inevitable, because the powers of both the aspirant and the incumbent are eroding

Almost a decade ago, China bulls like Martin Jacques and I predicted the rise of the People's Republic at the expense of a declining United States. Today, with the two superpowers unabashedly jostling for hegemony — their trade war being just one sign of this — it is time for a fresh assessment.

It is tempting to view the US-China rivalry as just another superpower transition in a long line going back to the classical shift of power from Athens to Sparta. But this case is different.

Traditionally, a strong rising power has challenged a weakening incumbent, making the outcome preordained. The only question was whether the transition would be peaceful or violent.

This question also applies to the US-China struggle. But the outcome is far from inevitable, because the powers of both the aspirant and the incumbent are eroding — albeit in different ways.

Let's start with the more obvious case of America. Previous predictions of US decline were based on unfavourable domestic economic and social trends such as slowing productivity growth, declining social mobility, and worsening income inequality.

In recent years, however, America has faced the additional problem of a precipitous decline in its soft power, which Joseph Nye defined as a country's ability to get others to want what it wants. Today, that soft-power currency, more valuable than the dollar itself as a source of US hegemony, has been debased beyond recognition. US global leadership

is now associated with disastrous wars, repudiation of the collective commitment to address climate change, sabotage of the global trading system, and unravelling international security arrangements.

In addition, America has damaged its own political institutions. It currently has an erratic and unbalanced president, a gerrymandered Congress, a politicised Supreme Court, and a system of rule-making rigged by the elite. Over the past century, US institutions often inspired awe and invited emulation in much of the world. Now, they have become an object of mockery, while the 2008 global financial crisis similarly tarnished the American model of finance-driven, winner-take-all capitalism.

Moreover, whoever wins the 2020 presidential election will find it hard to restore the lustre of US political and economic institutions, owing to America's deep polarisation and entrenchment rather than attenuation of adverse economic trends. This raises increasing doubts about America's ability to project its power externally.

What about China? If the Chinese economy remains on track, it will challenge US economic supremacy in the medium term. However, the risks of a Chinese economic derailment have increased, as domestic debt has climbed to vertiginous and unsustainable levels while export opportunities have shrunk.

Perhaps most worryingly, Chinese President Xi Jinping has — bizarrely — turned away from the private sector-led growth model that served as the coun-

try's transformational golden goose for over four decades. As a result, China's economic prospects seem far less bright than they did a few years ago.

Because China is an undemocratic and closed society, its hegemonic rise has always been hobbled by a lack of soft power. In an attempt to rectify that deficiency, China launched the Belt and Road Initiative (BRI) to promote the international transfer of its impressive expertise in building infrastructure effectively and expeditiously.

At the same time, China established the Asian Infrastructure Investment Bank to challenge international financial institutions that it (and many other emerging powers) regards as increasingly discredited by outdated governance mechanisms. As if to reinforce that view, the US and Europe have yet again asserted their monopoly on control of the World Bank and International Monetary Fund, respectively, through an undemocratic process that was established 75 years ago. Although there have been no formal objections to the recent changes of leadership at both institutions, this has not gone unnoticed in the rest of the world.

Tragically, however, all of China's accumulation of soft power is being fatally undermined by its political and strategic turn under Xi. The cult of personality has returned, anti-corruption campaigns often target political opponents, and Chinese actions in Hong Kong and Xinjiang reek of political repression. Even the BRI risks turning sour as participating governments struggle under the weight of huge Chinese loans. In Gabriel Garcia Marquez's magical realist novel *The Autumn of the Patriarch*, the defaulting Caribbean dictator repays his "Gringo" creditors by giving up the sea, piece by piece, by emerald-green pieces. In the real world, acquiring land, natural resources, and sea lanes could prove China's undoing as a debt collector.

In short, in the current struggle for global pre-eminence, China is depleting its accumulation of soft power, while America is as well — and losing its economic strength in the process.

This hegemonic rivalry thus differs sharply from previous historical episodes. From the Athens-Sparta transition to the handover from the United Kingdom to the US in the 20th century, the challenger's credentials were undeniable. It was as if a young, vigorous boxer were challenging and defeating a flabby, middle-aged opponent.

Today, by contrast, China and America look like two tired boxers who go at each other for 15 gruelling rounds, not to determine who will stay upright, but rather to discover who will be the first not to go down. With such wannabe and reigning hegemonies, it is any surprise that the world finds itself in a leaderless and rudderless drift?

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ARVIND SUBRAMANIAN

Times have changed

Twenty one years ago, the Nobel prize for economics had gone to a man from India. That was Amartya Sen in 1998. And now Abhijit Banerjee, also from India, achieves a similar feat. Just about two decades separate the two events. Yet, it seems that India of today is significantly different from what it was then. Nothing captures that change more tellingly than the way India's ruling establishment had responded to the award to Dr Sen in 1998 and the way a few senior ruling party leaders have responded to the same award to Dr Banerjee.

There was unequivocal and unquestioning appreciation of the Nobel committee's decision to confer the prestigious award on Dr Sen in 1998. In a message to Dr Sen, then President Dr K R Narayanan, had said that the award was a "well-intentioned one", and he wished him many more years of productive academic and research work. Atal Bihari Vajpayee, who was then the prime minister, was equally effusive as in his message to Dr Sen he talked about the "upsurge of national pride over the honour bestowed upon him." Yashwant Sinha, finance minister in the Vajpayee government, also joined the chorus of praise for Dr Sen.

To be sure, the announcement of Dr Banerjee as one of the winners of the Nobel prize this year also elicited a quick response from President Ram Nath Kovind, Prime Minister Narendra Modi and Finance Minister Nirmala Sitharaman. The President noted that Dr Banerjee's work helped "economists better understand how to fight poverty in India and the world." Mr Modi complimented the economist on his "notable contributions in the field of poverty alleviation." A few days later, the prime minister also met the economist and showered more praise on him. And Ms Sitharaman congratulated Dr Banerjee for his contribution to easing poverty.

A different note, however, was struck by a few other senior members of the ruling establishment. Union Minister Piyush Goyal congratulated Dr Banerjee on his winning the Nobel prize, but noted that the economist's thinking was "left-leaning" and that the people of India had rejected his thinking.

The minister was referring to the economist's support for the minimum income guarantee programme that the Congress had promised in its election manifesto during the 2019 general elections. The national secretary of the Bharatiya Janata Party, Rakesh Sinha, also made a highly offensive and coarse comment about the economist.

Compare this with what happened to Dr Sen. Within days of his winning the award, Air India, the state-owned airline, decided to offer him a free pass for life for his travels. Top officials in the finance ministry — Finance Secretary Vijay Kelkar and Chief Economic Advisor Shankar N Acharya — responded to the news of Dr Sen winning the Nobel prize with praise and compliments. Murlis Manohar Joshi, who was then the human resource development minister, was also among the many important people in the Vajpayee government who complimented the economist. In short, 1998 did not see any comments that were seen to be either critical or uncharitable like some of those made in 2019.

What has changed in the last two decades? The political party that led the government in 1998 was the Bharatiya Janata party and it is the same party that is in power in 2019. There is of course a difference. In 1998, the National Democratic Alliance under Vajpayee did not have the comfort of the kind of majority the current dispensation under Mr Modi has in Parliament. It is possible that the government of Vajpayee was critically dependent on its coalition partners. Hence it was less strident in giving vent to its political likes or dislikes than the dispensation under Mr Modi, which does not have any such political needs.

But more importantly, the governance philosophy of Vajpayee was quite different from what prevails now under Mr Modi. The world view that Vajpayee endorsed and encouraged was far more inclusive and far less divisive or intolerant than what it is today. Even a Murlis Manohar Joshi, a key member of the Vajpayee Cabinet, would compliment Dr Sen without any reservations, even though the economist belonged to a political spectrum far

which he or his political party would not have any sympathies.

In contrast, the Narendra Modi regime is far more assertive about its political beliefs and convictions. Unlike the Vajpayee regime, Mr Modi's government and its senior members have a majoritarian approach, giving short shrift to views that are not similar to theirs. Thus, Mr Modi would compliment a Nobel prize winner, but members of his party or the government would not be restrained from either making unfair comments or criticising him for having offered advice to an opposition political party. Never mind, as Dr Banerjee later clarified, he was only a professional economist who would have offered advice to any political party that approached him. Indeed, he is working with many state governments that are ruled by the BJP and the presence of such regimes in those states has not restrained him from offering his professional advice.

