

OUR VIEW



PRADEEP GAUR/MINT

An alpha bet on the future of a megacorp

Google's parent Alphabet was in need of a CEO to guide it through technological flux and shield it from a major regulatory threat. It had to search no further than Sundar Pichai

The richest irony of our rapidly evolving technosphere is that a successful tech company is always at risk of becoming a victim of its own success. An internet breakthrough could acquire such monopoly power that public action gets taken to restrain it. This could happen even if it is sworn to “do no evil”, as an early avowal of Google goes. Among the most keenly aware of that danger must surely be Larry Page and Sergey Brin, co-founders of the world’s favourite search-engine firm that is now owned by Alphabet Inc., its adoptive parent company. In their effort to hedge the broad business against any such adversity, and to scale new heights, it seems the duo have had to look no further than Sundar Pichai, 47, the chief executive officer of Google who has been elevated to the corner office of Alphabet and handed charge of its day-to-day operations.

On the operational front, Pichai would seem the perfect person for the job. The India-born executive has played an instrumental role in Google’s internet-shaping rise. He is credited with the launch of Chrome, the company’s browser that consolidated its hold over the internet surfer’s first click, so to speak. He is also said to have helped shape Google’s open architecture strategy, which has let other developers use its tools for their own apps, expanding the reach of its primary offerings. Think of how handy Google Maps has proven for other internet gigs. As Google’s chief, Pichai reportedly sharpened its search game, upped advertising revenues, and lifted YouTube’s performance, apart from investing top dollar in artificial intelligence and cloud services. As Alphabet’s chief, he will now have

to look over the hazy technology horizon to chart the course for other ventures like driverless cars, delivery drones and human life extension. These cannot hope to leverage Google’s asset base of information much.

None of it promises to be easy. Not just because of intense rivalry and all the flux that characterize those markets, but principally on account of a threat that looms over Big Tech in the US. For all practical purposes, Google is seen as a search monopoly, and anti-trust authorities have got its business practices under their lens for anything that could put either competitors or customers at an unfair disadvantage. Allegations against it have been levelled over the priority order of its search results, for example. In general, Big Tech is currently in the line of political fire in the US, where calls have arisen to either split up or nationalize the search engine on the argument that it is now a public utility. Pichai’s principal challenge would be to shield the business from any such harsh action. That he has what it takes to play Alphabet’s defence advocate has been clear to investors impressed with the earnest dignity he recently displayed in taking on some tough questions from US lawmakers. Even earlier, in 2013, he had openly welcomed an anti-trust probe of the company’s practices. For an entity dedicated to organizing the world’s information and making it universally accessible, such openness is crucial. To his credit, Pichai has shown that he gets it. As Alphabet goes about trying to spin more and more value out of 0s and 1s, the binary digits that make up digital data, the quality of its leadership will probably determine whether its success works in its favour or not. The tech major has bet the outcome on Pichai.

GUEST VIEW

Karvy’s clients have a legitimate right to their shares

JAGVIR SINGH



is founding partner, Jupiter Law Partners, Delhi

The Karvy saga demonstrates how a disingenuous custodian can, by deceitful means, expose thousands of hapless and unsuspecting investors to the imminent loss of their hard-earned savings. Thanks to the timely intervention and effective interim directions of the Securities and Exchange Board of India (Sebi), though, such an undesirable event was averted, and the securities wrongly assigned were transferred back to their rightful owners.

Karvy, as a Sebi-registered broker to thousands of active stock market investors, pledged securities worth more than ₹2,300 crore belonging to over 95,000 clients with four lenders as collateral in lieu of loans worth hundreds of crore. The Sebi Act, read with several circulars and guidelines issued by it, clearly require a broker to keep the fully-paid-for securities of its clients in separate beneficiary accounts, specifically to guard against any such misdemeanour by brokers. Instead—according to Sebi’s interim order of 22 November issued on the basis of a pre-

liminary report by the National Stock Exchange (NSE) red-flagging several non-compliances by Karvy—the broker, misusing the powers of attorney furnished by its clients for the efficient and seamless disposal of their securities upon their oral instructions, allegedly first got them transferred to its own account, and then pledged them to various lenders, making them out to be its own securities. The loans received from those bankers were credited to six different accounts of Karvy. Sensing the potential for irreversible damage to thousands of mostly small investors, Sebi ordered depositories not to allow the transfer of these securities from Karvy’s own account, except to the beneficial owners of these fully-paid-for securities under the supervision of the NSE.

The Securities Appellate Tribunal (SAT), upon appeals by the lenders, heard them on 3 and 4 December. In two separate orders, the tribunal did not reflect upon the merits of the Sebi order and only directed it to give an audience to lenders. In fact, in the order of 4 December, it noted that pursuant to Sebi’s order, the securities legitimately belonging to over 80,000 Karvy investors had already been transferred to their respective accounts, and refused to freeze those accounts or reverse such transfers, and

rightly so.

Deciding this matter on merit is going to be an arduous task for any adjudicator. Karvy’s actions are prima facie illegal, in violation of the Sebi Act, as well as the rules and instructions issued thereunder. They seem to have the odour of fraudulent transactions, and will probably merit criminal investigation and prosecution under the Indian Penal Code for dishonest misappropriation of property and criminal breach of trust.

Not just that. The securities’ regulator may take additional action as per the statute that it is a child of. A more detailed and thoughtful examination will be required to weigh the legitimacy of the ownership rights of investors who were clients of Karvy, against those of the pledgees of these securities, who lent money to Karvy by accepting its professed ownership of these, as appears to have happened.

It is a well-known fact and matter of practice that retail investors, who generally have

a regular but minor interest in the securities market, hand their brokers blank powers of attorney to be used upon their oral/telephonic instructions for the sale of shares and suchlike. This has been in vogue despite Sebi’s Master Circular on Delivery Instruction Slip providing other more secure modes

of instruction for the delivery of securities, such as delivery instruction slips or the Speed-e facility. This is well known to mostly everyone associated with stock markets, including banks. On this fact alone, Karvy’s lenders should have acted more cautiously and conducted appropriate due diligence on the ownership of the pledged securities. In the usual course of events, it seldom happens that a bank lends a large amount of money without adequately checking the collateral offered by the borrower as a guarantee of loan repayment. Thus, the maxim “*caveat emptor*” should squarely be applicable in this case. Let the buyer beware. Before lending money to an entity whose primary business is to deal in

securities on behalf of scores of retail investors, banks ought to take all possible care to ensure that the collateral they are accepting is actually owned by the pledgor. Banks, in contradistinction with small retail investors, are far better placed—given their corporate clout, access and wherewithal—to exercise such caution. After purchasing the securities and having handed the customary powers of attorney to their “trusted” brokers, retail investors have no occasion to block any illegitimate or uninstructed conveyance of their assets.

In any case, in such circumstances, one set of stakeholders will have to bear the brunt. If investors have got the securities safely in their own accounts, the only recourse available to lenders against a borrower who may have flouted the law is civil and criminal action, including perhaps the initiation of insolvency proceedings. These banks have the means to adopt this course of action.

Had the reverse happened and banks got the pledged shares, thousands of small investors would have been left high and dry in their effort to repossess the securities. From this perspective as well, it is only fair that retail investors of relatively modest means are not deprived of their lawfully acquired assets.

MY VIEW | OTHER SPHERE

The precarious lives of children and the oases that are schools

Many kids lead lives of such uncertainty that they need a space that allows their minds to flourish



ANURAG BEHAR is CEO of Azim Premji Foundation and also leads sustainability initiatives for Wipro Ltd

The teachers and I sat on the floor and chatted. He sat quietly outside the circle, doodling on a small notebook. He was nine years old. He was gentle and caring, but his rage could explode the next moment into a vicious vortex of violence, unmanageable by the teachers. They had figured that an effective way of dealing with him was to let him do exactly what he wanted, and then he would be calm, would try to learn, and generally be cooperative. That day four years ago, he had decided that he wanted to sit with us and not in his class, and so it was.

Within weeks of his joining the school, a year before that day, some of its teachers had visited his village to figure out his life story. It wasn’t clear whether his mother had died or abandoned the family, but she was not there in his life. He lived in a shack with an elder brother and a drunk father. The 15-year-old brother worked as a daily wage labourer, which is what the father would do, too, when sober.

Last month in the same school, I searched for him in a group of 81 children from classes VI to VIII who had gathered to talk with me in one large room. He wasn’t there. He had left the school last year, despite every effort from the teachers, as I learnt later. Now, instead of going to a school, every morning he goes out hunting for that day’s labour.

No other child in that group of 81 lives in such a vacuum of love. They all have their own pleasures and pains and hopes and fears, while the precarity of their lives is what they all have in common with that boy: they are just one crop failure away from ruin, an illness in the family away from starvation, and an incident away from the end of their childhood. Poverty and caste shape their lives.

They had been told by someone that I was a “big officer from Bangalore”. Without any hesitation, they got into a conversation with me. Confident and clear, they had none of the stock-in-trade questions that make for a semblance of a conversation without being one. They asked, “How did you become such a big officer? What did you do?”

Truth matters with children. What is the true answer to that question? The truth and the whole truth. True without becoming a gospel of individual enterprise or any reduction to the fatalism of circumstances, and true in the context of their hard lives.

So, I told them about how blessed my life has been. How the people in my life have supported me and cared for me, when close or distant. How I have had a life of privileges. How I have tried to work hard, to be honest, and to care, but that I don’t really know how it has all come together. I feel doubly blessed and grateful.

In my unclear response, the children heard the truth. Then they said, “Tell us of the difficulties that you faced in your life.” The truth on this was much harder to tell. But anything less than that would have been a betrayal of their trust. It also would have been callousness toward their everyday life of difficulties.

So, I told them about that night in Bhopal between 2 and 3 December 1984 and its aftermath. They had not heard of it before. They tried to comprehend the number of deaths. They related it to a nearby town getting wiped out.

They wanted to know everything. What was the factory making that had

such poisonous stuff? Why were they allowed to do it? If that poison was in the pesticide, what would happen to the land? What was done with the factory after that night? How can generations be affected by one night? Then, they wanted to know, how I survived. So, I described the effect of wind, water bodies, and distances, on how the gas spread. They figured out that methyl-isocyanate must be denser than air. They also figured out that those sleeping on the ground would have been at most risk.

What about justice? They asked. Who has been punished? What has been done to help the victims? In our compact of honesty, I told them what has happened in the past 35 years. They were very upset. There was disbelief on every face.

I searched for a truth to share that would leave them with hope. So, I told them that people are still fighting. For justice and for restitution. They will not give up, even after 35 years. They liked that. It was 4pm, time for school to close. Children that they are, many ran out of the room screaming. Some gathered around me, asking me to come back. They knew not of Bhopal. But they could think and question. They had a clear notion of justice and fairness, and they cared. The school is not all of it, but has played a role, as all schools can. A school can be an oasis of many kinds in the life of precarity that millions of our children live. However, it is not any more for that boy who dropped out. The rage that burns his tenderness, how will it run through the course of his life, such as it is?

PS: Abdul Jabbar died last month. He was one of those who fought for 35 years for Bhopal. Unflinching in the face of power and apathy—of the state, of money and of people who moved on. Whatever measure of justice he achieved, he also exemplified a dedication to the truth that gave hope to those children in a distant school. And to many like me.

10 YEARS AGO



JUST A THOUGHT

As a leader, it is important to not just see your own success, but focus on the success of others.

SUNDAR PICHAI

MY VIEW | BEHAVIOUR BY BRAIN

The paradigm shift that will end the scourge of sexual violence

We need to develop a deeper understanding of the behavioural and contextual factors that lead the perpetrator to this crime



BIJU DOMINIC
is the chief executive officer of Final Mile Consulting, a behaviour architecture firm

Last week’s rape and murder in Hyderabad has again brought the issue of sexual assault into prominence. At the core of many recent discussions on it is the widespread belief that severe and immediate punishment will eliminate the problem. According to Mohd Zahir Khan, former professor of social work at Jamia Millia Islamia University, who also served as a professor of criminology at the National Institute of Criminology, New Delhi, the focus of all these discussions is an over-reliance on the law to solve what is essentially a social problem. The existing tendency is to act after the occurrence of a crime, instead of being proactive in preventing it.

There are many significant missing pieces in finding effective solutions to the problem. Sherry Hamby, editor of *Psychology Of Violence*, has said: “If you don’t really understand perpetrators, you’re never going to understand sexual violence.” Why do men rape? Is it a well-entrenched behavioural trait or is it a one-off crime? What are the myths that perpetuate such behaviour?

The article, “The Search for Rapists’ “Real” Motives”, by David P. Bryden and Maren M. Grier in the *Journal Of Criminal Law And Criminology*, offers an excellent compilation of all the major studies done over the years to understand the motives of perpetrators. Most of the early analysis of the causes of rape came from psychoanalysts. They attributed the tendency to rape to wrong parenting and many childhood behaviour disorders. Many of the conclusions of psychoanalysts, however, never really stood the test of scientific scrutiny.

In the 1970s, feminists came up with other theories of why rapes happen. Soon, they replaced psychologists as the ultimate experts on the issue. Feminists believe that rape is not the result of any sexual deviance caused by behavioural traumas in childhood. They believe it is an act of domination, an instrument that is used by the patriarchy to hurt, humiliate or degrade women. Susan Brown-Miller, in her book, *Against Our Will: Men, Women And Rape*, said that women have been raped by men for many years for the same reasons that African-Americans were lynched by gangs of Caucasians—for failing to recognize their “place in society” as assigned by supremacists. But there is not enough evidence to show that the women who have been raped were demanding a higher status. Most victims of rape are hapless individuals.

In the book, *A Natural History Of Rape: Biological Bases Of Sexual Coercion*, biologist Randy Thornhill and anthropologist Craig Palmer tried to present an evolutionary explanation of rape. They assumed that rapists seek sexual gratification. They contended that the views of feminists on non-sexual motivations were “political”.

The numerous studies that have been done so



far have not been able to conclusively arrive at any core motivation for rape. The central question of whether rapists are primarily motivated by sexual desire, sexual aggression, or by the ulterior aim of subjugating women has still not been conclusively settled.

Most studies on rape perpetrators have a major flaw. The sample for most of these studies comprised those who were convicted of the crime. These convicts do not represent the larger universe of rapists. More than 90% of rapes are committed by acquaintances, persons who are known to the victim. For various reasons, almost all rapes by acquaintances go unreported. More than 80% of convicted rapists have been described as strangers by their victims. Which means the real world of the rape perpetrator, the uncle who rapes his niece, the father who rapes his daughter, is a black box that provides us very little information.

There are many myths that are propagated in society that allow the rape perpetrator to justify his action and even blame the victim for the incident. Outrageous myths, such as a woman’s “no” means “yes”, or the dress of a woman provokes men to commit the crime, or that women enjoy rape, have been propagated through folk stories, movies and, more recently, through ubiquitous pornography.

These absurd notions are held not just by many a man on the street, but even by elements of law enforcement agencies and the judiciary. True rape, many seem to think, is always done by a stranger, the victim will always fight the attacker, and so the victim should have bruises, should have shouted for help. Some think that if the victim was raped

several times before complaining, the compliant is not genuine, or if there is a long delay between the crime and the filing of a complaint, the complainant has ulterior motives; or that non-consensual sexual acts by a husband is not rape. These are only a few of the many myths held even by law-enforcement personnel.

Immediately after a rape incident, a form of “Macbeth effect”—the tendency of a victim to cleanse herself of the “impurity”—is observed to set in. During an attack, the victim’s mind is not just under severe stress, but in a heightened fight-flight-freeze mode, which makes it difficult to coherently record memories of it.

In many cases, the perpetrator is someone related to the family. It is very difficult to convince even close family members, leave alone police personnel, of the crime. Law enforcement agencies that focus on tangible evidence and the consistency of the victim’s narrative have not understood the behavioural peculiarities associated with this particular crime. This lack of understanding is also one of the major causes of the very low reporting and low conviction rates in such cases.