In the last two decades, not only have the Indian society and politics changed — becoming more narrow and less catholic, the economists too have changed in a significant way. When Amartya Sen won the Nobel prize in 1998, his commentary on the state of the Indian economy was a bit restrained. Such commentary would appear to be conscious of the need to avoid any embarrassment for the concerns or priorities of the political regime in power. The last two decades have seen a change. The economists of today are far more relaxed and not at all averse to making comments that might upset the government of their country.

Thus, whether it is Raghuram Rajan, Arvind Subramanian or Abhijit Banerjee now, their comments are frank and forthright, without showing any concerns for the embarrassment the government of the day may be faced with because of their views. Of course, you cannot blame these economists for speaking out their mind or even making no secret of their political sympathies. But what makes the situation more complicated and challenging is the government's inability to absorb such comments with maturity and engage with them to see if its policy-making can derive concrete benefits from such interaction. It is a pity that the government is yet to recognise this weakness and make necessary amends.



NEW DELHI DIARY

A K BHATTACHARYA

Citizens of nowhere



BOOK REVIEW

HASAN SUROOR

This is an angry book written by an erstwhile Iranian refugee now happily settled in America but still seething with rage over the way refugees are perceived and treated. She quotes an American woman saying: "Well, I sure do get it. You came for a better life."

Dina Nayeri writes that "her words lodged in my ear like grit". "A better life?" Living in a decrepit Oklahoma apartment block for the destitute compared to which "life in Iran was a fairytale"? To

her, the American woman's remark typified the Western perception of refugees as opportunists.

She weaves memories of her own experience with accounts of other refugees and asylum seekers to tell the other side of the story: What it's like to be a refugee? To give up the old world and venture into uncharted territory, often with little or no money and dependant on official hand-outs or other people's kindness? To be viewed with suspicion, and subjected to humiliation, and prejudice?

The problem with such books is that they end up being somewhat self-serving — and this one is unremittingly so. In its attempt to offer a "new understanding of refugee life" it often descends into a rather unnuanced "Us versus the Rest" account full of self-pity and victimhood.

Moreover, it presents all refugees as a monolith: All genuine and virtuous whose

claims must be accepted at face value. A mirror image of their critics who also see all refugees as a monolith — but as cons, essentially economic migrants, who invent stories of persecution and suffering to be able to live in wealthier countries.

Ironically, the author's own London-based grandmother refused to sponsor her daughter and her two children when they were looking for asylum in Britain. "No, I don't get involved with refugees." She didn't regard herself as a refugee as she had left Iran before the Islamic Revolution and "wanted to do nothing with our post-revolutionary troubles".

The most riveting part of the book is Ms Nayeri's own story. But it is also problematic as it is likely to feed into the idea of "good/bad" refugee that she denounces. While readers will no doubt be moved by her and her family's harrowing experience, many might question her mother's decision to uproot them without an obvious compelling reason: Overnight she converts to Christianity while visiting her mother in London and then starts feeling oppressed

living in a fanatically Islamic country. Was this a good enough reason for seemingly happily married and professionally successful woman to render herself and her two little children (Ms Nayeri was only eight and her brother even younger) homeless and expose them to the risks it involved?

Ms Nayeri's account doesn't suggest that there was ever any threat to their lives; or that escape was the only option. (It's almost like an Indian Christian or Muslim deciding to leave their country to claim asylum in Europe because they feel oppressed under a right-wing Hindu nationalist government.)

To her credit, Ms Nayeri does admit that her mother's account has been questioned by some fellow Iranians. Which led her to question her own story based as it was on what her mother told her.

She's right, of course, about the anti-refugee prejudice. In the West, resentment against refugees and asylum-seekers has shaped public and political discourse since long before the post-Syria influx plunged

mainland Europe into a maelstrom of xenophobia and nationalist populism. German Chancellor Angela Merkel, the only European leader who stood up for the migrants allowing some 1.5 million of them to enter the country in 2015, has had to pay a heavy political price following an angry backlash against her decision.

The fact is that outside the bubble of rights activism refugees have few friends. Even liberal opinion is divided on whether it's possible to offer asylum to everyone who comes along. At any given time, thousands of people are knocking at the door, and most insist on going to countries of their choice rather than wherever they can get protection.

Even the most generously-inclined country can't possibly oblige everyone. For example, Britain, arguably the most sought after destination, is already over-stretched in terms of housing and other social services, not to mention public appetite for more "citizens of nowhere", in Theresa May's infamous phrase.

A book offering an insider's insight into

the world of refugees was long overdue; and Ms Nayeri deserves credit for doing just that. There are some really heart-rending stories of suffering, shame, humiliation — and the sheer frustration of being trapped in a limbo as they wait endlessly for their fate to be decided. But where the book goes awry is in its premise that a "refugee experience" is enough to make them entitled to asylum irrespective of their motives despite evidence that the refugee route is routinely abused by people desperately in search of greener pastures.

Despite these caveats, the book that lets us into the lives of one of the most misunderstood people in the world, and throws light on human capacity to adapt in the face of adversity, best illustrated by the author herself.

THE UNGRATEFUL REFUGEE

Dina Nayeri
Canongate, UK (2019)
£16.99
Pages: 370



The Indian EXPRESS

FOUNDED BY
RAMNATH GOENKA

BECAUSE THE TRUTH INVOLVES US ALL

How to make friends

Delhi needs to invest in systematic and sustained outreach to opinion-makers in important countries



SANJAYA BARU

ON BEING INFORMED about India's nuclear test in May 1998, the first thought that had occurred to the late Naresh Chandra, then India's ambassador to the United States, was what he would have to do to limit the fallout of negative political and public opinion in circles that mattered in Washington DC. Chandra called the venerable Henry Kissinger and having informed him of India's action, asked him what he thought of it. Kissinger was not only just a phone call away for Chandra but was willing to respond instantly and favourably. He was not surprised by India's decision, he said. He knew that one day or another India would conduct such tests and declare itself a nuclear power. After all both its neighbours, China and Pakistan, had nuclear capability. Pakistan had not yet tested but both the US and India were aware that it had acquired nuclear capability. India did what it had to do.

Chandra wondered if Kissinger would be willing to go on record to say that to the US media. Kissinger was willing. Chandra immediately called a person he knew at the US television channel CNN and, having given him the news, suggested that he may get a scoop interviewing Kissinger and asking the grand strategist what he thought of India's decision. The journalist jumped at the opportunity and within minutes Kissinger was on CNN making supportive statements. That is top class diplomatic outreach.

The Bill Clinton administration did impose sanctions, the Washington DC think tank crowd did go berserk, *The New York Times* did editorially criticise India, but all that the Indian ambassador had to do in response was to quote none other than the doyen of American Cold War diplomacy in defence of India's decision.

I am reasonably certain that institutional memory within the government about such precedents is limited. External Affairs Minister S Jaishankar would certainly be aware of the Chandra-Kissinger-CNN story but very few other diplomats would be and, therefore, unprepared for such contingency. It is not surprising that on his arrival in the US, more than six weeks after the August 5 decision of the

government to revoke Article 370 of the Constitution, Jaishankar discovered that the US media was still very critical of the decision. "Media was ideological," said Jaishankar, "it didn't present the facts on Jammu & Kashmir."

It is worth checking what effort had been made to secure media outreach in the intervening six weeks, not just in the US but in other countries that mattered. There would have been considerable effort, to be sure. But that is besides the point. Was the Chandra-Kissinger-CNN kind of strategic action taken by diplomats on the ground? How many Indian diplomats around the world have that kind of access and influence in their respective stations?

During my time as Media Advisor to the Prime Minister, I was dismayed to discover how limited was the reach of Indian diplomats within the opinion-making community of the countries they were serving in. Most diplomats assumed their work was only to deal with the host government. Over the past couple of decades many, not all, have devoted time to reach out to local business leaders. Jaishankar was the first Indian ambassador in China to establish friendly relations with top Chinese business leaders. There has been effort at reaching out to think tanks and media, but both the time and funds devoted to that effort is limited.

Embassies of many countries based in Delhi have had a far more active outreach effort. Some even fund think tank activities and research. Many keep in regular touch with senior journalists and make sure they are invited to their home countries and well looked after. Amusingly, I have found some in government criticise Indian media for being available to such outreach. Journalists have been attacked for attending receptions at the home of the Pakistan high commissioner. What is not recognised is that it is the business of media to reach out to anyone who wishes to seek them out. Lend an ear, but be professional in what and how you report.

I have found most Indian diplomats face two constraints. First is a cultural constraint. Many are neither attuned to nor professionally trained to deal with the highly opinion-

ated opinion makers. Second is financial. The government does not provide adequate funds to diplomats to conduct such outreach in an adequately suitable and subtle manner. Media outreach is not conducting a press conference. It requires systematic relationship building that requires considerable investment of time and money. I am aware of some very good examples of such diplomatic outreach by some of our best diplomats, but there is very little institutional effort.

Indian big business, especially those with business interests abroad or with investment in the media business, are equally to blame. Consider the investment multinationals investing in India make in reaching out to Indian public opinion. How many of our big companies do that in countries where they have business interests? Very few. Most are quite happy operating below the radar.

In canvassing support for the US-India civil nuclear energy agreement, the Manmohan Singh government used American and Indian business leaders to step up and secure support for the deal, especially in the US Congress. One of them even secured a Padma Bhushan despite a criminal case pending against him! Going beyond such one-off efforts, the kind that could be mounted in support of issues like the Article 370 decision, Indian business needs to invest more in creating firmer and professional platforms for national outreach.

While Prime Minister Narendra Modi and his team have excelled in creating events that help create global awareness about India — like the Howdy, Modi event in Houston and the extensive TV coverage of Modi's meeting with Chinese President Xi Jinping — little attention is paid to more systematic and sustained outreach to opinion-makers in important countries. The task is made more difficult by the fact that not only is media globally more "ideological", a point Jaishankar made, but India too is doing things it has not done before. All the more why it needs a strategy and the capacity to shape global opinion.

The writer is Distinguished Fellow, Institute for Defence Studies and Analysis, New Delhi

THE NREGA SIGNAL

Data that suggests young workers are increasingly turning to the scheme is a sign that must worry policymakers

AFTER THE CONTRACTION of factory output by 1.1 per cent in August compared to the past year, the sharp decline in commercial credit in the year till September and other such gloomy indicators, come fresh signs of the deepening slowdown. As this paper has reported, the proportion of young workers, those in the age group of 18-30, in the Mahatma Gandhi National Rural Employment Guarantee Act or MGNREGA scheme, has begun to rise, especially after 2017-18, when the economy was hit first by demonetisation and later by the implementation of the GST. The number of young workers employed under the demand driven social security scheme rose to 70.71 lakh in 2018-19 — up from 58.69 lakh in FY18 and seems to be on an upward trajectory this year too with 57.57 lakh having been employed upto October 21 this year. This is disturbing considering that MGNREGA is a scheme targeted at the hinterland, aiming to provide 100 days of work to each rural household. It is clearly a reflection of the little or limited opportunities for the young in rural India to venture out to bigger towns or cities given the slump in construction, real estate and manufacturing and the informal sector besides services, especially the hospitality business.

The warning signs were evident much earlier, including in the last fiscal, when the demand for work under the MGNREGA, described once by PM Modi as the living monument of the UPA's failure, rose almost 10 per cent compared to the previous year, given mounting rural distress and low farm support prices. The government, however, pegged the allocation for this scheme for FY20 at Rs 60,000 crore, a marginal decline compared to the revised estimates for the last fiscal with a minister saying that the government did not want MGNREGA to be a programme in perpetuity.

Economists have come under fire after the global financial crisis in 2008 for their failure to predict the downturns. Yet, it would be foolish to dismiss them downright when they diagnose problems and offer possible solutions to surmount the challenges of an economy facing major headwinds. Nobel laureate Abhijit Banerjee had recently pointed to what he reckoned is a worrying factor — average consumption expenditure at 2018 prices had fallen from Rs 1,587 per person each month in 2014 to Rs 1,524 in 2017-18 in rural areas, according to NSSO data. Banerjee has suggested raising wages under MGNREGA and farm support prices. Hopefully, the government and policymakers will be alive to some of these suggestions and other measures needed to revive the economy.

KEYS TO KINGDOM

Government seeks to regulate OTT platforms and access communications. But what of its own bona fides?

IN THE SUPREME Court, a matter that was originally a plea for regulatory parity between internet telephony platforms and OTT communications providers like WhatsApp, has turned into a question of national security and the ostensible threat to democracy posed by social media platforms. The government's anxieties about social media date back at least to 2016, when there was a mass exodus of workers from the Northeast from Bengaluru, panicked by rumours that they would be targeted. Recently, the spate of fake news and lynchings across the country has intensified public fears. Now, the government has told the court that the internet is "a potent tool to cause unimaginable disruption to the democratic polity," and will publish rules for its regulation in three months.

The perception of the internet has also come full circle, from the democratic force-multiplier of Arab Spring to the foe of democracy — even in the US, where the attorney general has requested Facebook not to deploy software which makes interception impossible. This turns the spotlight to the two issues in the way of what would seem to be the natural response to illegal actions on the internet, technical and political. Technically, it would mean rolling back or compromising end to end encryption, which would affect the data security of everyone, and not only suspects. This would represent a huge step back for privacy, which has now been recognised as a right, and is protected almost as zealously as public safety. Dismantling or bypassing encryption could work in a climate of political probity, in which governments can be relied upon to limit their attentions to legitimate targets. But if governments snoop obsessively and take arbitrary action?

Social media companies have shown a reluctance to diligently police content, and Mark Zuckerberg's speech at Georgetown University last week spelled it out explicitly. They have opened the door to governments seeking increased access to private communications, in the interest of public safety — and now of democracy. But governments in India have shown themselves to be incompetent at best, and malignant at worst, by incarcerating harmless citizens arbitrarily for trivial communications, wilfully misreading satire as sedition and weaponising the law. This has continued even after Section 66A of the Information Technology Act was struck down as unconstitutional by the Supreme Court, on the ground that it offered too much latitude. Governments must demonstrate that they are able guardians of citizens' data before they demand the security keys.

KOHLI'S MEN

India could be looking at its most winning and winnable side at home in cricket

AFTER THE 3-0 win over South Africa, India, under Virat Kohli, have been unbeaten at home for four years. Barring the odd instance of a Steve Smith-fuelled Australian resistance in 2017, no side has come even remotely close to arresting his stupendous streak that now reads thus: Played: 24, Won: 18, Lost: 1. Beating India in India has always been daunting. Only four teams have achieved the feat in the last 32 years. It remains world cricket's final frontier, as Steve Waugh famously said. But few Indian sides have made those defeats routinely clinical like Kohli's.

In this series, the seamers accounted for exactly half of the South African wickets, a rarity in Asia. Kohli's India has a fine collection of bowlers, so well-stocked, versatile and skilled that they take the pitch out of the equation, literally and metaphorically. Kohli can unleash any one of his many prize-horses to hit the jackpot. And this series was achieved with his best bowler, Jasprit Bumrah, injured. He wasn't missed, as Kohli let loose pacer Umesh Yadav, who ended up picking 10 wickets at less than 15 runs. With left-arm spinner, Kuldeep Yadav, injured, Kohli summoned debutant Shahbaz Nadeem. He nailed three and had the legendary Bishan Singh Bedi swooning. He couldn't find good openers. No problem. In stepped Rohit Sharma. It is as if some unnatural force is picking the pieces for Kohli.

That's the sparkle of invincibility radiating from Kohli's men. Kohli has fitted in the daredevil nuts and bolts into the team while extinguishing the mortal character flaws; the careless habit of losing winnable matches. It brooks no argument that Kohli's is the most dominant Indian team ever at home. If they could conquer a few more shores abroad — it's the most opportune time with most sides either rebuilding or transitioning or both — we could be watching the best side yet. It would be heartbreaking if Kohli's men stop short of the peak.



ABHAY SHUKLA

ONGANDHIJAYANTI, nearly 100 people gathered at the Rajghat to conduct a "Patients' Satyagraha". Mobilised by the Jan Swasthya Abhiyan and other patients' rights groups, many of the protestors were from families of patients who had been subjected to malpractice and negligence in private hospitals. Some of them had attempted to seek redressal from bodies like Delhi Medical Council, without much luck. They reported harassment, biased behaviour and knocking, in vain at the doors of appellate authorities. As a method of protest, "satyagraha" insists on the truth; the demonstration by the patients was therefore apt. They were able to share their stories — often shocking ones — with the media and in the process, highlighted a less-recognised infringement of human rights.