The discovery of germs, the root cause of many diseases, led to the discovery of antibiotics, a pharmaceutical solution that has saved millions of lives. Similarly, to eradicate the problem of rape, we need to develop a far deeper understanding of the behavioural and contextual factors that lead the perpetrator to this heinous crime. We also need to empathize with the behaviour of a rape victim. In these new understandings do solutions to the problem lie.

GUEST VIEW

Brand vision must lead as business structures get fluid

RUZBEH IRANI



is president (group communications and ethics) and chief brand officer at Mahindra Group

According to the latest edition of Gartner’s Brand Survey, only one in five marketers is confident that brand values and actions are consistent across their organizations, while around a third say they have concerns with keeping their brand relevant, and a similar proportion struggle with creating a compelling brand vision. Gartner has urged brands to dig deeper into the data to better understand and connect with their audiences. All well and good, but, while I recognize the symptoms, I believe that this diagnosis—in effect, the patient is suffering from a case of insufficient data or its understanding—is incomplete.

The impact of social media has forced marketers and brand managers to acquire an entirely new set of skills and judgement, and forced them to confront the reality that, unlike previous generations, today’s communicators can control very little directly. However, the real insight is far more profound. Corporate brand and vision are becoming harder to control at the very

moment when these concepts are becoming existential to many organizations.

This is particularly relevant to diversified groups where the corporate brand is the unifying factor. Relationships between companies within such groups are evolving. Traditional “linear” corporate structures are being replaced by something more fluid and nuanced. Today, a holding company’s legitimacy, influence, and control over the practices of an entity within a group are likely to have less to do with majority shareholding or direct reporting lines, than a collective purpose and shared values.

In today’s fluid structure, “group logic” is based on a collective vision that is defined and helps to “self-regulate” individual company activities. Alphabet Inc. and Elon Musk’s collection of companies, the Virgin Group of companies, and India’s own Mahindra Group are cases in point. The underlying “red thread” unifying each of these is a vision or character that its businesses share. Alphabet and Musk’s companies are about making big, strategic bets on the future, in the former’s case, giving its staff the freedom to experiment, while the latter seeks to disrupt incumbent sectors. Virgin is built in the image of its founder, Richard Branson, and dedicated to disrupt-

ing incumbents and offering an alternative approach to customers. Mahindra’s core purpose is to enable individuals and communities to “rise”. At the heart of it is a willingness to challenge convention and use alternative thinking to drive positive change. Whether it is making electric mobility affordable or working on financial inclusion in India’s heartland, that is what binds the group.

Across such structures, a brand’s meaning, underpinned by a vision and a set of values, represents the existential rationale for the entire organization. If it’s not conveyed, or not maintained, or gets misinterpreted, or simply ignored, the implications can be potentially fatal. This is what makes the findings of Gartner’s Brand Report especially alarming.

In a world of constant disruption and real-time decision-making, flexible organizational and ownership structures will become the norm. The traditional “direct reporting”, “linear” and “command and control” model is becoming obsolete; it is time to define a

new set of principles and protocols that reflect the “federal” business environment we’re heading towards.

These would form the basis of a “federation model” to convey a diversified group’s purpose, values and brand promise in a coherent manner. As a starting point, I propose the following framework; these are the “assets” that define brands across relatively fluid corporate structures.

One, a sense of shared values: A group must define the behaviour, standards and principles of each company. Such values translate into daily behaviour, the character and personality of an organization, and how it engages stakeholders, from employees and customers to investors and business partners.

Two, a consistent and compelling core purpose: The group must determine the business activities and priorities of its companies. This is the role that the group seeks to play in society, the gap it is trying to fill, and the void that would be left in its absence.

Three, potential synergies from the above: This involves the maintenance and conversion of shared values and the group’s purpose into a competitive advantage.

With the increasing attention paid to environmental, social and governance issues, the federation concept has become more relevant than ever. The commitment of top US business leaders to matters beyond financial returns reflects this trend. The Business Roundtable, with close to 200 members, issued a new “statement of purpose” in August that made shareholders just one category of five stakeholders, alongside customers, workers, suppliers and communities. This reflects a profound shift in corporate vision. It’s not just a “good practice”, but an existential question, particularly in the case of more disparate groups whose behaviour and values will be put to scrutiny.

Now is the time for fresh thinking; and the stakes really couldn’t be higher. As Tera-data’s CMO Martyn Etherington was quoted as saying in MarketingTech: “Regardless of industry, size or standing, building and maintaining a brand remains the biggest challenge facing any CMO.”

This year’s Gartner report confirms just how difficult that is. I’d like to highlight how important it is.

Moody’s move is welcome but nothing to hail

It is certainly welcome news that global credit rating agency Moody’s Investors Service has upgraded the outlook on Pakistan’s debt from negative to stable as an acknowledgement of the signs of strength returning to the external sector and the fiscal balance. Soon, the government will venture into global markets to float a bond, and a stable outlook on its B3-rated debt will help. It is also a sign that the economy is stabilising and the narrowing of its two critical deficits is being acknowledged by foreign creditors and investors. In time, other rating agencies are expected to follow suit. But it would be a mistake to hang too large a hat on this peg.

It is not a triumph for the policymaker, and it certainly is not a moment to exalt and hail as a victory. The real stakeholders in the country’s economy are the ordinary people, particularly the poor whose interests must be kept foremost in mind when making economic decisions. For them, and for local investors and businessmen, the ratings action is far too abstract a reality. In a sense, it can be said that the ratings action represents a setting of the stage. As fiscal and external space becomes available, the real triumph will be in how it is utilised. If the government can put growth on a sustainable footing, that would be something truly worth celebrating.

Dawn, Pakistan

We must speak louder for imprisoned citizens

Meng Wanzhou wants us [to] know she’s grateful for how she’s been treated in Canada. On the first anniversary of her arrest at the request of U.S. authorities seeking her extradition, she released a letter describing her life in Vancouver and saying she appreciates “the kindness of people here in Canada.” Being under house arrest in a \$13-million Vancouver mansion, it turns out, has its advantages. As CFO of Huawei Technologies, Meng says, she was rushed off her feet. Now, “I have enough time to read a book from cover to cover. I can take the time to discuss minutiae with my colleagues or to carefully complete an oil painting.” She’s also free to move around the city in her chic designer duds.

But imagine, if you will, what kind of letter the two Canadians imprisoned in China in retaliation for Meng’s arrest might write should they be allowed to do such a thing next week when they mark a year in captivity. Michael Kovrig, a former diplomat, and Michael Spavor, a consultant, were detained nine days after Meng’s arrest and face trumped-up charges of espionage... they have been held for almost a year in isolation in so-called “black jails.” There, they have been kept under 24-hour surveillance in cells that are lit around the clock... China must learn that it cannot just arbitrarily arrest citizens of other countries without consequences. But so far a kitten could roar more loudly than Canada and its friends have.

The Star, Canada

Israel’s educational gaps are its real threat

Israeli students’ poor results on the PISA exam sends a warning of unprecedented severity to the Education Ministry. The average scores, which fell below the international average in language, mathematics and science; the rise in the percentage of students who failed the test; and above all, the inconceivable gaps among diverse segments of society, all require an immediate change in policy. Without such a change, successive education ministers will be leading Israel into an unprecedented socioeconomic disaster... The PISA exam is administered by the Organization for Economic Cooperation and Development once every three years, and is considered the most reliable tool for comparing education systems around the world.

The latest exam, given in 2018, reveals a real decline in the achievements of Arab students. As a result, the gap between them and their Jewish peers (whose scores didn’t change much) rose significantly... The only way to reduce the achievement gap is to reduce the enormous gaps in funding for Arab and Jewish students—gaps that have become the hallmark of Israel’s education system. By choosing not to implement an emergency program to reduce these differences, senior ministry officials are sentencing students to a level of ignorance that will make it hard for them to enter higher education and integrate into the job market. Their low scores aren’t a decree of fate, but a direct result of years of neglect. This policy endangers Israel’s future. It must not be allowed to continue for even one more day.

Haaretz, Israel

A government that breaks borrowing records

The government is set to exceed its annual limit for bank borrowing within the first half of the current fiscal year. This is primarily due to a poor forecast on revenue collection. The net result of this over-borrowing is sure to hit private-sector investments as banks are already facing a liquidity crunch. As of November 21, banks are owed Tk150,702 crore by the government, which is an increase of 39 percent from June of the previous fiscal year. The fact that there was poor planning on precisely what revenue could be collected through VAT and taxes is now plain to see. The National Board of Revenue (NBR) had set a target of Tk62,295 crore to be collected between July and September of this year. In reality, Tk47,388 crore was realised during the period—a shortfall of about 31 percent.

Leading bankers in the country tell us that they are looking at a bleak future since the bulk of industrial and business loans are given out in January of every fiscal. But given the rate at which the government is borrowing, it will certainly put a big dent on lending. Unless this trend is reversed, we may have trouble financing our debt in the future. Borrowing from banks should be the last resort and efforts need to be made to mobilise internal avenues for revenue generation—through taxation, VAT [and] removal of tax on profits of savings generations to begin with.

The Daily Star, Bangladesh

11 | E. EXPLAINED



@ieExplained

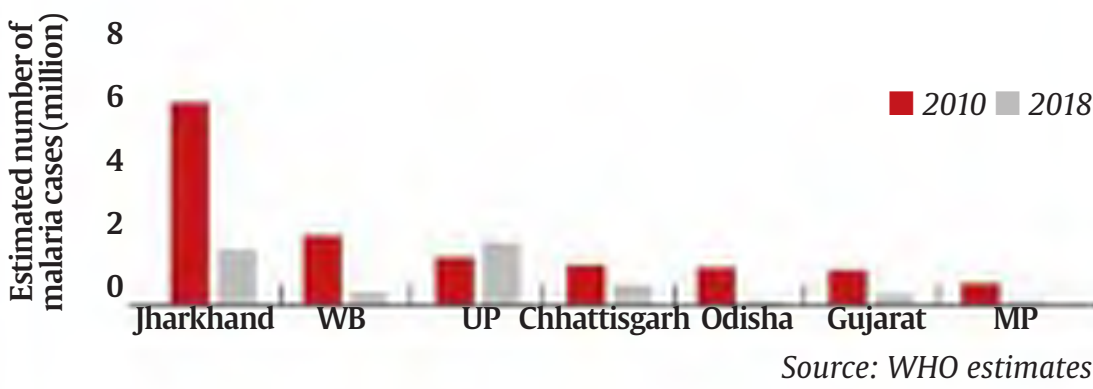
#ExpressExplained

If there are questions of current or contemporary relevance that you would like explained, please write to explained@indianexpress.com

TELLING NUMBERS

Malaria drop is sharpest in India, 90% of cases are in 7 states

ESTIMATED MALARIA CASES IN INDIA, 2010 VERSUS 2018



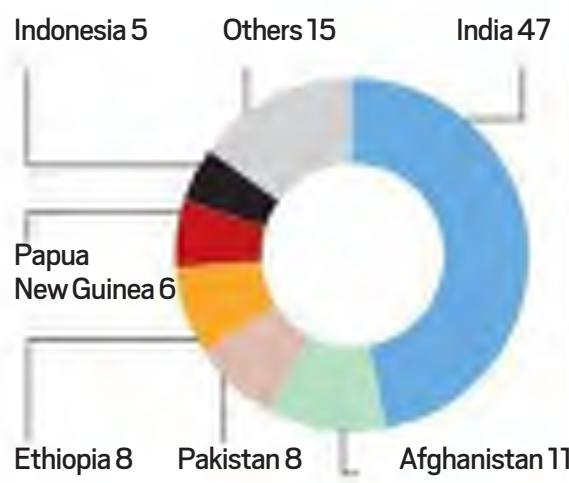
SEVEN STATES account for about 90% of the burden of malaria cases in India, according to the World Malaria Report 2019 released by the World Health Organization (WHO) on Wednesday. These are Uttar Pradesh, Jharkhand, Chhattisgarh, West Bengal, Gujarat, Odisha and Madhya Pradesh.

Globally, there were 228 million cases of malaria in 2018, down from 251 million cases in 2010. More than 85% of the global malaria deaths in 2018 were concentrated in the 20 countries of WHO's African region and India. Compared to 2017, India reported 2.6 million fewer cases in 2018. This makes India the country with the largest absolute reductions among the countries that share 85% of the malaria burden.

Nigeria had the highest burden of all malaria cases, at 24%. However, incidence of *P. vivax* malaria (the second most common form of the disease) was the highest in India, which accounts for 47% of all cases in 2018, or roughly 3.5 million. India had more than four times as many cases as Afghanistan, the next highest at 11%.

WHO region-wise, the highest estimated cases of all malaria forms were in Africa, at 93% of the cases (213

P. VIVAX MALARIA CASES, 2018 (% DISTRIBUTION)



million), followed by South-East Asia (7.9 million), East Mediterranean (4.9), Western Pacific (1.98) and the Americas (9.29). The number of cases has increased from 206 million in 2016 and 212 million in Africa. It has declined in all other regions except Western Pacific, where it has risen from 1.7 million in 2016 and 1.8 million in 2017 to 1.98 million in 2018.

In 2018 there were 4,05,000 deaths from malaria globally, compared to 4,16,000 in 2017 and 5,85,000 in 2010. Africa had the highest number of deaths due to malaria in 2018, at 3,80,000.

THIS WORD MEANS

EXTRA NEUTRAL ALCOHOL (ENA)

Alcohol manufacturers want import duty reduced. What is ENA's use, and how is it prepared?

ALCOHOL MANUFACTURERS have written to NITI Aayog asking for reduction in import duty. Anticipating shortage of domestic supplies, they have sought a reduction in duty to make it cost-effective for them to import Extra Neutral Alcohol from global markets.

Extra Neutral Alcohol (ENA) is the primary raw material for making alcoholic beverages. It is a colourless food-grade alcohol that does not have any impurities. It has a neutral smell and taste, and typically contains over 95 per cent alcohol by volume. It is derived from different sources — sugarcane molasses and grains — and is used in the production of alcoholic beverages such as whisky, vodka, gin, cane, liqueurs, and alcoholic fruit beverages.

ENA also serves as an essential ingredient in the manufacture of cosmetics and personal care products such as per-

fumes, toiletries, hair spray, etc. Given its properties as a good solvent, ENA also finds industrial use and is utilised in the production of some lacquers, paints and ink for the printing industry, as well as in pharmaceutical products such as antiseptics, drugs, syrups, medicated sprays. Consultancy firm IMARC Group's estimates put the ENA market in India at a volume of 2.9 billion litres in 2018.

Like ethanol, ENA is a byproduct of the sugar industry, and is formed from molasses that are a residue of sugarcane processing. In its letter to NITI Aayog anticipating lower supplies, the Confederation of Indian Alcoholic Beverage Companies has cited the diversion of ethanol for bio-fuel blending by oil marketing companies, and recent floods in Maharashtra and Karnataka that have adversely affected sugarcane crop in the region.

AMIL BHATNAGAR NOIDA, DECEMBER 4

ON NOVEMBER 29, the Swiss company Zurich International Airport AG won the bid for a new airport in Jewar in Greater Noida, near Delhi. The airport is being planned as India's largest, with a proposed six to eight runways once it is fully operational.

What is the need for an Airport at Jewar?

The Jewar Airport primarily aims to reduce the load on Delhi's Indira Gandhi International (IGI) Airport. It will be the third airport in the National Capital Region, after IGI Airport and the newly opened Hindon Airport (in Ghaziabad). Traffic at Jewar Airport is estimated at 12 million passengers per annum in the first phase of the project, and expected to go up to 70 million ppa once all phases are completed. The IGI Airport is set to reach its peak capacity of 110 million in the next six or seven years. Hindon Airport in Ghaziabad, which became operational in October this year, is currently limited to two airlines.