The commercialisation of India's health sector in the last two decades has exacerbated the traditional power asymmetry between healthcare providers and patients. Health activists and doctors have pointed out that the existing codes of medical ethics are insufficient to protect patients from excessive misuse of medical power.

Although the Centre has recently drafted a bill to protect healthcare professionals and hospitals against violence — a laudable objective — progress on similar legal protection for patients against violations in hospitals has been much tardier. In April last year, the National Human Rights Commission (NHRC) formulated a comprehensive Patients' Rights Charter, delineating 17 rights which should

A LEGAL REMEDY FOR PATIENTS

A charter of patients' rights will address power asymmetry between them and doctors

be honoured by all public and private healthcare establishments. These pertain to the rights of patients over information about their illness, treatment and costs; their right to access records and reports; the right to seek second opinion; the right to emergency medical care irrespective of paying capacity; the right to transparency in rates; right to choose a pharmacy or pathology laboratory; the right to discharge a patient or receive a dead body, without detention by the hospital; the right to grievance redressal. This document also includes certain patient responsibilities, including the obligation to share required information with healthcare providers, and not to indulge in violence in healthcare institutions.

In June, the secretary, Union Ministry of Health and Family Welfare (MoHFW), issued a letter to all state governments outlining a smaller set of rights and some additional responsibilities for patients. Some key patients' rights enunciated in the NHRC charter were dropped in this communication. Nevertheless, this set of do's and don'ts must be publicised and implemented by all state governments. To begin with, all public hospitals, charitable hospitals with public obligations, and private hospitals involved in health insurance schemes (like Ayushman Bharat-PMJAY) must display the charter in their premises. This will set the stage for all private hospitals to implement this charter. The MoHFW should include the entire set of 17 patients' rights in the standards related to Central Clinical Establishments Act (CEA); this would ensure

that all healthcare facilities in 11 states, which have adopted this Act, will observe patients' rights. Citizens groups, consumer organisations and health rights networks across India should demand the implementation of the Patients' Rights Charter in all hospitals.

Gross overcharging on medicines and consumables — on which some private hospitals are known to make whopping profits — must be restricted by capping margins at reasonable levels, say 35 per cent of the cost price. Given the failure of most medical councils to provide timely justice to aggrieved patients, an independent and unbiased grievance redressal system must be operationalised. Such bodies should have representation from members of civil society and patients and consumer groups. Rates of medical procedures and treatments must be available to users of services in all private hospitals, and attempts should be made to standardise such rates — as recommended in the Central CEA Rules. All state governments must either adopt the central CEA, or enact their own CEA.

The current asymmetry of power in the healthcare sector should be corrected urgently. The implementation of the NHRC Patients' Rights Charter and the MoHFW's circular on patients' rights are good starting points for such a purpose.

The writer is national co-convenor, Jan Swasthya Abhiyan, and member of the NHRC Core group on Health and Mental Health



OCTOBER 23, 1979, FORTY YEARS AGO

POLLS DATES SOON

THE POLL SCHEDULE for the mid-term election to the Lok Sabha will be announced in a few days. With this assurance President N Sanjeeva Reddy has appealed to the people "not to give credence to rumours which suggest that a postponement of the elections is imminent". Reddy's assurance and appeal were contained in a broadcast to the nation. The brief speech was devoted entirely to the forthcoming elections. He pointed out that all parties were in favour of an orderly poll. Everything possible was being done to conduct it in an orderly and impartial manner. The Chief Election Commissioner would make the formal an-

nouncement in a few days, he said.

PM UNHAPPY

WHILE THE PRESIDENT'S assurance that the elections will not be postponed is bound to be welcomed by the opposition parties, his broadcast to the nation has thrown up an irritant in his relations with caretaker Prime Minister Charan Singh. Available information suggests that the President's address to the nation had not been approved by the Cabinet, nor had a copy of the speech been sent to the caretaker government. Inquiries show that no consultation has taken place between the President and the PM. Charan Singh, in informal conversations, has report-

edly expressed surprise as well as unhappiness over the President's speech.

CHARAN MUST EXPLAIN

THE JANATA PARTY demanded that Charan Singh should disclose "other circumstances" which had prompted him to demand H N Bahuguna's resignation from the Cabinet. The party spokesman Pilo Mody said that "this is something which this caretaker government on daily wages will have to explain. Do we return to the status quo-ante and the situation in which Charan Singh and Bahuguna levelled serious charges against each other?" He was referring to a reported remark by Singh in his letter to Bahuguna.

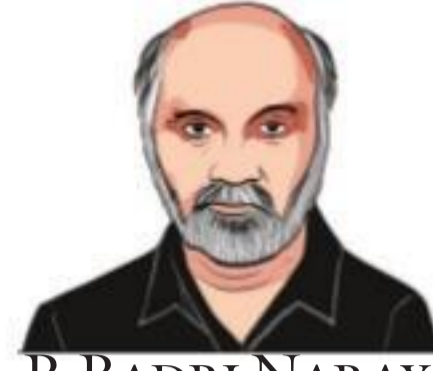
15 THE IDEAS PAGE

WHAT THE OTHERS SAY

"It seems that the Indians are attempting to promote a psychological warfare campaign against Pakistan."
— DAWN

Smooth operators

Private train operators can introduce competition. Separation of infrastructure management from transportation services is not required



R BADRI NARAYAN

INDIAN RAILWAYS IS looking at the prospect of private operators running passenger services on the government-owned network. The Bibek Debroy committee had felt that the rail industry needs to be liberalised by allowing the entry of private operators to provide services. The idea in the report was to encourage growth and improve services. Recent announcements indicate that IRCTC, currently a fully-owned subsidiary, has been roped in to kick-start the process by operating train services with value-added features. This is just the beginning and plans are to scale up by opening up routes to other players in the near future. An empowered group has been constituted to expedite this process. For those of us in the rail industry, this is an exciting moment as it opens up the possibility of letting the market work towards better utilisation of the network, while improving services for passengers.

In 1991, the European Commission (EC) decided to open up the rail market. The Nineties were when it became fashionable to vertically separate the network industries (gas, telecom, electricity and railways). This separation was widely acknowledged as a way of introducing competition in the provision of services. Until then, these network industries were considered natural monopolies and railways were typically state owned. The new institutional framework entailed infrastructure remaining a monopoly while there would be a market of service providers. The EC issued a directive imposing an accounting separation between transport services and infrastructure management. Some countries went in for clear separation with separate organisations while others went in for the softer option of separate accounting. The first question that this poses in the Indian context is whether such separation between infrastructure and operations is a prerequisite for introducing private operations. To answer this question, we need to understand more about the new market that will open up.

The argument for separation stems from the need to move an internal transaction to the market. The EC directive provided a solution whereby even if the organisation continues to be vertically integrated, one could make the transaction to partially mimic the market if there was an accounting separation between services and infrastructure. Then there could be a price associated with the transaction between the two distinct units of accounting with separate cost calculations. In order to understand the importance of separation, we need to look more closely at what is being transacted.

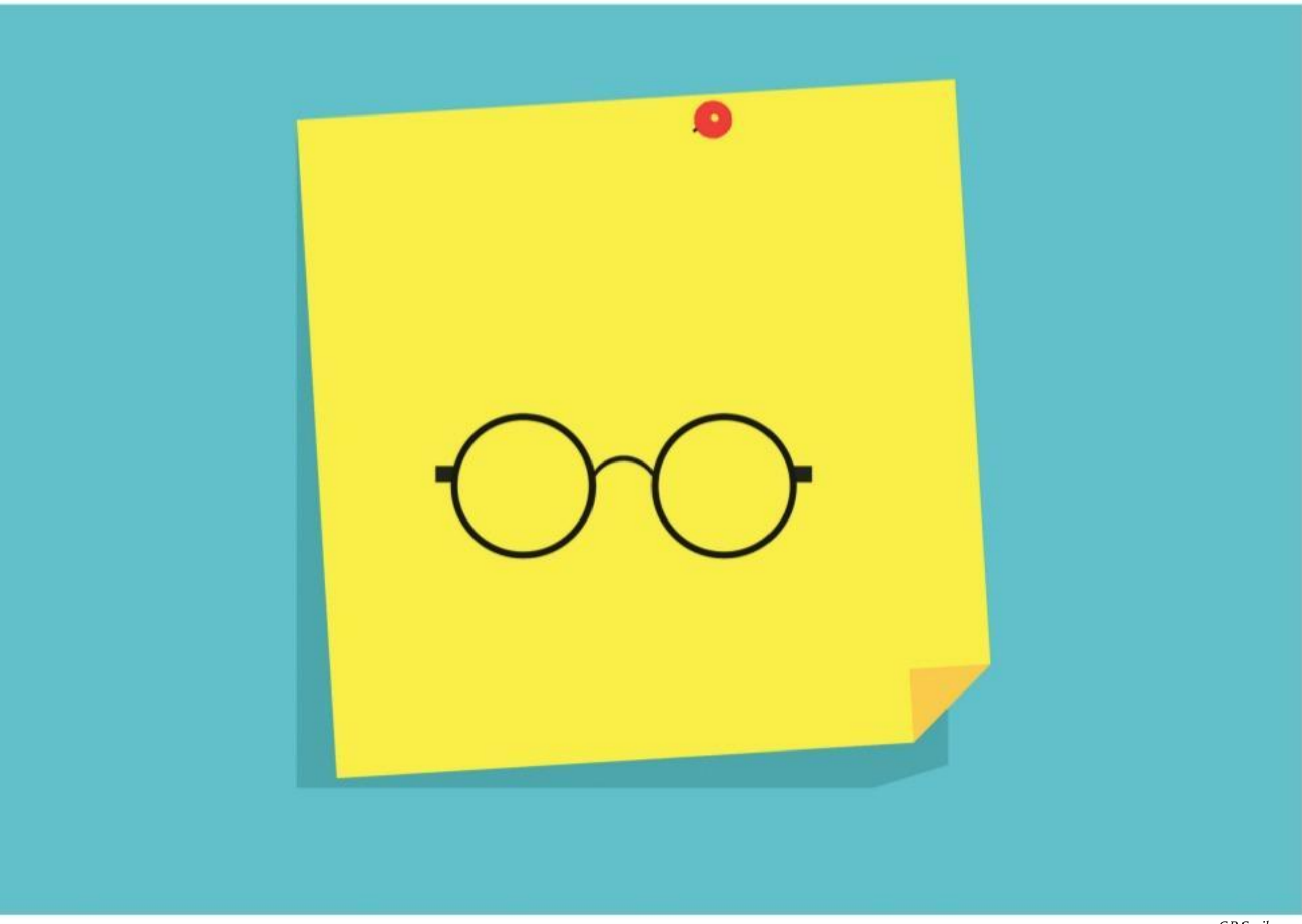
The three basic elements of the market

for train operations are: One, what the network owner sells to the private operator; two, how the price is determined for this transaction, and three, the terms of sale, that is, the contract design. Our focus is on the first element wherein the network owner sells a train path to the operator. When a toll road is opened, we as motorists merely drive up to the gate, pay the toll and use the infrastructure. Opening up the railway network does not mean anyone can simply show up at the terminal with a locomotive and coaches and run it on the rail network by paying a fee. The train operator is providing a service to passengers and, therefore, needs to commit to a time schedule for passengers to board. More importantly, safe railway operations require the discipline of central control of train movements and movements strictly regulated by signals demarcating sections and stations. A train path, therefore, has time and space attributes and gives the operator scheduled access to rail tracks which are to be used for running on sections, dwelling at stations and stabling at terminals.

In a vertically integrated railway, based on the assessment of demand by the commercial department, the operations department checks for the availability of a path and schedules a service along that path. Arranging for coaches, locomotives and crew to run the train are part of the solution but not important for this discussion. In the case of a private operator, one can imagine that the demand for a service will come from the operator and thereafter a similar solution is worked out. It is here we must note that even the European Commission has not changed the train path allocation procedure and it remains the same as it was for the monopoly industry. While there is competition amongst train operating companies in Europe, there is not yet a market for train paths. Paths are allocated administratively based on the train service priority criteria that are well established. Given the fact that despite nearly three decades of opening up of the rail sector in Europe, market forces are not determining the allocation of paths, it can safely be argued that the separation between infrastructure and operations is not a pre-requisite for this transaction of a train path.

We can then conclude that competition in train services can be introduced by allowing private train operators to participate and that separation of infrastructure management from transportation services is not essential to bring in this competition. Should Indian Railways attempt a quantum jump and move towards a market-oriented allocation of train paths? On congested routes, can we allow market forces to resolve conflicts between train paths leading to an efficient outcome? These are some of the interesting issues that arise as we move along this path of opening up operations. Could this be an opportunity to alter train scheduling in a way that leads to smoother operations across the length and breadth of the network, coast to coast?

The writer is a senior officer in the Indian Railways. Views are personal



CR Sasikumar

When Gandhi took on the mob

He stood against majoritarian passions when it was expedient to look away. There is a lesson in that for secular parties in these times



ASADUDDIN OWAISI

M K GANDHI'S life is well-documented, thanks, in part, to his autobiographical accounts and the frequent interventions he made in his own publications, including *Harijan* and *Young India*. But on his 150th birth anniversary, it is paramount that we look at his influence on others. What does Gandhi mean to the independent India that he never lived to see? How should today's Indians see Gandhi? Most importantly, what do we learn from Gandhi in these times of majoritarianism?

In the wake of the horrors of Partition (in the last few months of his life), Gandhi undertook his last satyagraha. This satyagraha, like the Chauri Chaura incident, demonstrated Gandhi's commitment to his own principles and his willingness to stand against the mob—regardless of how expedient it would be to look the other way.

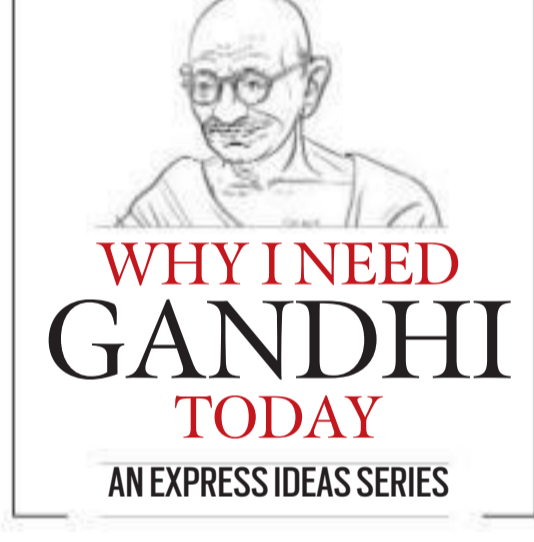
Gandhi began his satyagraha on January 13, 1948. The fast was in light of the tense communal atmosphere that had gripped large parts of India. There were large-scale reprisals against Muslims (especially those in Delhi). Gandhi, by then, was already sick and frail but said his fast would go on till he was "satisfied that there is a reunion of hearts of all communities brought about without any outside pressure, but from an awakened sense of duty". He set seven conditions for breaking the satyagraha, and all of them pertained to the safety of Delhi's Muslims and security of their property. It was his fast that would re-

sult in a mass of Sikhs and Hindus taking a pledge for the protection of Delhi's Muslims.

It takes courage to stand up against majoritarian fervour, and to stand by those who are most vulnerable. Gandhi did not concede to the prejudices and anger of the mob, he used his political and social power to protect the rights of Muslims. Perhaps this is the greatest lesson for today's secular parties as they choose to distance themselves from Muslims while the community faces widespread majoritarian exclusion and violence.

However, this does not mean that Gandhi's life must not be read critically, or that his politics was above criticism. In this regard, we must not forget how Babasaheb Ambedkar saw Gandhi—during, and after his life. If the fast of January 1948 was to remind the majority of their commitment to minorities, the fast of Poona 1932 was to prevent separate electorates for Depressed Classes. Gandhi had agreed to separate electorates for Muslims and Sikhs, but was unwilling to concede the same for Depressed Classes. This, he saw, as separating "untouchables" from the broader Hindu identity. For Ambedkar, political power for his community was "indispensable" for their "survival". He would tell Gandhi "I wish to tell the Hindus that I should be assured of my compensation".