What led to the choice of the location?

Jewar Airport will be about 72 km from IGI Airport, 40 km from Noida and Ghaziabad, 28 km from Greater Noida, and 65 km from Gurgaon. It will be an alternative not only for passengers within NCR (or fliers travelling to NCR from the airport) but also for several cities in western Uttar Pradesh. For Agra, Bulandshahr or Aligarh, Jewar Airport will be within 150 km and therefore closer than IGI Airport. "The location of Jewar Airport will help passengers from not only Delhi but UP, Rajasthan, Uttarakhand and Haryana as well," said Shailendra Bhatia, nodal officer of Noida International Airport Limited.

For connectivity, the Yamuna Expressway Development Authority is looking at options that include a rapid rail transport system and dedicated bus routes. The Delhi Metro Rail



Corporation, in cooperation with the Noida Metro Rail Corporation, is carrying out an expert study into the feasibility of extending the Metro's Pink Line until Jewar. For those travelling by road, Jewar is connected to the rest of Greater Noida by the Yamuna Expressway.

Since when has it been planned?

The idea had been in the pipeline for 18 years. It was mooted in 2001, during Rajnath Singh's tenure as Uttar Pradesh Chief Minister. In 2010, CM Mayawati proposed a Taj Aviation Hub, an idea that did not take off. Between 2012 and 2016, the Samjwadi Party government took forward the idea of an international airport in Agra, and the Jewar project fell out of focus. During the UPA regime, the project was again delayed by a clause in the Civil Aviation Ministry guidelines for green-field airports, which placed restrictions on setting up a civilian airport within 150 km of an existing one. In 2016, the NDA government relaxed these norms. In 2017, the Jewar

Airport got clearance from the Ministry. Later, the process of land acquisition too progressed slowly amid protests from farmers.

Zurich International Airport AG, or Flughafen Zürich AG, outbid three Indian companies — Delhi International Airport Ltd, Adani Enterprises Ltd and Anchorage Infrastructure Investments. Flughafen Zürich AG, which is currently managing eight airports abroad, will build and manage Jewar Airport under a 40-year concession.

When is the airport opening?

The airport will come up over four phases, with the complete project taking 30 to 40 years. According to the nodal agency Noida International Airport Limited, work on the first phase is likely to begin early in 2020 and will be completed by 2023-24. The total cost is projected at Rs 29,560 crore.

Some real estate experts believe that the airport will help create jobs in commercial space that will come up around the airport, and also create a residential market. Others



Land for Jewar Airport in Greater Noida. Gajendra Yadav

feel that the long time period of project execution will reduce short-term benefits. According to Pankaj Kapoor, MD of real estate research company Lias Foras, since commercial spaces develop in clusters, the airport construction might not aid growth in Greater Noida region. Some feel hospitality industries have a better chance of flourishing around the airport premises as observed in the case of Delhi and Mumbai airports.

How has land acquisition progressed?

The first phase involves acquisition of 1,334 hectares from farmers in six villages in Jewar tehsil. Until November 28, the state government has paid Rs 3,167 crore compensation at Rs 2,300 per square metre. About 1028.5 hectares land (nearly 80%) has been acquired and officials are confident that the remaining 20% will be acquired in December. Acquisition faced protests from groups of farmers who alleged the amount was insufficient compared to what they were entitled to under the Land Acquisition Act, 2013.

How CO₂ emission trend reflects India slowdown



EXPRESS IN MADRID

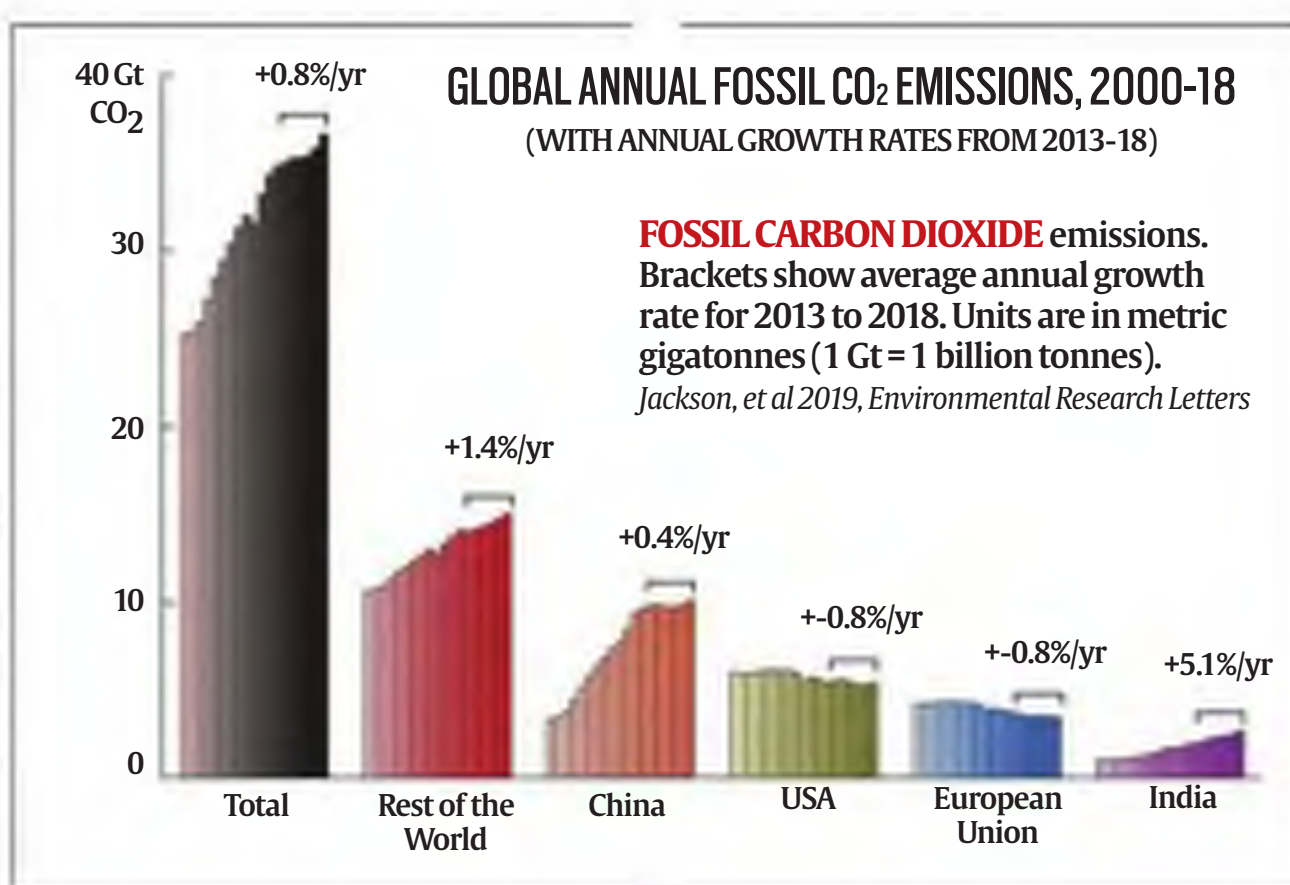
AMITABH SINHA
DECEMBER 4

A NEW study unveiled on Wednesday says the growth in India's carbon dioxide emissions this year was likely to be considerably lower than in the last few years. The Global Carbon Project, which puts out emission estimates for across the world every year, has said India's emissions in 2019 (2.6 billion tonnes or gigatonnes) was likely to be only 1.8 per cent higher than in 2018. This is significantly lower than the 8% growth that India showed last year and the more-than-5% average growth over the last ten years.

The growth in global carbon dioxide emissions too is likely to come down this year, to just 0.6% over last year, according to the report.

What arrested the growth

The lower growth in CO₂ emissions, though desirable, is only a positive fallout of the slowdown in the Indian economy, according to the report. Economic growth has been consistently weakening over the last



few quarters, leading to reduction in activities that cause emissions.

"Indian CO₂ emissions have grown at 5.1 per cent per year over the last decade, but growth is expected to be much weaker in 2019, at 1.8 per cent (range 0.7 to 3.7 per cent). Weak economic growth in India has led to slower growth in oil and natural gas use. With a weakening economy, growth in India's generation of electricity has slowed from 6 per cent per year to under 1 per cent in 2019, despite electrification of villages

adding to potential demand. Moreover, the addition of a very wet monsoon led to very high hydropower generation and a decline in generation from coal," the report says, explaining the possible causes for decline in India's emissions growth.

Economic slowdown has been blamed for a lower emission growth in the rest of the world as well, and also in China, the world's largest emitter.

"China had low growth and unexpected declines in CO₂ emissions over the period

2014 to 2016, but in 2017 and 2018, its CO₂ emissions rose again by 1.7 per cent and 2.3 per cent respectively. In 2019, China's CO₂ emissions are expected to rise by 2.6 per cent (range 0.7 to 4.4 per cent). Chinese emissions could have been growing faster if it were not for slower economic growth," the report says.

Why the report matters

The numbers put out by Global Carbon Project are estimates, and not official. But these offer important indicators to global trends in carbon dioxide emissions in near-real time. Collection, collation and calculation of emissions take considerable time, and in any case, official numbers are put out by the governments. In India's case, the most recent official numbers relating to all kinds of emissions pertain to 2014. Those were submitted to the UN climate body just last year.

According to those numbers, India's carbon dioxide emissions in 2014 was 1.99 billion tonnes, while its total greenhouse gas emissions, which include other greenhouse gases like methane and nitrous oxide, was 2.6 billion tonnes of carbon dioxide equivalent.

The Global Carbon Project estimates the carbon dioxide emissions in 2019 alone to be about 2.6 billion tonnes. They do not give the estimates of emissions of other greenhouse gases. The near-real time estimates put out by the project are based on datasets that monitor production and consumption trends of key indicators like electricity, oil and gas, cement, and chemicals and fertilisers.

Bifurcation fallout: why a central Act has sent lawyers on strike in Jammu

ARUN SHARMA
JAMMU, DECEMBER 4

IN THE one month since Jammu & Kashmir state was bifurcated into the Union Territories of Jammu & Kashmir and Ladakh, lawyers have been on strike in some parts of Jammu region. The strike, which has affected work in the Jammu & Kashmir High Court and subordinate courts, is over implementation of The Registration Act, 1908.

It is significant that the first protests against implementation of a central legislation in the newly created UTs have come not from the Kashmir Valley but from Jammu region, which is considered a BJP bastion. And it is being spearheaded by the president of the Jammu and Kashmir High Court Bar Association, Abhinav Sharma, who happens to be the BJP's state spokesperson.

The contentious move

On October 23, the Governor's administration of Jammu & Kashmir state, ahead of bifurcation, accorded sanction to the cre-

ation of a new Department of Registration under provisions of the central Registration Act, 1908, to function under the administrative control of the Revenue Department from October 31 in the new UTs. It approved creation of 464 new posts including registrars, sub-registrars, data entry operators etc in the new department, which deals with registration of documents pertaining to immovable property such as sale, gift, mortgage etc. It also approved appointment of additional deputy commissioners and sub-divisional magistrates/assistant commissioners (revenue) to exercise the powers of registrars and sub-registrars, respectively, within notified jurisdictions.

Why lawyers are upset

The protests began after the administration, instead of appointing full-time registrars and sub-registrars, designated existing revenue officials including deputy commissioners, additional deputy commissioners, sub-divisional magistrates and tehsildars as registrars and sub-registrars within their respective areas. It also designated the



Lawyers on a token fast on the Jammu courts complex on Wednesday. Sitting closest to the tent-pole is Jammu and Kashmir HC Bar Association president Abhinav Sharma, who also happens to be BJP spokesperson in J&K. Arun Sharma

Financial Commissioner (Revenue) as Inspector General of Registration.

The lawyers have alleged that transfer of the powers of registration of documents from judicial to revenue officers will lead to unnecessary litigation in view of rampant

corruption in the revenue department. It will also lead to many judicial officers losing work as people engage them to get their documents legally checked and then registered from court, the lawyers said.

The administration's ground for creat-

ing a separate Department of Registration has been that it will bring uniformity to the process of registration of documents across the country, and will reduce waiting time for people in getting deeds and documents registered. Also, people seeking registration will now need to pay only the stamp duty and no longer pay a court fee as earlier.

What has changed

Earlier, all judicial magistrates were vested with the powers to register documents, and the district and sessions judge was designated as Registrar. The Chief Justice of the Jammu & Kashmir High Court was Inspector General of Registration. Judicial officers used to dedicate one or two hours of their daily court hours to registration of documents. In the past too, the state government had ordered transfer of powers of registration of documents from judicial to revenue officers, but it had to withdraw each time following opposition from lawyers.

While lawyers are on strike, there appears to be a divide. A significant section appears to be not averse to the new system —

they note that it is among the central laws now applicable to the new UTs following bifurcation — and stress that young lawyers are not going to lose work as people will still need them for fulfilling legal requirements, even for registration of documents from revenue officials. However, the work now gets divided as there are lawyers already practising in tehsils as well.

Impact of the agitation

It has failed to evoke public support, as many see it as a form of politicking backed by parties opposed to the removal of Article 370. This was evident at a meeting of civil society convened last week by the High Court Bar Association itself. Many citizens advised the Bar Association to suspend its agitation and first form a joint committee involving prominent members of civil society to deliberate on this issue and others. While the Bar Association is headed by the spokesperson of the state BJP, it also has many members linked to other political parties such as the Congress, the National Conference, the PDP and the Left.



The IndianEXPRESS

FOUNDED BY

RAMNATH GOENKA

BECAUSE THE TRUTH INVOLVES US ALL

SLOWDOWN PAIN

With states facing GST revenue shortfalls, Centre needs to find a way of compensating them

THE ECONOMIC SLOWDOWN is taking a toll not only on the Central government finances, but on state finances as well. Particularly worrying is the lower than expected GST collections. State governments have reportedly been told that the compensation requirements of states, owing to the shortfalls in GST collections, are “unlikely to be met” from the compensation cess being collected. This grim prognosis comes after the Centre delayed compensating states for the shortfall in GST revenues for August-September, which were due in October, resulting in some states issuing a statement raising their concerns. Coming at a time when public expenditure has been driving growth, this uncertainty surrounding revenues may end up constraining state spending going forward. And as states account for a greater share of general government (Centre and states) expenditure, any cut-backs will further intensify the slowdown.

As per the GST Act, states have been guaranteed compensation in the event of their revenue growth falling below 14 per cent (base 2015-16) for a five-year period ending in 2022. If the collections from the compensation cess are unable to fully meet the shortfall in state GST revenues in a particular year, then there is a provision which allows for clawing back the compensation paid, over and above what was required in the previous year, to settle the excess shortfall. Beyond that, whether and how the Centre manages to fulfill its obligation of ensuring that states achieve 14 per cent revenue growth is uncertain. Then there is the issue of extending the compensation period for states beyond 2022. With growth slowing down, and with states’ own revenue, including GST, coming under pressure, there is a growing clamour for extending it to 2025. While the Centre is yet to clearly spell out its position on the issue, a study commissioned by the 15th Finance Commission has estimated that even if tax buoyancy rises, states will continue to face a shortfall, even after 2022, and would therefore need to be compensated if their revenue growth is to be maintained.

State governments have now been asked to share their views on proposals regarding a review of items under exemption, GST and compensation cess rates, compliance and revenue augmenting measures, which are likely to be discussed at the next council meeting. At the current juncture, a knee jerk reaction to slowing revenues is best avoided. Instead, the long-term approach should be to gradually reduce the items in the highest tax slab, prune the list of exempt items, and move towards reducing the number of tax slabs. Further, the council must also look to improving the ease of filing and other measures to boost compliance levels, and plug more gaps in the GST architecture.