To demand an organic leadership that is independent of dominant class considerations would have been essential for those communities who had faced historical injustice. Gandhi used a tactic meant to speak truth to power against the weakest, most under-represented class of the time. This legacy of Gandhi's has, unfortunately, only strengthened in India after his death. The unwillingness to see the link between independent leadership and emancipation has resulted in a situation where only pliant or token "faces" of Dalits or Muslims can think of being elected



We must not forget who killed Gandhi and why. Gandhi's unflinching stand when it came to Indian Muslims was unacceptable to Nathuram Godse, independent India's first terrorist. In Gandhi's assassination, the role of V D Savarkar, Hindutva's tallest leader, was also recorded by the Jeevan Lal Kapur Commission of Inquiry report. It was hatred of Muslims that fuelled Gandhi's murder. In his 150th year, Gandhi's murderer is embraced as a 'patriot' by a Member of Parliament from the current prime minister's party.

on a major party's ticket today.

What did Gandhi's absence mean for those closest to him? In March 1950, the then prime minister wrote to Gandhian K G Mashruwala. They were corresponding over the criminal act of placing idols inside the Babri Masjid in 1949. Jawaharlal Nehru minced no words, admitting that the Congress government in UP had done little to either prevent or "taking definite action" against the miscreants. Towards the end of the letter, Nehru confessed: "Today many Congressmen have become communal. [...] I just do not know what we can do to create a better atmosphere in the country. Merely to preach goodwill irritates people when they are excited. *Bapu might have done it, but we are too small for this kind of thing*" (emphasis added).

Nehru understood how little one could do when majoritarian passions reigned supreme. More importantly, even the first prime minister of India knew of Gandhi's will and determination, his ability to single-handedly fight the mob.

Lastly, we must not forget who killed Gandhi and why. Gandhi's unflinching stand when it came to Indian Muslims was unacceptable to Nathuram Godse, independent India's first terrorist. In Gandhi's assassination, the role of V D Savarkar, Hindutva's tallest leader, was also recorded by the Jeevan Lal Kapur Commission of Inquiry report.

It was hatred of Muslims that fuelled Gandhi's murder. In his 150th year, Gandhi's murderer is embraced as a "patriot" by a Member of Parliament from the current prime minister's party. We must keep Gandhi's memory alive—not as an idol—but as a man who lived (and died) for India and all Indians.

The writer is president of the All India Majlis-e-Ittehadul Muslimeen (AIMIM) and a Lok Sabha MP

VIEW FROM THE RIGHT

KASHMIR AND 370

ALMOST THE ENTIRE issue of *Organiser* is dedicated to the abrogation of Article 370, the bifurcation of Jammu and Kashmir into two union territories and its after effects. Manmohan Vaidya, the joint general secretary of RSS, says in an article that "the deadly combination of Article 370 and 35A, dynastic politics, nepotism and communalism was in play misusing a large amount of funds allocated by Centre for development of entire J&K" and "West Pakistan refugees and SCs/STs were always denied the benefits".

Vaidya provides a historical background for Article 370 and how Jammu and Kashmir became a part of India. He then says that J&K "doesn't comprise of people living in Kashmir Valley alone but also includes people of Jammu and Ladakh region" and that the "benefits or losses due to this special status should be reviewed in its entirety and not just limited to the Valley". Under the cover of this special status, Vaidya continues, "Pak-sponsored terrorism and separatist forces

were fostered to keep the state unstable in the name of religion and politics, warring against the Bharatiya security forces that were brought here to protect the people".

He calls the "act of amending Article 370 and removal of 35A to extend all the Constitutional provisions to the state of J&K by the Government of Bharat" as the "fulfilment of the promise given to the people of Bharat".

In the end, he quotes RSS chief Mohan Bhagwat saying that "the Sangh works for the feeling of fraternity and the only basis for this fraternity is 'unity in diversity'" and the world "terms this traditional thought process as 'Hindutva'". Vaidya writes "that is why when we say our nation is a 'Hindu Rashtra', it, in no way conveys that we don't need Muslims".

SANGH CONNECTION

ANOTHER ARTICLE in *Organiser*, is authored by Arun Kumar, the Akhil Bhartiya Prachar Pramukh of RSS, who has been the prant pracharak in J&K earlier. He writes that on August 15, 1947 people in J&K like everywhere else in India "were also breathing in free air after the slavery of centuries" but it did not "appear palatable to the people from a particular class who were ennobled in the communal frenzy. He says that they thought that Kashmir was a Muslim majority state that had to be in Pakistan and had "hoisted

the Pakistani flags on the government buildings in Srinagar before the sunrise".

Kumar says that the RSS volunteers came forward and took down those flags and "thousands" of patriotic citizens joined them in chanting Bharat Mata ki Jai.

He writes: "The Kashmir Valley had then and even now has a Muslim majority. Like today, a gang of nuisance makers existed at that time also who were few in number but had the capability to take the Valley hostage. In spite of this, the courage that the citizens showed on August 15, 1947 along with the RSS swayamsevak by resisting those nuisance makers had the background of a grand programme of the RSS that had started just a few months earlier. The people of Kashmir valley experienced the capability and the discipline of the RSS for the first time in that programme."

He mentions several steps taken by RSS in J&K at that time and says that when the plan to attack on October 22 was being prepared on October 13, 1947, "in the presence of Mohammad Ali Jinnah, a swayamsevak was present there in disguise" and the information was relayed to the "RSS headquarters at Srinagar" which passed it on to Brigadier Rajendra Singh and Brigadier Fakir Singh.

Kumar lists more instances when RSS volunteers were called upon to help during and just after the attack on J&K and several interventions made by RSS in the region ever

since. He says that RSS leaders and volunteers started suffering soon after Sheikh Abdullah took over and mentions Syama Prasad Mookerjee's death in Srinagar.

SECULAR ILLUSION

IN ITS WEEKLY column critiquing the media, *Panchjanya* talks about the pending Supreme Court decision on the Ayodhya issue. It says that "it is expected that the 500-year old dispute will come to an end" and the media has a negative attitude even on this. It adds that some media platforms are giving stage to certain people whose inflammatory speeches can vilify the atmosphere. "It is expected that government authorities are keeping an eye on them," it says.

It accuses certain media houses trying to establish a lot of lies. "Among all this, the fake narrative of the communists is also going on," the article states, referring to surveys by "any international agency" to state that India stands lower on Hunger Index compared to Pakistan and Bangladesh. The media is surreptitiously creating doubts about all attempts to build a temple and development.

The article raises questions about the media's attitude towards Rahul Gandhi, stating that there seems to be pressure on them to ignore "funny" speeches by him.

Compiled by Krishn Kaushik

LETTER TO THE EDITOR

ABOUT A SONG

THIS REFERS TO the article, 'Don't sing in Pilibhit' (IE, October 22). The suspension of the Pilibhit school headmaster was unwarranted. Students singing a hymn is quite common in morning assemblies. What difference does it make if they sing it in Urdu?

Varun Das, Zirakpur

THIS REFERS TO the article, 'Don't Sing in Pilibhit' (IE, October 22). A language is a medium of communication and thinking. When I read Iqbal's *Lab pe aati hai dua*, it evoked feeling of patriotism, just like *Saare Jahn se Achha*. The prayer at Pilibhit was not related to any religion. That said, at times, morning prayers at schools in India are sometimes religious. However, they don't become a matter of controversy. Minority educational institutions such as those run by Jains, Sikhs and Christians have religious prayers. Language should not be made a tool of division.

H Upadhyay via e-mail

FAILING STUDENTS

THIS REFERS TO the report, 'JU unlikely to get IoE after Bengal refuses to commit Rs 2,000 crore' (IE, October 19). JU's not getting the IoE tag deprives the university of a fund which would have been invested in its development. This will also have a bearing on the educational prospects of many poor but meritorious students. This comes at a time when impropriety related to university admissions is on the rise. In the US, such incidences of wrongdoing were exposed by the Operation Varsity Blues. In India, authorities must tighten the noose around the perpetrators of such

LETTER OF THE WEEK AWARD

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

high profile crimes.

Sauro Dasgupta, Kolkata

GOOD NEIGHBOURS

THIS REFERS TO the article, 'A more equal friendship' (IE, October 22). The key tenets of the Gujral doctrine are at the core of India's Neighbourhood First policy. The external affairs ministry recognises India's neighbourhood as its first circle of priority. New Delhi is pragmatically recasting itself as a facilitator of economic development in the region, where the partnership will be guided by the aspirations of the individual country and without expectations of reciprocity. The India-Nepal friendship is special in its own right and the relationship between the two countries is progressively maturing to accommodate each other sensitivities and national interests.

Sudip Kumar Dey, Kolkata



PORTRAIT: SHYAM KUMAR PRAASAD

● **RECORD CAFE: CHANDRA BHUSHAN, ENVIRONMENTALIST**

There's utter confusion on plastic waste regulation in the country

India intends to move away entirely from single-use plastics by 2022. Prime Minister Narendra Modi even mentioned the goal of making India a plastic-free nation in his speech at the United Nations General Assembly last month. Yet the fact is India hasn't had much success with plastic waste regulation despite ambitious policy moves. Environmentalist Chandra Bhushan tells FE's Sarthak Ray what ails India when it comes to meaningful action on reducing plastic waste. Excerpts:

What does India's plastic regulation provide for, and where does it fall short?

We have many regulations on plastics. The big one, of course, is the Plastic Waste Management (PWM) Rules, 2016, with specific obligations for every stakeholder in the plastic supply chain, including the extended producer responsibility (EPR) for producers, importers, brand owners.

The Solid Waste Management Rules (SWM Rules), 2016, also have provisions for plastic waste, including EPR. But there is a difference in EPR provisions under SWM Rules and PWM Rules. SWM Rules say that manufacturers/brand-owners shall provide financial/brand-to-local authorities for establishing waste management systems to fulfil their EPR. PWM Rules, however, don't mention the financial contribution to local authorities. Instead, these direct manufacturers/brand-owners to collect waste through their distribution channel or the local body concerned.

The Biomedical Waste Management Rules, 2016, mandated phase-out of chlorinated plastic bags, gloves and blood bags

within two years. This has not happened.

Then there are state regulations banning single-use plastics (SUP). Odisha has defined SUP as polythene carry-bags, bottled water of less than 200ml, disposable cutlery made of thermocol and plastics and decorative materials (flower and the likes) made of thermocol. UP has excluded 200ml plastic water bottles and decorative materials, and included disposable tumblers, in the definition of SUP. Tamil Nadu has defined SUP as "use and throw plastics," which include plastic carry-bags, flags, plastic sheets used for food wrapping and spreading on the dining table, plastic plates, plastic-coated cups, tumblers, water pouches and packets. So, states have a different definition of what constitutes SUP.

Frankly, there is utter confusion on plastic regulation in the country. It's time we brought synergies in the rules and developed a national definition of SUP.

India has tried to regulate plastic pollution for every two decades now. And yet nearly every stakeholder seems ill-prepared. Is regulation the problem, or is it industry and consumers who have simply failed to respond?

The problem is with regulations, and with consumer awareness and industry's status-quo approach. Consumer apathy is at the core of the problem. We all talk about plastic pollution, but end up using polythene bags. We crib about dumpsites, but litter ourselves, and waste segregation is still to take off meaningfully. The industry has not been very responsible either. Despite knowing the problem, it has kept

waiting for the government to bring regulations. No company in India has shown leadership in dealing with plastic pollution.

We enact regulations, but don't plan for implementation. For example, we don't give enough time to the market or local governments to adapt to new rules. Also, our approach to rule-making is command-and-control or ruling with a stick, to be precise. The experience of the past 20 years should have made it clear that regulations and penalties are not sufficient to eliminate the use of SUP. We need a transformation in the market and the municipal services to achieve this. This will require both sticks and carrots.

EPR has been part of Indian regulation for some years. Yet not much seems to have happened here...

Current EPR provisions are designed for failure. For instance, we can mandate and enforce EPR on the formal sector, but they account for only 50% of multilayer plastic use. Small businesses and the informal sector use the remaining 50%. How do you enforce EPR on them?

Also, big companies outsource their EPRs to plastic recycling organisations (PROs), which are supposed to collect plastic wastes on behalf of the companies and send them for recycling. But there is evidence that PROs are involved in double-counting and data-fudging. I don't think the PRO model will be useful in fulfilling EPR obligations.

A fundamental mistake we are doing is by separating plastic waste management from the wider municipal waste management. Proper plastic waste management will only happen if there is good municipal waste management. EPR provisions will have to be designed for this reality.

Shouldn't we be, more focused on recycling than bans, given almost 40% of the plastic waste generated in the country remains uncollected?

We will have to do both. Ban those products that are not required or have an alternative, and improve recycling.

Today, all the valuable plastics are recycled in the country. In fact, India has one of the highest rates of plastic recycling. What is not recycled is multilayered plastics (MLPs) or plastics that are too contaminated with other wastes.

To increase recycling, we must improve segregation of waste at source and improve the collection and transportation of segregated wastes. Currently, the unsegregated waste contains a lot of contaminated plastics. If the plastic waste is dirty, smeared with food, it doesn't enter the recycling value-chain as it is not viable to invest effort and resources in cleaning up the plastic to retrieve recycling potential, if any.

Similarly, as MLPs contain several polymers, they can't be recycled. At best, they can be incinerated in cement plants, used as a refuse-derived fuel (RFD), used in road construction or for making down-cycled products. As they fetch a lower price, they are not collected. To deal with MLPs, waste segregation and collection becomes very important. That is why I have kept arguing plastic waste management can't be treated as separate from solid waste management.

The government has certain thickness plastic carry-bags below a certain thickness (50 microns). Does this help in any way?

The regulation in favour of thicker plastics it makes plastic carry-bags costlier and discourages use-and-throw culture. Also, a thicker plastic waste fetches a higher price and hence is likely to have a higher recycling rate. This argument ignores many ground realities. Firstly, recycling rate depends on segregation and collection, and not only price. Secondly, this is not likely to reduce the amount of plastic in the environment. If people completely shift from thin plastic carry-bags to thicker ones, total polymer consumption might increase. So, if the vision is a plastic-free India, then the first step should be "less plastics" and not more. Lastly, this regulation will only work if people do along with affordable alternatives. So, along with banning thin plastic carry-bags, the government should also promote options like textile or paper bags.

How is the lack of alternatives to plastic hindering plastic waste management?

Alternatives don't come about on their own; they require deliberate government action. In countries where alternatives have been developed, fiscal tools have been used to either make plastics very expensive or make alternatives cheaper. We have not used economic tools so far. The private sector will invest in developing and producing the replacement when they know the government is serious about enforcing the ban. A combination of economic and regulatory tools is required to incentivise quick entry of alternatives in a viable manner.

Are there any examples globally of meaningful plastic waste regulation?

Globally, plastic waste regulation is about better segregation, collection, and then disposal. The focus is not so much on the end-of-the-life reuse/recycling. This is the reason why, globally, more than 90% of the plastics are not recycled.

Take the case of Sweden, which is considered to have one of the best plastic waste management systems. Its plastic recycling rate is meagre, as it burns most of its plastic waste to generate electricity.

Other developed countries, like the US, have outsourced plastic pollution. They consume a lot and then ship the waste to developing countries. Earlier, China was their dumpyard, but now, given China and India banned import of plastic waste, these countries are looking towards Africa.

As far as banning SUP is concerned, the discussion has started only a few years ago and few developed areas, like the EU and Canada, have regulations and timelines on the ban. But so has India and a few other developing countries.

Frankly, developed countries are not exactly a guiding light on plastic waste management.

Some existing solutions, such as recycling for road construction, incineration for energy generation, etc, come with their own set of problems. They are widely seen as a polluting bit in the plastics life cycle...

It is essential to understand that a plastic product cannot be recycled forever. As plastics are produced from hydrocarbons, at some point they have to be either incinerated in cement or power plants or used to recover oil or dumped in the landfill or used for producing some long-lasting products. Therefore, the plastic life cycle eventually is "from oil to oil" or "from oil to ash (incineration)." So, we will have to develop state-of-the-art facilities for energy recovery and conversion. There is no way out.

There are obvious environmental benefits of using plastics in road construction. Studies show that the life of the road is enhanced and the maintenance requirement is reduced. But, ultimately, plastic fibres, either as micro-plastics or in some other form, will eventually move out of the road into the environment. We do not yet understand the impact of this and hence must study this issue further.

How can industry course-correct? Packaging and logistics are a big part of the problem (packaging accounts for 43% of plastic manufacture in India).

The announcement by the PM to ban single-use plastics by 2022 has undoubtedly forced the industry to look for alternatives. I've been advising plastic carry-bags this problem from four fronts:

► **Design for recycling.** Instead of using multiple polymers in packaging like multilayered plastics, they should be shifting to single polymers that will aid recycling. This can be done quickly.

► **Reduce the weight of packaging and the need for packaging.** There is a vast scope to reduce plastic consumption here. This is again a short- to medium-term goal.