SENA ON TEST

In reviewing projects initiated by its predecessor, Sena-led Maharashtra government must adhere to due process

ON SUNDAY, MAHARASHTRA’S new chief minister, Uddhav Thackeray, announced that his government will review several big-ticket infrastructure projects announced by the previous government. The coastal road project connecting south Mumbai with the city’s western suburbs, the Nagpur Samruddhi Corridor, and a bridge on the Thane Creek are reportedly under the state government’s scanner. The Maharashtra government has stayed plans for a metro car shed in Aarey and Thackeray has expressed reservations about the Mumbai-Ahmedabad Bullet Train project. In all, about Rs 7 trillion is at stake in these ventures. The Maharashtra CM’s doubts about them do not augur well for investor sentiment.

The Shiv Sena has come to office after an acrimonious parting of ways with its long-time alliance partner, the BJP. The mandate in the October election was, arguably, for the pre-poll alliance comprising the BJP and the Sena. But it is the Sena’s once-traditional rivals, the NCP and the Congress, that are now the party’s partners in government. Thackeray will understandably be under pressure from his new allies. But the litmus test in governance is adherence to due process. Maharashtra’s new CM would be well-advised to not let the bitterness with his former alliance partner come in the way of his policy decisions. On several schemes under his government’s scanner — including the Mumbai-Ahmedabad Bullet Train — Thackeray has assured “that a review does not mean that the projects will be axed”. But his government’s reservations about projects that the Sena was a party to in the first place — as part of the Devendra Fadnavis government between 2014 and 2019 — is bound to raise eyebrows. The Shiv Sena-led government must avoid the path taken by the YSR Congress government in Telangana — cancelling projects for no other reason but that they were initiated by its predecessor.

Thackeray has also said that his government will review the cases against Dalit activists in the Bhima Koregaon case. In January 2018, violence after an event to commemorate 200 years of a historic battle in Bhima Koregaon had left one person dead and several injured. The state government, wary of the political implications of targeting a celebration of Dalit pride, read a Maoist conspiracy into the violence and branded a number of students, intellectuals and social activists as urban Naxals. The onus was on the government to prove that it had a reasonable case against the accused — in a reasonable time-frame. By all accounts, it has failed to do so. The Thackeray government must let the rule book do the talking on this issue. At the same time, it must eschew any provocation to be arbitrary in all policy matters involving its predecessor.

GO TO KAILAASA

Nithyananda’s newly-announced ‘greatest Hindu nation’ offers an option — and a retort

NITHYANANDA, ACCUSED OF rape and child abduction, declared a fugitive from the Indian justice system, is a man of great ambition. The garden-variety yogi/swami/sadhvi has, in the recent past, been content to win an election, act as a court-appointed mediator or be minister. Not so, Nithyananda. After capturing the national, and international, imagination with his attempt on YouTube to disprove the Theory of General Relativity and claims to have developed a software to teach cattle Tamil and Sanskrit, the Swami has laid claim to being the saffron-clad Supremo of Kailaasa — the “Hindu Rashtra” utopia he claims to have founded.

The location of the “greatest Hindu nation”, as of now, remains unconfirmed. But according to Kailaasa.org, which also contains details of “the untold Hindu holocaust” and “Science of Third-Eye”, the utopia can be called home by all “persecuted and aspiring Hindus”. Once there, they can take advantage of the “Gurukul education system” and “temple-based lifestyle”. The ‘country’ already claims to have a flag, government and university. Of course, those most excited by the prospects Kailaasa offers are unlikely to identify themselves as “persecuted Hindus”.

For some time now, asking questions, belonging to certain religions or believing in particular ideologies has been met with a summary response: Go to Pakistan! Thus far, there was no retort to this offensive direction — those who view India as a punyabhoomi and pitrabhoomi, not a secular nation-state, seemed to have nowhere special to aspire to. Now, in the gentlest of tones, it may be suggested that if you believe mythology is history and peacocks defy laws of biology, immigration to Kailaasa is an option to consider.



PRATAP BHANU MEHTA

THE CONCERN EXPRESSED by the GST Council, that the Centre may not be able to meet its GST distribution obligations to the states, should remind us of just how deep a hole the Indian economy has dug itself into. Just as a matter of policy, the Centre possibly reneging on its financial commitments to the states is a terrible idea for three reasons. First, the Indian government’s credibility on economic promises has been severely battered. But if the fiscal contract with the states is also no longer considered sacrosanct, then all credibility bets are off. If even Indian state governments cannot trust the Centre on a visible public and constitutional commitment, why should any investor?

Second, if the state finances suffer unexpected shortfalls, the impact on frontline delivery of services and growth will be severe. Third, in light of centralisation of power in our system that GST has already produced, expect even the fig leaf of cooperative federalism to turn quickly into federal anarchy. If there was ever a case for abiding by the dictum, *pran jaye par vachan na jaye*, the Centre’s contract with the states is the place to abide by it.

But this crisis also underscores the unreality of our reform discourse. We are like the person whose house has had its roof blown off by the storm, all the windows shattered, walls battered, most of the furniture inside destroyed, but thinks the most important thing to do right now is to paint the house. This is reflected in the obsession with “big bang reform”. India has just suffered two big bang reform shocks, demonetisation and GST. In one case, the logic was culpably ill-founded; in the other, the implementation a nightmare. It will require an unusual degree of masochism to trust another big bang reform founded in voodoo economics. Most of what passes off as big bang reform will do very little to revive growth. Intelligent privatisation of some PSUs may be a good thing. But it not the key to growth. Tax cuts may be deemed politically necessary as the economy tanks. But they are a terrible idea given the enormous deficits the state is facing, and the investments it needs to make India competitive.

Our reform imagination has to get out of

What state needs is resetting of priorities, restoring of credibility, augmentation of capacities across the board

This crisis also underscores the unreality of our reform discourse. We are like the person whose house has had its roof blown up by the storm, all the windows shattered, walls battered, most of the furniture inside destroyed, but thinks the most important thing to do right now is to paint the house. This is reflected in the obsession with ‘big bang reform’. India has just suffered two big bang reform shocks, demonetisation and GST. In one case, the logic was culpably ill founded; in the other, the implementation a nightmare. It will require an unusual degree of masochism to trust another big bang reform founded in voodoo economics.



HARSH GUPTA AND KARAN BHASIN

GROWTH HAS SHARPLY slowed — for Q1 FY19 it was 8 per cent while for Q2 FY20 4.5 per cent. A casualty of this is the debate on India’s official growth statistics as nobody credible seems to question them anymore. Moreover, we must remember that the average growth rate for the NDA between 2014-19 was at 7.5 per cent while under UPA-2 it was at 6.9 per cent.

The reason for the current slowdown is the massive credit bubble of the last decade bursting along with, and to some extent caused by, the high real interest rates over the last few years. Mortgage and fixed deposit rates almost a decade ago were marginally higher than now even though nominal growth has fallen by around 10 percentage points. With residential real estate in a crisis, the shadow banking sector is also in a crisis.

The fiscal deficit has reduced from 4.7 per cent of GDP in 2013 to 3.5 per cent in the last five years — yes, it will go up this year and if we combine with states and off-book items, the number is higher, but that has always been the case. One must adjust for not just the Food Corporation debt but also normalise for the latest Pay Commission’s calendar. The government must come clean on the fiscal gap and announce a more realistic consolidation roadmap with enough space for counter-cyclical deficits and automatic stabilisers. Fifty bps of GDP is not enough dur-

CASE FOR A RATE CUT

RBI, government must do whatever it takes to end the demand slump

ing downturns. As Sri Thiruvadanthai of the Jerome Levy Forecasting Centre has pointed out, the Centre’s debt to GDP ratio was around 20 percentage points higher at the beginning of the last boom cycle in 2003-04. The government should, through PPPs and EPC combined with Toll Operate Transfer (TOT)/Infrastructure Investment Trusts, fund a \$1 trillion of infrastructure over five years.

Inflation has largely remained below the 4 per cent target. Core and especially wholesale inflation have been falling. Further, a range of 2-6 per cent has to be treated symmetrically rather than treating 4 per cent as a de facto ceiling. The average CPI number of 4.5 per cent during 2014-19, which is in contrast to the inflation rate of 10.2 per cent during 2009-14. What the RBI should do is to come out with a real rates framework with a publicly-declared neutral rate. While inflation targeting should remain the primary objective, a modified nominal growth target can be used as a secondary input along with financial stability considerations.

It is important to recognise that the current economic slowdown is monetary-financial in nature and to that extent cyclical/demand-related. We’ve had a sustained period of high real interest rates combined with sluggish money supply growth. The final nail in the coffin came when the Monetary Policy Committee thought in July and August 2018 that inflation is likely to overshoot the target.

Consequently, they increased the repo rates which resulted in a further increase in our real repo rates to 4 per cent levels. Soon we had the NBFC crisis triggered by the IL&FS episode and we are still picking up the pieces. Unfortunately, many believe that a mere 135 basis cut will be able to fix the situation. However, they ignore that inflation has averaged a 100-basis point lower throughout the year.

This means that real interest rates haven’t moved much while the real prime lending rates have gone up. If transmission isn’t happening, then we should expect aggressive front-loading of rate cuts with massive open market operations. India’s 10-year G-Sec yield is now higher than the latest quarter’s nominal growth rate.

The RBI governor mentioned he’s willing to do “whatever it takes”. He has to follow this up. The government for its part has to nudge small savings and deposit rates lower to help transmission. Our rupee debt being incorporated into global indices would help and so would the Indian government issuing dollar/euro bonds. We also need to give tax incentives for retail investors to buy government or other debt through mutual funds and exchange traded funds. We need all hands on board — now.

Gupta is a public markets investor and Bhasin is a Delhi-based policy researcher

DECEMBER 5, 1979, FORTY YEARS AGO

NUCLEAR PARITY PRIME MINISTER CHARAN Singh said in Delhi that the nuclear nonproliferation policy should be applied uniformly to all nations without any discrimination. He criticised countries who, while preaching the virtues of horizontal non-proliferation, claim their own right not only to possess nuclear weapons but to use them to safeguard their security.

IRANIAN CRISIS A RESOLUTION DRAFTED for the UN Security Council by the non-aligned members to cope with the Iranian crisis has hit a snag: Among other things, it underlines the need for non-use of force while the US is prepared to ac-

cept that only if it is coupled with wording that recognises the right of self-defence. This issue is crucial. The non-aligned resolution will not permit the use of force if any of the hostages are put up for trial. The American formulation will.

KISSA CASE PRIME MINISTER CHARAN Singh described as “a concoction” the reported statement of Amrit Nahata, producer of *Kissa Kursi Ka* film, before the Supreme Court. In a statement, Singh said: “My attention has been drawn to a petition filed by Mr Amrit Nahata in the SC in which he is reported to have averred that I had suggested to him (Mr Nahata) that he

should take revenge on the former prime minister, Mrs Indira Gandhi, either by involving her or her son in the disappearance of the film *Kissa Kursi Ka*. If Mr Nahata was in desperate search of an excuse for joining Mrs Gandhi’s party, he should have discovered one which would not have exposed him as a self-condemned liar.”

LS NOMINATIONS THE PACE OF filing of nominations for the Lok Sabha elections slackened after the first day’s rush. Tuesday is inauspicious in some parts of the country and this fact is believed to be responsible for the delay by major parties in finalising their candidates.



THE IDEAS PAGE

A Mughal prince and the pandits of Benares

Dara Shukoh worked with Sanskrit scholars to translate the Upanishads to Persian — an example of the closely intertwined histories of Sanskrit, Persian, Urdu



SUPRIYA GANDHI

THE FURORE OVER the appointment of the Sanskrit scholar, Firoze Khan, to a teaching position at the Banaras Hindu University has raged on for over three weeks. It now looks as though the protestors are winning and that Khan may be appointed at the faculty of Ayurveda instead of teaching literature at the Sanskrit Vidya Dharma Vigyan faculty.

The relentless attacks on Khan call to mind a very different era in Benares over three-and-a-half centuries ago. In early 1657, a group of Brahmin pandits travelled from Benares to Delhi so that they could join a Muslim prince in his spiritual quest. Prince Dara Shukoh had been interested in Indic religious thought for a while, but he had recently discovered a group of sacred texts — the Upanishads — that he felt were perfect expressions of God’s oneness. Moreover, he also believed they held the key to understanding the Quran’s secrets. He wanted to work with some Sanskrit scholars to decipher and understand them so that he could produce a Persian translation.

Dara did not have to go far to find help. For several years, he and his father, the emperor Shah Jahan, had played host to Kavindracharya Saraswati, a prominent pandit from Benares. This kind of relationship wasn’t unheard of at the time. Shah Jahan’s court was only continuing a longer Mughal tradition of hosting Hindu religious scholars. Still, there was something special about Kavindracharya’s closeness to the imperial family.

The court chronicles don’t tell us how exactly the prince drew on the pandit’s knowledge, or what Kavindracharya’s precise role at the court was. This is what we do know, though: Between the years 1651 and 1657, Shah Jahan lavished Kavindracharya with valuable rewards, on more than a dozen occasions. The pandit composed verse extolling Shah Jahan’s learning. Through his poetry, Kavindracharya also instructed the imperial family in Vedanta and other schools of Indic philosophy. He lauded the emperor’s daughter, Jahanara, and her brother, Murad Bakhsh. And, of course, he praised the emperor’s eldest son Dara Shukoh.

The pandit was held in high esteem by his fellow Brahmin scholars in Benares. So when Dara wished to study the Upanishads, Kavindracharya would have been a natural facilitator. The prince worked for several months with his pandit interlocutors. He named his Upanishad translation *Sirr-i akbar* or the “Greatest Secret.”

Soon after, Dara was forced to spend the last anguished months of his life as a fugitive from Aurangzeb’s men. Once captured, he reportedly tried to defend himself with all he had left — a knife used for sharpening pens. Two years after he completed the *Sirr-i akbar*, his pen was silenced forever.

We don’t need to glorify Dara Shukoh to



CR Sasikumar

learn from his story. He was a prince hoping to become a powerful sovereign, not a modern-day social reformer or a democratically-elected leader. But the *Sirr-i akbar* is only one example among many of how the histories of Sanskrit are closely entwined with Persian and Urdu, and the histories of Hindus with those of Muslims.

In fact, the *Sirr-i akbar* had an afterlife that Dara could never have imagined. We often hear that Europeans first encountered the Upanishads through their Latin translations. But we have forgotten about the numerous Hindus who also read the *Sirr-i akbar* as a way of accessing their own sacred texts.

Before the age of print, many educated Hindus read Persian — Kayasths, Khattris and Brahmins among them. Persian had a status somewhat like English does today. Just as some Indians now read English translations of the Gita or the Upanishads, many of their counterparts in the past would have read these works in Persian. Dara’s Persian translation opened the Upanishads to non-Brahmins who may not have had the opportunity to develop a mastery of Sanskrit. Take, for instance, the 19th century reformer Kanhaiyalal Alakhdhari. He produced an Urdu translation of the Persian *Sirr-i akbar*, which enjoyed several printings. Alakhdhari was not very favourably inclined towards Islam or Muslims, but he felt indebted to Dara Shukoh’s *Sirr-i akbar*, which had helped him access the Upanishads in his own project of Hindu reform and revival.

Dara Shukoh’s Upanishad translation was a monumental project with lasting significance for both Hindus and Muslims. But to

Before the age of print, many educated Hindus read Persian — Kayasths, Khattris and Brahmins among them. Persian had a status somewhat like English does today. Just as some Indians now read English translations of the Gita or the Upanishads, many of their counterparts in the past would have read these works in Persian. Dara’s Persian translation opened the Upanishads to non-Brahmins who may not have had the opportunity to develop a mastery of Sanskrit.

day it has also become a reminder of religious nationalism’s impossible logic. Certain luminaries of the ruling dispensation hold seminars on Dara Shukoh. They accuse Indian Muslims of admiring Aurangzeb, and ask them to look up to Dara as a model instead. But when a Muslim scholar like Firoze Khan does just that by pursuing a career in Sanskrit studies, he is hounded. Members of the RSS have spoken in favour of Khan’s original appointment to the Sanskrit Vidya Dharma Vigyan faculty of BHU. Yet, for now, the forces that their ideology unleashed have prevailed.

The future of Sanskrit is linked with the fate of the humanities. It will flourish and grow when the study of all languages and literatures can thrive, in universities that nurture academic freedom and attract a diverse student body. This is a vision too terrifying to behold for the self-styled protectors of tradition.

Like other ideological projects, neo-liberal Hindutva seeks its own coherence. Yet, in it dwell numerous contradictions. At once it promotes Sanskrit as a pan-Indian ideal for all, but then punishes Muslims for advancing too far in it. It seeks the prestige of science and learning while hollowing out stellar public universities.

Such contradictions proceed through a triumphalism that has little space for difference or dissent, let alone our common histories that have Hindus reading Persian, or Muslims studying Sanskrit.

Gandhi teaches at Yale University and is the author of the forthcoming book The Emperor Who Never Was: Dara Shukoh in Mughal India

WHAT THE OTHERS SAY

“(Boris Johnson) threatens to tilt Britain’s political system away from being a democracy to being an oligarchy, where the rich buy political clout.”

—THE GUARDIAN

Ways out of a crisis

Slowdown needs a multi-pronged response: Rate cuts, government spending and credit flows through the financial system



SAUGATA BHATTACHARYA

INDIA’S ECONOMIC GROWTH (gross domestic product) was at 4.5 per cent in the second quarter of the current financial year. Gross Value Added (GVA), which is actually more representative of economic activity, grew at 4.3 per cent. The second quarter growth is the weakest since the the fourth quarter of FY13.

There are distinct features of the current slowdown which make it different from the ones in the past. First, multiple growth engines — consumption, investment, exports, credit — have all slowed down synchronously; earlier, one of these engines would offset the weakness in the other. As in the first quarter, the proximate source of the slowdown was the manufacturing sector. But, underlying this is a sharp deceleration of investment spending. The growth drivers were also quite concentrated, with a prominent source being government spending. There was a modest revival of household consumer spending, but this might also be an outcome of high government spending.

Second, the previous slowdowns were more the result of supply shocks, while this one seems to be led predominantly by a weakness in demand. While the focus has been on the real growth slowdown, even more striking is the slowdown in the nominal GDP growth rates. Reflecting the changing dynamics of volume growth and inflation over the past three years, nominal growth halved to 6.1 per cent in Q2FY20 (over the same quarter a year back), compared to a drop of 2.5 per cent in real growth. This is a matter of concern since nominal growth shapes the behaviour of economic agents, consumers, savers and investors. Equally, this has implications for the policy response since multiple economic variables depend on nominal growth — for example, the most immediate effect is in the slowdown of the Centre’s tax revenues.

The services sector has held up better than manufacturing. While the industry growth dropped from 10 per cent in the June 2018 quarter to -0.5 per cent in Q2, the services sector only modestly decelerated from 7.5 per cent to 6.4 per cent. The concern regarding this persisting deceleration is of the manufacturing slowdown spilling over to the services sector, both in construction and particularly in transport, where the weakness is evident both in data and anecdotal evidence. From the demand side of national accounts, private consumption growth is likely to be as low (or lower) as the first quarter based on public data like auto sales and results of service companies.

Third, the earlier slowdowns seemed to be led by the real sector. This time, the problems seem to have originated in the financial sector and then spilled over to the real sector through mechanisms similar to Ben Bernanke’s model of a financial accelerator. The credit squeeze has played a large role in amplifying the factors decelerating consumption and investment. The RBI data

showed a striking drop in the flows of funds from multiple lending channels, from Rs 7.4 lakh crore in April–September 2018 to Rs 91,000 crore in the first six months of this year. Bank credit growth has dropped to 8.5 per cent in October. How does policy respond to this situation? A clear path for a revival in growth is not immediately obvious. The second quarter growth was most likely the bottom, yet the initial signs of a revival in the third quarter are modest.

Monetary policy was the first responder, with multiple repo rate cuts, adding up to 1.35 percentage points and another possible cut in the ongoing meeting. Due to multiple reasons, including a large liquidity deficit till June that kept the cost of bank deposits high, transmission of these cuts into bank lending rates was limited. However, the emergence of surplus liquidity since July has accelerated the pace of cuts in fixed deposit rates, and increasingly into bank lending rates. The quantum of rate cut in this MPC meeting, and the communication on the scope for further cuts, as well as the growth and inflation forecasts will also guide lending rates.

To start a virtuous cycle of a revival of consumption-led demand for increasing capacity, government spending is crucial given the weakness in private sector demand. In coordination with monetary policy, the government should actively pursue a counter-cyclical fiscal stimulus though a large stimulus is constrained by weak tax buoyancy. A revenue source which is being aggressively explored is disinvestment. This might offset some of the tax revenue shortfall. Further, as of FY18, almost Rs 9 lakh crore of various tax dues were stuck, of which about Rs 7.8 lakh crore were under litigation. This pipeline needs to be quickly unclogged, even if it means larger haircuts for the government in interest and penalties.

The other fiscal stimulus which also needs to be accelerated is making expenditure more efficient through targeting delivery, plugging leaks, and rationalising overlaps in spending. The FY20 Budget had an “Output Outcome Framework” for the first time with metrics for evaluating outcomes of government spending. In tandem, accelerating securitisation of operational revenue generating toll and other road projects and using these funds and other offshore sourced investments to finish projects like the dedicated freight corridors and increasing spending on the Pradhan Mantri Gram Sadak Yojana will serve as an investment and growth multiplier.

Some calculated risks in micro-prudential relaxations of regulatory norms for bank lending to stressed sectors will add to the measures designed for reducing risk aversion in bank lending. The Centre’s proposals for a partial credit guarantee for pooled assets of NBFCs and a fund for last mile finance of incomplete residential projects need to be quickly operationalised.

The signature message from the October monetary policy was the decision to “continue with an accommodative stance as long as it is necessary to revive growth”. This understated statement — equivalent of the European Central Bank’s President Mario Draghi’s commitment to do “whatever it takes” in 2012 — should be the guiding imprimatur of policy communication.

The writer is senior vice-president, business and economic research, Axis Bank. Views are personal



NEERJA CHOWDHURY

Great Pawar, greater responsibilities

Sharad Pawar could be the anchor for opposition unity in the days ahead

FOR FIVE-AND-a-half years, the Opposition had been looking for a leader who could take on Narendra Modi. The recent developments in Maharashtra have catapulted Sharad Pawar to a position where he is being viewed not just as a skilled practitioner of realpolitik, but also as a possible “sutradhar” for opposition unity in the months to come.

It’s not as if he has acquired mass appeal of the kind that Modi enjoys. But he has shown that he can deliver, and defeat the BJP at its own game. Though the BJP-Shiv Sena got a majority in the October elections, it was Uddhav Thackeray who was sworn in as the chief minister of Maharashtra at the head of a Shiv Sena-NCP-Congress government and their Maha Vikas Aghadi sailed through the trust vote, ending a tortuous 40-day exercise in government formation.

Pawar demonstrated that he remains the “Maratha strongman” and exercises complete control over his party. Also, he can get back errant MLAs, led by his nephew Ajit Pawar, to his side — which led to the exit of Devendra Fadnavis as an 80-hour chief minister.

Pawar has shown, too, that he can get unlikely parties on the same page — the Shiv Sena to accept “secularism” in the common minimum programme and Sonia Gandhi to agree to do business with the Sena, something she had shunned earlier — with both parties agreeing to climb down from their well-known positions to keep the BJP at bay. The Maha Vikas Aghadi is now trying to counter

the BJP’s Hindu nationalism with a mix of soft Hinduism, sustenance issues involving farmers and youth, and sub-nationalism, with its appeal to the “Marathi Manos”.

The whole story of how Pawar navigated a minefield of contradictions has not yet come out, particularly what transpired at his famous 45-minute meeting with the prime minister. The meeting’s optics played a role in pressurising a prevaricating Sonia Gandhi to fall in line, and its substance was meant to placate a restive pro-BJP group inside the NCP. Ajit Pawar was one of the four senior leaders (out of 18) who had reportedly made a case for the NCP to go with the BJP.

The BJP’s midnight coup actually helped the three parties to sink their differences, which they were struggling to overcome. It also lost the saffron party the sympathy it was beginning to gain after the Sena broke the pre-poll alliance over the issue of rotational CM-ship.

Sharad Pawar has managed to ward off pressures to make Ajit Pawar deputy CM, even as the first six ministers were sworn in, though how long he can do so remains to be seen. This would have robbed the moment of its sheen and made many wonder whether the whole drama was “fixed” by uncle and nephew for the withdrawal of irrigation cases against the latter.

Ajit Pawar’s brief exit from the party has redrawn the lines of succession in the NCP, with daughter Supriya Sule coming out

smelling of roses. Ordinary people in Maharashtra are talking about the dignity (constantly taking care of MLAs during those tense days) and humility (hugging Ajit Pawar on his return) with which she conducted herself. She can be expected to play a larger role in the party in the coming days.

Pawar is cast in the old Congress mould. He knows that politics in India is not just about parties but is also contingent on personal relationships across parties. Over the years, Pawar has forged links across the political spectrum, funded candidates, nurtured bureaucrats, police officers, those in intelligence agencies, corporates, and marginalised those opposed to him. He has a network all over the country which is well-disposed to him. It was his four decade-long relationship with Sena chief, Balasaheb Thackeray, and the rapport he established with Uddhav Thackeray — from all accounts the “political understanding” was forged before the poll results — which formed the centrepiece of the Maha Vikas Aghadi. Though he has sported the image of being adept at “jorh torh”, he is respected by regional satraps — even more so now — for his political acumen, whether it is Mamata Banerjee, Nitish Kumar, M K Stalin, KCR, Chandrababu Naidu or Mulayam Singh Yadav.

Sharad Pawar could play a unifying role in the Opposition and emerge as a “sutradhar”, because the main players could listen to what he has to say today. Of course, the rise of Sharad Pawar could make the Congress un-

easy. Many in the Congress look up to him but Sonia Gandhi is still wary of him. Yet, she agreed to be a junior member in the Aghadi government, led by the Shiv Sena, in order to keep her flock together in Maharashtra. Also because the Maharashtra experiment could help resurrect the Congress, as an idea and an organisation opposed to the BJP.

The Pawar effect could deepen the fault-lines in the NDA. The exit of the Shiv Sena has emboldened the BJP’s other allies to speak up. The JD(U) has asked the BJP to “introspect”, the Akali Dal is restive, the IJP of Ram Vilas Paswan is fighting the ongoing elections in Jharkhand on its own. Shiv Sena’s one-man demolition squad, Sanjay Raut, has already declared that “they” may be forming an alternative government in Goa.

Pawar will now be called on to ensure the survival of the baby he has successfully delivered. This is not going to be easy, going by the BJP’s belligerence at the trust vote, and the “Ajit factor”. Unless Ajit Pawar is “satisfied”, he could become a magnet for disgruntled elements in the NCP. Sharad Pawar may have calculated that it might be easier to contain Ajit inside the party than outside it.

For the moment, however, by snatching victory from the jaws of defeat, Sharad Pawar has dented the “invincible” image of the BJP, thereby holding out hope for an otherwise down and out Opposition.

The writer is a senior journalist

LETTERS TO THE EDITOR

SLOWING BULLET

THIS REFERS TO the article ‘Bullet train: where things stand’ (IE, December 4). The political interruption on the bullet train project will ultimately shatter the confidence of foreign investors in India. The Economic Survey emphasised on the importance of the foreign investment for growth but this issue will bare the fact that state elections can affect a project worth billions. Moreover, it may also affect Indo-Japan economic relations.

Umang Kumar Srivastava, Agra

CRISIS OF CULTURE

THIS REFERS TO the editorial, ‘The abdication’ (IE, December 4). What is the use of “Beti Padhao” when there doesn’t exist an environment for “Beti Bachao”? What is the use of being independent or making a name in the world if a woman is not safe in exercising that independence? What is the use of thousand laws when there doesn’t even exist one proper way to implement them? What is the use of being a progressive woman when toxic hyper-masculinity dominates the society? This is a crisis of culture. And so, change must begin from home with gender-sensitisation.

Divya Singla, Patiala

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.

DATA VOID

THIS REFERS TO the article, ‘Between the lines of a survey’ (IE, December 4). It is premised on a “deliberate respondent bias” and enumerators are “poorly trained”. This is an erroneous argument and suggests that programmes are targeted at the wrong beneficiary. The authors say that correcting this will take time. It is disconcerting that the country will be living in a data void for an unspecified period of time.

Sanjay Vijayan, Greater Noida

Forget the icon, focus on the issue

It is time policymakers left the subject of free speech and expression to lawyers and focused on what can be done to instill greater confidence in banks and financial institutions



WITHOUT CONTEMPT

SOMASEKHAR SUNDARESAN

We are a society that handles icons far better than it handles issues. So much so that even when issues present themselves, we see the icons involved rather than the issues involved. Indian industry’s outspoken member Rahul Bajaj’s complaint about the environment of fear in corporate India is the latest case in point.

Bajaj spoke in the presence of three Union Cabinet ministers in a public

meeting about the environment of fear that is impeding Indian industry’s functioning. Responding to Bajaj in person, the Union Home Minister handled his views with aplomb — no denigration that an actor’s expression of views on “intolerance” had evinced a few years ago. Indeed, another minister later spoke about how this narrative can eventually be taken to be against “national interest”.

The “mainstream media” has drawn comments not too differently from how social media has covered the event. One newspaper pulled up Bajaj for “speaking half-truth to power”. Others effected the customary hedge — of first pointing out how Bajaj’s intervention should be taken with a pinch of salt before going on to also say that the perception he spoke of must be addressed. The former press advisor to the former Prime Minister, whose book on the functioning of the PMO under UPA-I under remote control from 10 Janpath, had significant traction around the polls in 2014, was

among the few who had a categorical and unequivocal endorsement of the need to address what Bajaj raised.

However, the point of this column is not to point out who said what — this column too would then feed the same trend of shifting focus from the issues to the icons. If one were to focus on the issue involved that was raised rather than on who raised the issue, here is a possible construct of the problem at hand:

- Bank employees see their former colleagues being arrested and charge-sheeted for lending decisions that may well have been bona fide decisions they took on the basis of material available with them;
- Human behavioral response to avoiding hardship is to avoid the action that led to the hardship -- which is being decisive on a loan file -- therefore officials in the financial services sector are extremely reluctant to take decisions;
- Borrowers who have a liquidity crunch as a result are unable to meet routine cash flow requirements and

that can lead to a payment default, which in turn triggers fears of whether a default would be capable of being explained as a liquidity problem, or whether it would necessarily be regarded as cheating;

- If the political rulers feel inclined to help with the situation by encouraging banks to lend, they run the risk of being accused (just like their predecessors they would have accused) of supporting crony capitalism; and
- Therefore, the formation of private capital gets impeded and business is unable to grow, leading to growth slowing down.

Here again, the debate then moves into whether one can call it “recession” (by and large, understood as negative growth for two quarters) or whether a general slowdown in economic activity is synonymous with recession (even if there is growth at a slower rate). Again, most of the public debate moves into whether the label is right — internet memes on “slowdown not amounting to

recession” being compared with banal allegories of health conditions, hijack the issue. Add to it, perfectly intelligent commentators justifying data suppression as a valid policy of governance — it was with dismay that one heard a commentator who also writes in these pages, speak at a book launch several months ago, arguing that every party in power has a right to manipulate statistics to keep a semblance of normalcy around.