► **Start developing, substituting plastic with alternatives.** This is something that they need to start working immediately, but this is a medium- to long-term goal.

► **Start working closely with the local authorities to ensure littering is minimised and the collection of segregated plastics is maximised.** This will reduce visible pollution, enhance recycling and end-of-life use.

An agreement to agree

SUBHASHREE R

Advocate, Lakshmikumaran & Sridharan. Views are personal

Bringing uniformity in double taxation avoidance agreements through MLI

INDIA RECENTLY RATIFIED the MLI. Officially termed as the Multilateral Convention on Measures to Check Base Erosion and Profit Shifting, MLI is an attempt by nations to bring amendments to the language of the bilateral double taxation avoidance agreements (DTAAs) in a uniform manner. India signed MLI in June 2017 and deposited the instrument of ratification on June 25 this year. The provisions of MLI will impact the provisions of different DTAAs starting from April 2020 onwards.

MLI requires signatory nations to provide for a minimum standard to prevent treaty abuse and improve dispute resolution mechanism. The aim is to ensure entities do not take advantage of differences in the wording of DTAAs resulting in double non-taxation like the case of a global coffee chain in the UK. MLI contains model articles pertaining to permanent establishments (PE), limitation of benefits clause that would limit treaty benefits to only those who qualify as residents of a treaty country rather than shell entities, binding arbitration, and so on. Nations may choose one or more of DTAAs to be a covered tax agreement (CTA), and opt for one or more articles to be incorporated in the existing bilateral treaty. Post ratification, the MLI provisions will have to be read into bilateral treaties. This is hailed as an efficient way to amend treaties without having multiple bilateral negotiations. MLI also seems to provide a better and faster route to bring certainty in interpretation of treaty provisions for both the non-resident taxpayer as regards taxability and for the resident as regards withholding obligations.

India has notified DTAAs with 93 countries as a CTA. But a closer look at the reservations—option by a country not to amend a certain article—suggests India may not have moved forward to counter treaty abuse. Some of India's major trading partners like China, Germany, Switzerland and Mauritius have not notified India agreements as a CTA. Hence, any change to the DTA will be effected only through bilateral negotiations. Article 30 of MLI provides a leeway to nations to effect other changes to the treaty by bilateral negotiation even if they haven't chosen amending provisions as per MLI.

A debated issue is the avoidance of creation of a PE, generally referred to as an agency PE—it's created if the person who, working on behalf of the foreign entity (FE), can bind the FE. Thus, it was possible for a person to undertake all activities short of contractually binding the FE, and then claim no PE was constituted. India amended the definition of business connection in the domestic legislation (Income-tax Act) to state that if a person has authority to contract or habitually contracts on behalf of another or habitually plays the principal role leading to conclusion of contracts, then it would constitute a business connection and, thus, income attributable to such activity would be taxable in India. Prior to the amendment, these provisions mirrored the provisions of agency PE in DTAAs. The amendment brought the domestic law largely in line with the language in MLI. But in case the treaty partner does not opt for change in language as per MLI, then the language of the domestic law cannot prevail over the treaty. Thus, amendments to the domestic law *per se* may not yield the desired results for India in the absence of corresponding amendment in DTAAs.

Many treaty partners have not notified Article 14 of MLI (avoidance of tax by splitting up of contracts). Entities can divide the work among various related enterprises such that no activity falls within the time threshold required to constitute an installation PE or a construction PE (in respect of project sites). The attempt to bring uniformity in language of the treaties and address tax evasion through MLI is laudable. A model draft with nations opting one or more of the articles is definitely a quicker way to amend the treaty. However, nations will seek to protect their stated positions or negotiated positions, and the certainty sought by business as regards taxation by a country and relief from double taxation may yet be elusive. What MLI achieves is perhaps an agreement to agree.

REGIONAL CAFE: TAMIL NADU

CHENNAI'S WATER WOES have faded from news headlines in the last few weeks. Everyday some bit of good news has been trickling in ever since the skies opened up at the end of August after a gap of 400 days. The Southwest monsoon has eased the city's water crisis as it brought a surplus of 30% rainfall in the September, the highest since 2014. The two neighbouring states, Andhra Pradesh and Karnataka, have been more than willing to release water from their overflowing rivers, Krishna and Kaveri, to feed Chennai's water reservoirs.

Chennai's water crisis went global when Hollywood star Leonardo DiCaprio tweeted about it in June. The Washington Post and other Western papers and TV channels too gave it prominence with pictures of colourful plastic to collect water with colourful plastic pots. The crisis caught everybody's imagination.

However, women waiting for water is not a new phenomenon. Even during years when the monsoon doesn't fail and Chennai doesn't run dry, women still have to use pots to take water home from corporation storage containers. Tap water has not been available for slum and tenement dwellers even in the heart of the city. Women have had to climb several floors to take water up to their tiny flats. Men who are usually under an alcoholic stupor cannot wake up early enough to fill containers.

According to 2011 Census, Chennai had a population of over 24 million. Now it is possibly a little over 12 million. The city

Running out of water, and time

Chennai can no longer depend only on surface and groundwater sources

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does not have a perennial water source. There are four lakes outside the city that are fed mostly by rains from the Northeast monsoon. On June 18, 2019, they all ran dry, leaving the city in severe crisis.

The city's average rainfall is 1,400mm. After the floods of 2015, when Chennai nearly went under water, there were hopes that acute water shortage will not occur for several years. That was not to be. With two successive droughts and no rain for 400 days, Chennai reached its 'day zero' in June when all its four major reservoirs ran dry.

Chennai Metrowater's total water supply for the people is about 830 million litres per day (MLD). The reservoirs supply 65% of the water. Groundwater accounts

for 9%, desalinated seawater 16%, and 10% reclaimed wastewater comprises the rest. In June, the total supply got reduced to less than half. Desalinated water, Veeranam Lake and some peripheral sources helped Metrowater supply dribbles of water when Chennai was fast drying up.

There have been frenetic rainwater harvesting (RWH) activities to charge fast depleting groundwater. Installation of RWH systems and upgrading existing ones are big businesses now. So is domestic borewell digging. Communities are also attempting to desilt and rejuvenate many small water bodies. Water experts say that these are necessary initiatives to recharge groundwater, but are not the solutions for



the city's water crisis.

There have been similar crises many times. By the 1990s, the state government started working on several water augmentation schemes and came up with some solutions in the 2000s. The supply of water from Veeranam Lake in Cuddalore district to Chennai to meet the city's drinking water requirement and the Telugu Ganga scheme to bring Krishna river in Andhra to Chennai were completed in the middle of 2000s. A 100 MLD desalination plant went operational in 2013. RWH was made compulsory for all households.

The authorities rise to the occasion whenever there is a crisis and come up with innovative solutions like bringing

water by train, finding water in quarries, and so on. These have been patchy and temporary solutions. This year's crisis has showed that Chennai can no longer depend only on surface water and groundwater sources. To do something more permanent and climate independent, strong political will is required.

Worldwide water use for agriculture is 70%. In India it is 90%. Even in Chennai metropolitan area it is 80%. Households consume only 10%. India is known to be highly inefficient consumer of water for agriculture. Drip irrigation has not been given as much attention as it should have been in the state. Tamil Nadu should get more serious about changing cropping

patterns to grow less water-intensive crops. Experts say that farmers should be persuaded to switch over to reclaimed wastewater wherever possible for irrigating non-food crops. The state government has to start giving priority to conserve and preserve water usage for agriculture.

Wastewater treatment has to be given priority. Water-short countries are moving rapidly to recycling wastewater for all uses. KAshok Vardhan Shetty, IAS, former chairman of Chennai Metrowater, says, "Even if 30% of Chennai's present quantity of wastewater is reclaimed for reuse, an additional 250 MLD of water will be available. Reclaimed wastewater should be mandated for non-potable uses in industries, construction, gardening and landscaping, large apartment blocks, and so on."

Poor water pricing has been a major problem. It has resulted in inefficient use of water, lack of funds for improving infrastructure and investing in new technologies which are now available and are cost-effective. Free and highly subsidised water is no longer viable. Water pricing is a difficult decision for a state that believes in freebies. Shetty says that as water metering in households is near impossible, Metrowater must install metres at various transmission and distribution points to identify precisely where leakages occur.

The city is dependent on the Northeast monsoon, which is a few days away. If it fails again, Chennai will be in dire straits. It's time the government and communities came together with the help of technology to work on long-lasting solutions.