The first step in solving a problem lies in acknowledging it. Taking note of who the messenger is, and either shooting him or venerating him, is an exercise in discussing icons. What is necessary is a discussion on the issues raised without being distracted by who raised them and in what forum. It is time for policymakers to leave the subject of free speech and expression to us lawyers, and we can come up with as many nuances on what is a reasonable restriction on free speech and whether the speech content is against national interest. Instead, it is imperative for policymakers to focus on what can be done to instill greater confidence in banks and financial institutions to loosen their purse strings and lend to businesses so that we do not in fact end up in recession.

The author is an advocate and independent counsel. Tweets @SomasekharS

CHINESE WHISPERS

In Twitter, we trust

While Twitter has become a key tool in the hands of political leaders to attack their adversaries, the social media platform is also being used for intra-party communication. Senior Congress leader and former union minister Jitin Prasada recently posted a Twitter message addressed to Uttar Pradesh unit president Ajay Kumar Lallu urging the latter to reach out to freedom fighters alleging that the state government hasn't done much to help them. Lallu acknowledged Prasad's Twitter post and observed that Prasad was his senior and that the state Congress unit would certainly take steps to correct the situation as suggested by the former union minister.

Celebrating Gujral

Senior politicians of all ideological hues attended an event to mark the 100th birth anniversary of former Prime Minister, the late I K Gujral, held in New Delhi on Wednesday. Nationalist Congress Party Chief Sharad Pawar was the star attraction as political leaders milled around to congratulate him for his recent exploits in Maharashtra. There were jokes about Delhi's traffic situation and much laughter when those gathered learnt that former president Pranab Mukherjee was stuck in traffic. External Affairs Minister S Jaishankar was seen chatting with former Prime Minister Manmohan Singh on the dais.

Ethanol-blending policy needs a sugar rush

Why the ambitious timetable may be delayed

SANJEEB MUKHERJEE

India's ambitious target of blending 10 per cent ethanol with petrol by 2022 (that is, three years from now) could go off track unless immediate measures are taken to correct the anomalies that have cropped up in this high-profile policy.

The policy, which could be a viable and long-term answer to the cyclicalities in the sugar sector and a solution to India's bulging oil import bill, has run into rough weather at multiple levels. The principal problems begin with molasses supply from Uttar Pradesh and Maharashtra, which account for more than 65 per cent of the country's sugar production, and 67 per cent for molasses, the basic raw material for ethanol.

UP's sticky molasses policy

Ethanol is a sugarcane byproduct generated during sugar production. Every tonne of sugarcane crushed yields 4-5 per cent molasses. Molasses is processed to make ethyl alcohol and methyl alcohol. The former is unfit for human consumption but methyl alcohol is principally used for making liquor by distilleries.

Last month, the government of Uttar Pradesh, the country's largest sugarcane producer, altered its policy to increase the amount of molasses sugar producer have to sell mandatorily to potable alcohol makers from 16 per cent in 2018-19

to 18 per cent in 2019-20. The previous quota revision occurred just two months ago (from 12.5 to 16 per cent).

The rapid changes in the quota policy has caused much heartburn among sugar millers. They complain that not only has the amount reserved for potable alcohol makers increased but the allocation now includes molasses generated for captive production. That apart, the new reserve price for molasses for 2019-20 is ₹87 per quintal against a market rate of around ₹450 a quintal.

In sum, then, sugar mills in Uttar Pradesh will not only be required to sell a bigger quantity of molasses to potable alcohol makers, than they did last year, they will also have to sell at a price that is substantially lower than the market rate. In 2018-19, the total production of molasses in UP was estimated at 4.8 million tonnes.

The Maharashtra and Karnataka conundrum

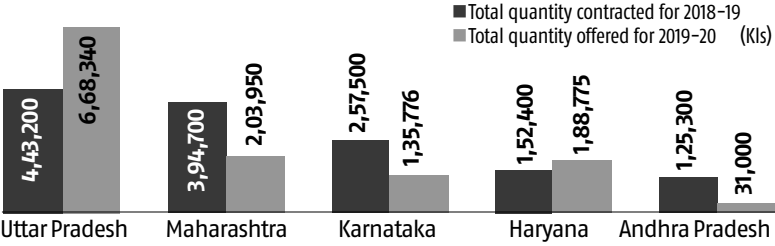
Sugar mills in the country's second largest sugar-producing state find it more profitable to produce rectified spirit and extra neutral alcohol (ENA) from molasses instead of ethanol. Both are produced from fermented molasses — but have a lower alcohol content. Rectified spirit has 95 per cent and ENA 96 per cent. Ethanol is basically alcohol of 99 per cent purity.

At present, rectified spirit is some states fetches ₹43-44 a litre, while ENA is quoting a price of ₹58-60 a litre. Converting rectified spirit to ethanol costs ₹5 a litre, which takes the cost per litre of the latter to around ₹49 a litre.



LOW SPIRITS

Comparative statement showing the quantity of ethanol contracted for during 2018-19 & quantity offered for 2019-20



For 2019-20, the state-owned oil marketing companies (OMCs) are offering an ex-distillery price of ethanol derived from C heavy (or sugar content-free) molasses at ₹43.75 per litre, and for the relatively less produced B heavy molasses (which has some sugar content) at ₹54.27 per litre.

Stagnation

Over the past few months, the Centre has announced a series of incentives to

boost ethanol production in sugar mills, which includes a big soft-loan package of over ₹15,000 crore. So far, however, only ₹800 crore is under various stages of disbursal

Officials said between July 19, 2018 and March 8, 2019, 349 ethanol capacity projects were given in-principle approval by the government of which just around 33 have reached the final disbursal stage because banks have found the balance-sheets of several

sugar companies problematic.

On their part, sugar companies complain that the government occasionally raises fresh “unofficial” hurdles such as making lending conditional on whether they have cleared pending sugar levy obligations (the amount of sugar sold for subsidised distribution)

Compounding this is the fact that initial estimates suggest that India's sugarcane production in the 2019-20 season will be 6 per cent less than last year owing to drought in key growing states.

Lower cane availability means that mills have that much less molasses to divert for ethanol — a key reason most states have offered lower quantities of ethanol to OMCs in the first tender of 1.63 billion litres.

Karnataka-based sugar mills have offered 47.27 per cent less ethanol in 2019-20 over 2018-19, while those in Maharashtra have offered 48.3 per cent less ethanol. Only UP mills offered 51 per cent more ethanol than last year.

Overall, the 1.63 billion litres offered is 33 per cent less than the ethanol contracted in the 2018-19 season (the ethanol delivery season starts from December and ends in November).

Sugar mills were preparing to supply around six billion litres of ethanol in the next two or three years; now say that they can at best reach 4-4.5 billion litres as a result. This will imply a similar delay in India's ambitious timetable of blending 10 per cent ethanol with petrol by 2022, which requires more than 5 billion litres of ethanol annually.

“Unless the implementation issues are sorted out at the earliest, this fantastic policy which is meant to signal a definite move towards clean fuel could turn into a mess,” a senior sugar industry official remarked.

No funds to complete project



Madhya Pradesh Chief Minister Kamal Nath had said that the state's finances were in a mess when the Congress formed the government in December last year. A year has passed and the state government is still struggling to fund its development projects. Many projects including the Pradhan Mantri Awas Yojana-Gramin, the Bhopal-Indore six-lane expressway, and some road projects are waiting for funds. The same is the case with other departments like the Public Health Engineering Department, Public Works Department, and that of water resources. The government dropped the plan for a new Bhopal-Indore expressway because it needed ₹6,000 crore to complete the project. Earlier in July 2019, soon after presenting the state Budget, MP Finance Minister Tarun Bhanot had slammed the former government for spending lavishly.

INSIGHT

Divesting it right

The first deal will clear the path for many more. It will also be the toughest to execute



DHIRAJ NAYYAR

Strategic disinvestment or privatisation is back on the top of the agenda — for the government which is making yet another bid to sell its stake in public sector companies (PSUs) and, therefore, for the many vested and ideological interests which oppose privatisation. The Modi government announced its intention to restart the strategic disinvestment programme in February 2016, 13 years after the last PSU was privatised in the Vajpayee era. Despite cabinet approvals for the strategic disinvestment of at least 25 PSUs, beginning in 2016, not one transaction has materialised in almost four years. That is unusual in a government whose forte is implementation. Will it be different this time around with several big-ticket divestments (of BPCL, Shipping Corporation of India and Container Corporation of India) lined up?

First, it would be useful to understand why no deal has been executed thus far. Perhaps there isn't quite the firm conviction in the top echelons of the government that privatisation is the right thing to do. The recent decision to try and revive the near defunct BSNL and MTNL would seem to suggest that. Also, there are influ-

ential voices in the BJP (such as Subramanian Swamy) and in the wider BJP ecosystem (the Swadeshi Jagran Manch for example) which are explicitly opposed to the government giving up control of PSUs. For them, strategic divestment is either ideologically unpalatable or practically abhorrent because it transfers state-owned assets to private parties at what they believe are throw-away prices.

There may also be the matter of the particular PSUs which were selected to be put up for strategic sale. The most high-profile attempt at a sale made by the government in its last term was Air India which is probably the toughest PSU to divest given its massive debt burden and entrenched legacy issues. Others like Pawan Hans may not have had the burden of Air India but were perhaps not attractive enough for investors to make a bee-line. A similar logic could be applied to units like Bharat Pumps and Compressors or to sundry construction and consulting companies which were simply too small (in revenue and profit) and too large (in terms of employees) to attract interest.

Arguably, the most important reason for the lack of success in getting privatisation off the ground is the reluctance of the bureaucracy to sign off on any deal. The overhang of the CVC, CBI, CAG and courts would make most bureaucrats nervous about sale of state-owned assets even if it is via auction. That creates the incentive for officials to either make the bid conditions so onerous that investors are scared away or to set reserve prices so high that no rational investor would put in a bid or to hive off, before the sale process, assets which may actually interest an investor (surplus land to expand operations for example).

The narrative around strategic disin-

vestment needs to change before any successful privatisation can take place. The government needs to place privatisation in a context of economic efficiency rather than in the context of revenue generation for the government. This is critical. If the dominant narrative is revenue generation, there will be constant accusations of selling the “family silver” and fears about getting the “right” price from a sale. The fact is that only the market can determine the right price, not an administrative fiat. And only private ownership can ensure that the family silver doesn't fade away (like it has in Air India, BSNL and so many others) but instead is made shining. While it is of course true that the government can earn useful revenue in the short run from divestment, the economy (and the government) can gain much more in the medium term by the efficiency gains from privatisation which will increase revenues, profits, employment and taxes from all these companies.

The reality in a revenue generation context is that in hindsight it will inevitably appear that the government “undersold” its asset because of the massive efficiency and valuation gains that private ownership brings. It is a mirage. Government ownership can never bring those valuations for PSUs.

The one reason that the latest round of proposed strategic divestments may have a higher probability of success is that better, more profitable PSUs have been put on the block. That these are listed in the stock market makes price discovery more transparent. However, unless the government shifts the argument towards efficiency rather than revenue, the all too familiar problems may derail a very worthwhile reform. The government must also give full political imprimatur to the sales so that the bureaucracy is not left feeling threatened by potential investigations in the future.

Nothing succeeds like success. The first deal will clear the path for many more. It will also be the toughest to execute.

The author is chief economist, Vedanta

LETTERS

Political stunt



I refer to the news item "Rahul Bajaj criticism can hurt national interest: FM" on December 2 about what Rahul Bajaj (pictured) said regarding the government.

His statement that industrialists are not confident of criticising the government should be dismissed as an instance of party politics. The way some Congressmen have jumped to support him is proof that the statement is not from an industrialist but from a politician. The allegation is that an atmosphere of intolerance has been created. This is completely false. A similar facade had been created earlier during the time of the NDA 1. There is no instance where a corporate person has been harassed for criticising the government. Bajaj is trying to capitalise on incidents such as the arrest of P. Chidambaram and a few others. The courts have remanded them in custody. Bajaj cannot certainly claim that the highest courts are also in cahoots with the government.

Finance Minister Sitharaman is right in saying that false propaganda like that of Rahul Bajaj will harm the interests of the country. Rahul Bajaj's statement should not be given undue importance and must be dismissed as a political stunt.

Sukumar Mukhopadhyay
via email

Cause for concern

The concern expressed by Rahul Bajaj is fully appreciated. At the same time, I would also ask business leaders to strengthen the idea of ethics in business. Every second day we face one

scam or the other — involving banks, builders and so on. Today people do not know where to invest their hard-earned money. Like the industry is asking for “ease of doing business”, we the common people, request that we should be able to “sleep peacefully”. The same business leaders who criticise the government should join hands with it to secure our financial sector/systems. It is not the government's responsibility alone.

TVS Vasan Mumbai

Be careful

This refers to “Tools to detect fraud have to be far superior” (December 3). Frauds are rising in the banking sector, especially in the new age channels like internet banking, credit cards and mobile wallets. First, banks must remember that a lot of their new customers have recently come into the financial system and have low financial literacy and awareness. Many are sub-prime customers. They have leaptfrogged from cash to electronic payments. Particular care must be taken while on-boarding them. Efforts must be made to increase their awareness about the use of these channels so they do not share account/card details with unauthorised persons. Second, banks need to strengthen their IT systems as well as databases and constantly audit them. Operational risks emanating from data leaks from staff, both present and former, vendors, payment processors etc should be plugged.



Third, channel use and payment behaviour patterns of customers should be carefully watched before enhancing credit card limits. Telcos need to exercise much more care while agreeing to open accounts and change SIM cards. Last, the weak links are the mobile wallets. Many of them allow large inflows and outflows without verifying them. This compounds the problem as many of their customers are on-boarded with bare minimal KYC or no KYC. They need to strengthen their fraud monitoring systems and cooperate with banks to prevent increasing number of card to wallet frauds.

Arun Pasricha New Delhi

Letters can be mailed, faxed or e-mailed to: The Editor, Business Standard Nehru House, 4 Bahadur Shah Zafar Marg New Delhi 110 002 Fax: (011) 23720201 E-mail: letters@bsmail.in All letters must have a postal address and telephone number

HAMBONE



© Graphic Syndication UK Tel: 0125703004

ILLUSTRATION: BINAY SINHA



Sri Lanka and the Sino-Indian rivalry

Economically sluggish India faces tough Chinese competition in Sri Lanka and the Indian Ocean

The politically astute and reportedly pro-China Gotabaya Rajapaksa will cultivate both India and China, notwithstanding the \$450 million credit line extended by India to Sri Lanka and their determination to fight terrorism. Sri Lanka wants “equidistant” ties with all countries. Mr Rajapaksa’s election as Sri Lanka’s president will not change much its ties with Asia’s arch-rivals — India and China. India is Sri Lanka’s largest trading partner. China is the largest foreign investor in Sri Lanka and the long-standing arms supplier that provided weapons to Colombo during the civil war. Sri Lanka’s investment and defence ties with China strengthened even under the presidency of the supposedly pro-India Maithripala Sirisena. The strength of the two relationships will hinge on what each offers Sri Lanka.

India’s biggest concern will be whether Beijing’s investments will translate into a stronger strategic foothold for China in Sri Lanka and in the Indian Ocean region (IOR). Neighbouring Sri Lanka’s strategic location in the Indian Ocean is of consequence to India. Sri Lanka stands at the crossroads of shipping lanes that connect China to West Asia. Unlike India, Sri Lanka has climbed on to China’s Belt and Road Initiative. (BRI) But along with India, it joined the China-led Asian Infrastructure Investment Bank as a founding member.

Traditionally, India has regarded the Indian Ocean as its sphere of maritime influence. Parts of the Indian Ocean comprise India’s territorial

waters. About 90 per cent of India’s trade by volume — and all its vital oil imports — are carried by sea, so the safety of sea routes is a strategic and economic imperative.

While recognising that geography gives India a special role to play in stabilising the Ocean and South Asia, China has warned that the Ocean is not India’s backyard.

The Indian Ocean has not been an old-established Chinese sphere of interest. But as the world’s largest oil importer China buys more than 40 per cent of its oil from West Asia. The oil is transported by sea. Unsurprisingly, access to ports in the IOR — and the acquisition of a stake in them — are among China’s top security interests.

Moreover, as an aspiring global power, China has expanded its economic and military presence in the Indian Ocean over the last decade. Confirming the link between strategy and economics, China’s 2015 Defence White Paper highlighted the safeguarding of national security and development interests.

In Sri Lanka, as in other states in the Indian Ocean area, China has increased its clout in two outstanding ways. First, it has built trade and investment ties with them. Second, it has expanded its naval presence. China has thus gained reliable access to naval facilities and a network of deep water port facilities in key points around the Ocean.

India says that China has moved submarines, destroyers, special operations forces and guided-missile frigates into the Indian Ocean.



ANITA INDER SINGH

India Inc has never spoken up

Rahul Bajaj’s comments last week that India Inc is afraid to criticise the government has kicked up a storm. The most meaningless reactions have come from the government itself, with several senior ministers accusing Mr Bajaj of weaving “fake narratives” and hurling “investives” at the Modi government. While one said statements like this hurt national interest, a senior Bharatiya Janata Party member advised the industrialist to “wear your political affiliation on your sleeve and don’t hide behind inanities like there is atmosphere of fear and all that.” The ostensible reason for such outbursts was that Mr Bajaj said what he did to someone no less than Amit Shah. To his credit, the latter was quite restrained in his response.

Loyalty is a good virtue, but does one have to wear it on his/her sleeve all the time? Had they exercised a little bit of judgement, it would have been clear to the ministers and the party office-bearers that every government in India has — rightly or wrongly — faced such accusations. So instead of reacting so viciously, they could have debated internally how the trust factor could be improved with industry and bureaucrats. After all, the current regime was supposed to be a “government with a difference”.

On his part, if Mr Bajaj jogs his memory a bit, he will realise that the “fear factor” or the trust deficit is nothing new. India Inc has been afraid to criticise the government of the day for many years now, and it’s perhaps unfair to blame the current one alone. He would perhaps also remember what the late V P Singh did as finance minister in the Rajiv Gandhi government. On a mission to unearth black money,

Singh had launched a series of probes and raids against some of the most respected corporate groups. Investigative agencies even raided the home of a respected industrialist like S L Kiloskar at midnight and detained him as if he were some petty criminal. But there was hardly any braveheart in India Inc who spoke out against the witch-hunt at that time.

Former Prime Minister Manmohan Singh said the other day that economic development has stalled because of the “profound fear and distrust among our various economic participants.” This may well

be true, but the fact is that the same thing can be said about the environment during the closing years of the United Progressive Alliance regime. Mr Bajaj might have raised his voice a couple of times at that time too, but most others in his fraternity spoke only in hushed tones away from the cameras.

Investigative agencies, such as the Central Bureau of Investigation (CBI), have repeatedly come under the scrutiny of the highest court in the past for either being in league with the powers that be or not discharging their functions as required of them under the law. Successive governments were also alleged to be quite active in browbeating their political opponents; in some cases, their allies; and select bureaucrats and industrialists.

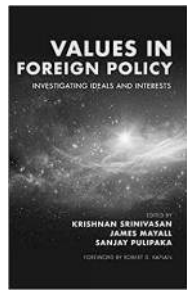
As the leader of the Opposition in the Rajya Sabha, the late Arun Jaitley had said with some justification that the comforting relationship between the political executive, CBI and the law officers had resulted in a travesty of justice during

POWER POINT
SHYAMAL MAJUMDAR

today’s world challenges.

Co-editor James Mayall tackles values in European foreign policy. Examining the influx of refugees and economic migrants into Europe, he notes: “The official

European response... amounted to an insurance policy for their value systems, combining economic assistance to exporting countries to reduce the incentive for people to move abroad, and failing that to establish efficient border posts....” He adds that while Europe practices its “secular liberal values”, it will find it more and more difficult to sustain liberalism abroad while pulling up the drawbridge against the outside world and handling discriminatory pressure against minorities at home.



VALUES IN FOREIGN POLICY: Investigating Ideals and Interests
Author: Krishnan Srinivasan, James Mayall, Sanjay Pulipaka (Eds)
Publisher: Rowman & Littlefield, London

Muslim world. Looking to Turkey and Iran they believe that the political language of Islam in diplomatic activities will expand in the years ahead both as “inspiration for policy formulation and the language of legitimacy”. One might ask how that squares with the Islamic world’s

silence over China’s current repression of Xinjiang’s Uighurs (though Turkey did speak out for a while)?

Co-editor K Srinivasan tackles Indian foreign policy values; “lofty ideals give way to parochial pragmatism”. Summarising the evolution of India’s foreign policy, he argues that principles derived from India’s “presumed moral superiority” and unique universalism “quickly floundered against the harsh realities of government responsibilities and international politics”. He quotes bombastic statements by leaders on India’s role in the world and its uniqueness, jumping to the conclusion that “the nature of its aspirations remains potentially adverse to its greater integration with the global system”. True, at different times, India has taken an “outlier” role (NPT, some phases of WTO decision-making, now RCEP), but the country’s international cooperation track record and participation on global decisions is self-evident. What unrealistic or extravagant assertions by different leaders show is an absence of much-needed domestic dialogue.

Japan proclaimed a “value oriented diplomacy” in 2006 under the Abe government, emphasising universal

values such as democracy, freedom, human rights, rule of law and market economy. Post-war Japan has mainly espoused these universal values. Yet, we see today the stirrings of a more traditionalist national identity. In contrast, the essay on Indonesia shows that in some Asian countries values have provided a certain consistency in foreign policy. A short essay by Professor Zhang Lihua of Tsinghua University gives a boilerplate assertion of how China’s foreign policy is rooted in its ancient culture. It may not be nice to apply a reality check to this essay. When harmony is the desired goal, what does it matter if the methods used to get there are unharmonious?

Seen through a wider lens, foreign policy values will be contextual. When you are at the top of the heap you look for stability and tranquillity. From the bottom, your perspective orients you to transformative change and equity. We can add the words of chapter author Tadashi Anno: “States are likely to espouse those values according to which it is easiest to enhance their self esteem”.

The reviewer is a former diplomat, teacher and author; kishanrana@gmail.com

Protect ordinary investors

They should not be made to pay for Karvy’s unethical conduct

The plot thickened in the Karvy case on Wednesday as the lenders to the brokerage failed to win relief after three days of frenetic legal manoeuvres. The Securities Appellate Tribunal (SAT) refused to allow lenders to retain shares belonging to Karvy clients, which had been illegally pledged to avail of loans. However, the SAT did ask the lenders to make another appeal to the Securities and Exchange Board of India (Sebi) by December 6. It also asked the market regulator to pass a final order on this by December 12.

According to the petitions submitted to SAT, institutions such as Bajaj Finance, HDFC Bank, IndusInd Bank and ICICI Bank lent money to Karvy on the basis of shares pledged to them. But the pledged shares did not belong to Karvy; they belonged to its 95,000 clients, who are mostly retail investors. On Monday, the National Securities Depository Ltd (NSDL) transferred ₹2,013.77 crore worth of shares back to the accounts of 83,306 clients of Karvy. The lenders appealed to the SAT to stop these transfers by NSDL to the beneficial owners, claiming the pledged securities should be transferred to them if Karvy is not able to settle its debts.

The fact is that Karvy’s pledging of shares that did not belong to it was unethical. Ordinary investors, whose assets were pledged without their knowledge, should not be made to suffer for the brokerage’s transgressions. The principles of natural justice are pretty clear in such cases: If a debt is raised and collateralised by pledging stolen assets, the legal owners of those assets will always retain the right to reclaim them. Given the SAT order, it is now up to the market regulator to ensure that the shares in question are returned to their rightful owners, and that this happens in an orderly fashion, without causing a stock market crisis.

It may be true, as the lenders have claimed, that loans against shares are a common practice and they may have had no reason to believe that the shares pledged by Karvy did not belong to it. However, it is incumbent on lenders to carry out due diligence, no matter how common the practice of pledging shares might be. The fact that loans were handed out against assets that did not belong to the debtor does not reflect well on the lenders. Given that this is a common practice, there is an urgent need for market regulators to ensure that the due diligence process for such loans is made more stringent. All dimensions of the case will only be clear once the ongoing forensic audit is completed. It is also unclear to what extent other brokerages have indulged in such shady practices. This case will undoubtedly lead to a situation where lenders become more cautious about sanctioning such loans.

That is actually well and good. It is not a healthy situation for stock market speculations, or real estate transactions, to be carried out on the basis of pledged assets, which don’t belong to the borrower. There has already been some degree of contagion as other brokerages have had problems settling accounts. Sebi should not only ensure that this doesn’t spread, but also protect the interest of ordinary investors, so that they don’t end up paying for loans taken in such unethical fashion by service providers.

Recurring onion crisis

Incentivise storage to ensure steady availability

Onion prices, which have quite frequently seen a steep increase in the post-monsoon season in recent years, normally subside by November. But this year, the high prices linger on and there is no sign of normalisation anytime soon. Though this can partly be attributed to the monsoon-driven delay in the sowing and harvesting of the kharif onion crop, the alarm and scarcity psychosis created by the government through its ill-advised and mistimed market interventions are also to blame. Measures like barring onion exports, ordering emergency imports with relaxed phytosanitary and fumigation norms and imposition of stockholding limits were clear signs of the government’s nervousness. To exacerbate the shortage phobia, Food and Consumer Affairs Minister Ram Vilas Paswan projected the likely crop loss due to untimely rains and cyclones to be as high as 30 to 40 per cent. This, obviously, is shoddy management of a politically sensitive issue that is known to have caused the downfall of some governments in the past.

In fact, the root cause of the recurring onion crisis is the disregard of the reality that while the demand for onions persists the year-round, its supply is seasonal. India, in a way, is fortunate to be able to grow onions thrice a year — in the early kharif, late kharif and rabi seasons. The produce of these crops feeds the market between November and June. The period from July to October is usually the lean season when fresh supplies are not available and the market needs to be fed from the stored stocks. Therefore, the most critical aspect of supply management is the safe upkeep of the surplus produce for the lean period. Unfortunately, this is generally disallowed as storage is viewed negatively as hoarding for profiteering. There is, no doubt, only a thin line between storage and hoarding but this distinction needs to be realised at least in the case of onions. The government’s ill-advised actions like imposition of stock limits under the Essential Commodities Act and raids on those maintaining large inventories deter traders as well as farmers from retaining the surplus produce for subsequent release. Such misguided measures were initiated rather early this year, resulting in worsening the supply crunch and escalating onion prices.

Thus, the need really is to incentivise onion storage to ensure their steady availability. The warehousing of onions is neither difficult nor cost-intensive, though the losses are relatively high because of their semi-perishable nature. They can be stored in open ventilated structures fabricated with locally available materials like bamboos to protect them from rain. A long-term strategy to stave off seasonal price spirals also needs to focus on the preservation of onions through processing to enhance their shelf life. The most simple and cost-effective techniques of onion preservation are dehydration and conversion into onion paste. These products can come in handy to augment the off-season supplies. Consumers can use these products to circumvent high prices of fresh or stored onions. Hopefully, the present onion crisis, which the government is finding hard to surmount, would force it to learn from the past mistakes and look for storage and processing based long-term solutions.

Values and realpolitik



BOOK REVIEW

KISHAN S RANA

This is a fascinating study of a subject, both relevant and elusive. It should provoke reflection. The Introduction asks if there are discrete values that can be described as Asian, and if these exist, are they congruent or in completion with Western values? Eight of the book’s 14 chapters examine values in Asia, and the rest look at the West, the US, Europe and the Islamic world.

In a succinct two-page forward, Robert Kaplan notes that values can be delusional, self-serving or cynical, but without a belief in its own values, foreign policy is nearly impossible to execute. He notes that Chinese “harbour no doubts

about their centrality” in the world. His trenchant advice: “The degree to which Indians can engage in internal discussion about what their civilisational values are — and how they can help improve the world — will actually advance India’s power and influence.”

How West-centric are the values examined in this book? The Universal Declaration on Human Rights adopted by the United Nations at its 1945 founding focused on individual rights, the right to self-determination and civil and political rights. Rights to a decent life and economic equity — today the overriding preoccupation for half the world — find no mention. Of the two principal developing states present at the Declaration’s framing, China was represented by a Kuomintang regime facing an existential challenge; India was immersed in the impending finale to its independence struggle. Consequently, the values of the Global South never became part of a global agenda. The book does not address this omission, which is at the root of many of

The Tribune

ESTABLISHED IN 1881

High seas

Give Navy more funds and ships

THE task of defending India’s maritime borders falls on the Indian Navy. As Navy Day was celebrated, its Chief highlighted the challenges that the force faces in the Indian Ocean and spoke of the need for greater budget allocation. Increasing Chinese presence in the Indian Ocean, as well as aggressive Chinese attempts to find fresh-water ports in littoral states, have been a cause of concern. The ‘String of Pearls’ in the Indian Ocean region has long been a Chinese geopolitical strategic maxim. It has achieved a considerable measure of success in establishing facilities that serve its naval and commercial interests. Chinese presence in Hambantota, Sri Lanka, and its developing the Gwadar Port in Pakistan as a military base have rightly been causes of concern for Indian strategists.

The Navy, therefore, has a significant challenge. It needs more ships, and as its Chief has rightly suggested that even before that happens, upgrade of the existing vessels can go a long way. Admiral Karambir Singh’s practical approach would work admirably since electronic and other enhancements would be force multipliers even as new ships are planned and built. His plea for the restoration of the budget to what it was — 18 per cent of the total defence budget, rather than the present 14 per cent — is also prudent. He is certainly not asking for the moon.

The Navy’s role in defending the territorial waters of the country does not get the attention it deserves. It has played a significant role in wars, including the 1971 Indo-Pak conflict where it got a real chance to show its mettle by blockading Karachi on the one hand, and successfully blockading East Pakistan with the aircraft carrier INS Vikrant on the other. Subsequently, it has been integral to various military operations. It has also carried out humanitarian missions and anti-piracy patrols. The Navy has every reason to be proud of its service to the nation. The need for an adequate budget is a fundamental one and should be fulfilled without much delay.

Vaccine acceptance

Engage with communities to break myths, like Mewat

HESITANCY to vaccines pushes back achievements made in reducing the burden of infectious diseases. It not only puts the unimmunised child at risk to an avoidable sickness, disability and death but also the other children and adults around him. For, the vaccination programme works on the herd immunity principle. Thus, the importance of 90 per cent immunisation coverage, which the Union Government aims to attain by March next year under the Intensified Mission Indradhanush 2.0. The target is to vaccinate children below two years and pregnant women against eight vaccine-preventable diseases. Though a majority of the people have been routinely covered over the years, the gap is challenging. India still accounts for the maximum number of unimmunised children — 7.4 million. In addition, with the country recording the largest number of births in the world — over 26 million a year — and the high mortality rate, the logistics become formidable.

A significant hurdle in the way of spreading the much-needed health cover is the refusal of some families and communities to take vaccination. This stems from unfounded rumours that the injections and drops are a trick of the government to control population. Riding on illiteracy, poor health system and, to some measure, mistrust of the government, the myth has gained currency.

Therefore, enhanced focus on farflung areas and clusters resistant to taking vaccines is essential for the programme to succeed. Engagement with skeptical communities is necessary to educate them about the absolute necessity of this cost-effective medical intervention that has successfully eradicated many diseases that were commonly a scourge to our forefathers. In this regard, the performance of Haryana’s Mewat and Palwal is exemplary. Winning over the confidence of some sarpanches and youth of the areas in the past two has years has played a huge role in the steep hike in coverage from 13 to 68 per cent. It’s a sure-footed move towards a universal and resilient health system. India can overcome the hindrances. It did so when polio was eradicated from the country in 2014. And, has remained polio-free as vaccinations continue.

THOUGHT FOR THE DAY

There is no force that can put an end to the human quest for freedom. — Liu Xiaobo

ON THIS DAY...100 YEARS AGO

The Tribune.

LAHORE, FRIDAY, DECEMBER 5, 1919

EVIDENCE BEFORE THE HUNTER COMMITTEE.

OUR first attitude towards Lord Hunter’s Committee had to be modified when the Congress Sub-Committee decided not to appear or lead evidence before that Committee. But even then we had no idea of treating the enquiry otherwise than as a more or less judicial enquiry, and if things had not since happened to interfere with our original decision, we should probably still have adhered to it in spite of the strongest of all temptations of being useful to the public. The freedom with which a section of the Anglo-Indian Press was allowed to make and did make one-sided comments upon the evidence before the Committee, and the reply they provoked in a section of the national press itself, made persistence in this course neither possible nor expedient. But three considerations still held us back. One was the intervention of the Joint Committee’s report which forced us for a time to lay aside all other topics and concentrate attention upon the problem of constitutional reform. The second was that the detailed report of what appeared to us to be the most important piece of evidence before the Committee, unless Sir Michael O’Dwyer was going to be examined publicly, was still being published in these columns and was concluded only in our issue of December 2; and we naturally thought it both right and proper that the public should have before it the whole of the text before we proceeded to supply it with our own commentary. The third and in a sense the most important of the three was that we considered it necessary, in the best interests of all, of the public no less than of the officials concerned, that the first feelings of boiling indignation and poignant sorrow produced by the disclosures made by General Dyer should be allowed to cool down a little, before steps were taken by those, whose duty it was to take them, to impress the lessons of the incident upon the public mind.

Hong Kong has spoken

396 out of 452 seats go to anti-government candidates in recent polls



JAYADEVA RANADE
PRESIDENT, CENTRE FOR CHINA
ANALYSIS AND STRATEGY

THOUGH the 18 District Councils in Hong Kong represent the lowest layer of the democratic process in the Hong Kong Special Administrative Region (HKSAR) and wield little power, the elections to the 452 District Council seats on November 24 were important and viewed as virtually a popular referendum on Beijing’s credibility and the legitimacy of the Chinese Communist Party (CCP). The results demonstrated that despite the lapse of nearly 22 years after Hong Kong ‘reverted’ to the People’s Republic of China (PRC), neither the central authorities in Beijing nor the CCP in Hong Kong have gained the trust of the majority of Hong Kong residents.

The results were unequivocal: 396 out of 452 seats, or 90%, were won by anti-government candidates, signalling that people do not trust Beijing to genuinely implement the ‘One country, Two Systems’ policy — designed by Beijing and the UK — for governance. Opinion polls conducted earlier by the Chinese University of Hong Kong showed that over 50% of people distrust the police and the government. Pro-government forces won just 58 seats, a collapse from 300. The results reflected that dissatisfaction is deep, with wide support for the demonstrators, though the pro-Beijing media had been projecting that the protests had lost support of those whose work and livelihoods had been affected.

The reaction from Beijing was prompt. Hu Xijin, editor of the official *Global Times*, in a tweet on November 24 attributed the defeat to ‘interference by the West’, pointing to media



RESISTANCE: The protests may have been dubbed ‘colour revolution’, but the results reflect the deep dissatisfaction, and wide support for demonstrators.

Despite 22 years, neither the central authorities in Beijing nor the CCP in Hong Kong have gained the trust of the majority of Hong Kong residents.

reports alleging defection of a Chinese spy to Australia and torture by Chinese authorities of a Hong Kong man who worked for the British consulate, as examples. He was countered by others raising issues such as China’s kidnapping of two book-sellers of Hong Kong. Two Hong Kong-based pro-Beijing newspapers claimed the results were not representative and accused ‘pro-democratic forces’ of threatening the use of violence to intimidate voters.

Official reaction from Beijing was slower, but endorsed Hu Xijin’s tweet. The party’s *People’s Daily* reported the conclusion of the elections, but not the results! A commentary in China’s official news agency Xinhua said, ‘During the past more than five months, rioters conspired with foreign forces and escalated violent acts, which resulted in political antagonism, social splits, and setbacks in the economy.’ *China Daily* observed, ‘The result of Sunday’s District Council election marks a setback for Hong Kong’s democratic development, as the results were skewed by

the illegal activities of the opposition camp to the benefit of their candidates.’ It elaborated that ‘members of the opposition camp, particularly their young agitators, engaged in an all-out campaign to sabotage the campaign activities of pro-establishment candidates and intimidate their supporters from going to the ballot box.’

The protests, which continued for six months and saw hundreds of thousands of protesters coming out on the streets to exhibit support, appear to have galvanised the people. The lowest turnout was of about 3 lakh people with the highest touching well over a million. Government propaganda that the escalation in violence was undermining popular support for the protesters was belied by the voter turnout and results. Over 2.94 million of 4.31 million voters, or almost 71 per cent, voted.

Undoubtedly pro-Beijing organisations such as the Hong Kong Federation of Trade Unions and China’s offices in Hong Kong tried to defuse the situation and muster support in favour of ending the protests. They were possibly responsible for register-

ing many of the 3.9 lakh first-time voters, but the majority of them seem to have voted in favour of the protesters.

On November 28, US President Trump signed into law a Bill passed by the US Congress, requiring the State Department to certify each year that China was upholding human rights. China summoned the US ambassador in Beijing and warned that it would take ‘firm counter-measures’ if the US acted on the law. The Bill has been welcomed by pro-democrats in Hong Kong.

The Hong Kong protests attracted considerable international attention, with students staging marches in sympathy in the US, the UK, Australia and Argentina, but the people of Taiwan felt directly impacted. They followed developments closely and Taiwan’s pro-independence DPP-led government assured that persons coming from Hong Kong would find sanctuary, if sought. Funds for the protesters were collected in rallies. Popular support for Taiwan’s President Tsai Ing-wen, which had dropped, causing the DPP concern, has risen appreciably since the protests.

There were months of delay before Beijing moved to quell the protests, suggesting possible differences within the politburo. Reports claimed President Xi Jinping wanted to prevent a Tiananmen-type event and did not want to spill Chinese blood. The Politburo Standing Committee member in charge of Hong Kong affairs, Han Zheng, also did not appear to be active, travelling to Shenzhen for talks with HKSAR Chief Executive Carrie Lam only in August.

Beijing was seen to get active only after the Beidaihe meeting in August, where the ‘elders’ dubbed the protests a ‘colour revolution’. Despite having nurtured a number of pro-Beijing outfits in Hong Kong for decades, none seemed to have provided adequate information about the protests. Beijing will certainly punish the cadres deemed responsible. Beijing can also be expected to tighten its grip and gradually restrict the scope for political activity in HKSAR.

A comrade’s dream & dilemma

RAJ BAHADUR YADAV

HAVING done my MA (English) from Kurukshetra University in the early eighties, I was bursting with enthusiasm for social change. The tales of simplicity of Ch Charan Singh, comrade Jyoti Basu and Harkishen Singh Surjeet impressed me the most. I was all praise for the lifestyle of Jyoti Basu, who dressed in spotless white *kurta* and *dhoti*, and wore *chappals*. I closely watched when Ch Charan Singh addressed the farmers, sporting a Gandhian cap, occasionally taking a close look at his wrist-watch. Comrade Surjeet wore his white turban in a peasant-like manner and would respond even to an ordinary party worker’s questions gently, without being condescending or show-

ing any sign of annoyance, as most high-profile leaders of the present times seem to do these days.

I was born in a tiny hamlet of small farmers in Pratapgarh district of UP in 1960, but was brought up and educated in Hisar. Now almost 60 years old, I find myself often asking, why do people leave behind their home and hearth in search of greener pastures? Why do they find it hard to forget their native village? Is it really possible for us to flourish in politics without lots of money? My intellectual curiosity about such perennial riddles of life landed me in the company of comrades.

To my pleasant surprise, they belonged to different castes and ethnic groups. Many of them, being too frugal to splurge on good food, clothes

and shoes, spent their entire lives in party offices. I salute them, for they were people’s real heroes. It is also a painful fact that some of them felt tired in their long ideological journey, grew disillusioned and found themselves on the horns of dilemma due to frequent electoral debacles. They seemed to be too puzzled to inspire others. In the distant past, it was rare to spot a turnout in the left parties even, at the district level. Now, you can easily come across one or two comrades everywhere, who have dumped Marxism for personal gains. Politics is unpredictable! Many people fondly remember Charan Singh’s famous statement, ‘The path of India’s development passes through its villages.’ People like me hoped that the CPI and CPM would comfort-

ably fill in the political vacuum caused by his death in 1987 and win people’s mandate to remove poverty, unemployment and caste oppression from UP. They would put a permanent end to mass migration from villages to towns. But the BSP founded by Dalit ideologue Kanshi Ram in 1984, acted as a spoilsport to this lofty dream. Left parties lost many of their Assembly seats to BSP candidates in subsequent elections. Comrades must also introspect why they were politically decimated in West Bengal and Tripura. They ought to know that it is people, and not leaders, who bring in democratic revolutions. Comrade Lenin perceptively remarked, ‘There are decades where nothing happens; and there are weeks when decades happen.’

LETTERS TO THE EDITOR

Visionary leader

Gujral was a distinguished, non-controversial, visionary leader and astute diplomat who became PM during the most crucial period of India’s political history (‘Dirty politics not for him’, December 4). He was endowed with the qualities of head and heart, which made him stand apart. We should not celebrate his birth anniversary as a mere ritual. Rather, we should endeavour to emulate his cherished ideology of secularism, socialism, adhere to democratic values and promote friendly relations with neighbouring countries. This will be the best tribute to him.

HARMOHIT SINGH, HOSHIARPUR

Amritsar’s gratitude

Refer to ‘Dirty politics not for him’ (December 4); though Gujral remained PM for only a year, he will be remembered as a gentle and noble soul; a poet-PM who was never unkind even when dealing with his adversaries. Amritsar will remain indebted to him for the international airport sanctioned by him. It is the bedrock of the only industry that is successfully running in Punjab, viz. the hotel and tourism industry. All other industries have moved to neighbouring states. It is a pity that our polity does not value talent

or competence.

MOHAN SINGH, AMRITSAR

Bring in changes

Apropos ‘No end to rape’ (December 3), the following amendments, if incorporated, may bring a concrete decline in rape cases — (1) difference between a juvenile and an adult offender should be done away; (2) framing of charges and conclusion of trial must take place in three months; (3) High Courts and Supreme Court (if appeal is filed) must give their verdict in two months; (4) the only punishment for rape/gang-rape followed by murder should be death sentence and castration. Only such deterrent amendments can save the dignity of a woman from predators.

SUNAINA, CHANDIGARH

Rapist will hang if...

Apropos the ghastly Telangana rape and murder of a veterinarian, if a big shot’s daughter were raped and/or killed, immediately all rules and laws will be changed and the rapist will certainly be hanged.

DS THAKUR, SHIMLA

No mercy for Rajoana

Refer to ‘No pardon granted to Rajoana: HM’ (December 4); why should Sukhbir Badal feel aggrieved and the SGPC president shocked by

Amit Shah’s statement, when a proven killer is convicted by the SC to be hanged? Terrorists deserve no pardon, whether they are Sikh or of any other religion. It is distressing that to save a terrorist, there is so sharp a reaction from Sukhbir. His show of sympathy does not bode well for peace in the state, given the Kartarpur passage which may be misused by Pakistani terrorists and Khalistanis.

MS KHOKHAR, BY MAIL

Animal sacrifice

It is shocking to learn that 30,000 animals would be sacrificed at a two-day religious event in Nepal (‘30,000 animals to be sacrificed at Nepal temple festival’, December 4). Sacrificing any living creature in the name of religion is absurd. Not only is it ethically wrong, but also contributes majorly towards global warming. In this era, when the world is grappling with environmental challenges like never before, such events involving mass slaughter of animals should be strongly condemned. The government and the judiciary of the nation concerned should be pressured by way of a global movement to ban such events.

SIDDHARTH OSWAL, LUZHIANA

Mobiles, but no salaries

Refer to Punjab CM’s promise of giving mobile phones to youth; it is iron-

ical as government employees who work from 8 am to 5 pm haven’t received salaries yet. Those who have retired are complaining of delay in pension. How can we envision diligent work from them and expect their contribution in the country’s growth?

MEHUL MONGA, AMRITSAR

Naval budget

To protect our territorial interests, defence forces should be equipped to meet any challenge, especially at a time when there are hostile neighbours (‘Need assured budget: Admiral’, December 4). The Navy’s share of the budget has declined from 18% in 2012-13 to around 13%, which depicts a dismal picture. Addressing the serious concerns of the Navy, the government should immediately release more funds.

SK KHOSLA, CHANDIGARH

POK, not PAJK

The article ‘A pattern marks London terror attacks’ (December 4) uses the abbreviation PAJK to describe Pakistan-occupied Kashmir in the beginning, which may be justified as giving an introduction to the positions held by Pakistan and India. However, subsequent use implies that the writer endorses the Pakistani position. This is unacceptable to every Indian.

DEEPAK KAPOOR, BY MAIL

‘Here was Gujral; when comes such another?’



HARSIMRAT KAUR BADAL
UNION MINISTER FOR FOOD PROCESSING INDUSTRIES

AFTER Mahatma Gandhi's call for "ahimsa" and Atal Bihari Vajpayee's slogan "insaaniyat and jamhooriat", the other ideal that has emerged from India and ignited hope for humanity based on a vision of a world without conflict is the famous "Gujral Doctrine". Visualised and articulated by the late Prime Minister Inder Kumar Gujral, the doctrine is rooted in the ancient and original Indian vision of "*Vishwa Kutumbukam*"(the whole world is one family). It summed up not just a political and diplomatic approach but also the whole persona of the author himself.

Suave, humble and cultured to the fingertip, Gujral sahib was the quintessential conflict resolver, a diplomat "to the manner born." And better than any career diplomat, he understood that diplomacy was far more than mere stratagem or political guile; it was the most civilised way of addressing and resolving conflicts that, left unattended, could sprout a harvest of hate and, consequently, war.

That the Gujral Doctrine was sired by the first Punjabi to adorn the Indian prime-ministerial office was no surprise. Punjab has for centuries been the melting pot for major civilisations

and religions of the world. It was here that Alexander the Great was first seriously confronted and challenged. The Greek warrior-emperor was so impressed by what he saw that he ended up befriending scholars and seers from the land of the Vedas. What is common between Alexander's experience on the one hand and the Gujral Doctrine on the other is that both were rooted in a new world vision based on peace and international understanding, and that both emanated from the verdant landscape of Punjab.

Typically, Gujral sahib's elevation to the top post in a political climate of chaos was also of a piece with his persona: he was the consensus choice of political parties of divergent philosophies. This symbolised the persona of Gujral sahib, always a man of consensus who could miraculously find a common ground even between sworn enemies.

By the time he formulated the Gujral Doctrine, which till now holds the key to the resolution of international conflicts, especially among neighbouring countries, IK Gujral was already the first name that would come to anyone's mind while talking about matters of foreign policy.

And yet, despite his unimpeachable reputation as a global leader, acceptable even to adversaries, Gujral sahib never allowed himself to be cut off from his roots. Punjab remained his first love, no matter where he went. In the 1980s, when his home state was literally in flames and fear had silenced almost all voices of sanity, Gujral sahib stepped forward as a responsible son of the soil and interacted not only with leaders and opinion-makers, including



IK GUJRAL BIRTH CENTENARY STRONG BOND: Gujral never saw a conflict between his patriotism and his strong espousal of the cause of his home state, Punjab.

Apart from Gujral sahib's intense love for his state, it was his emotional bonding with Sardar Badal that finally saw Punjab emerge out of the crippling burden of a special term loan of Rs 8,500 crore. Punjab had been burdened with this unbearable loan during the years of militancy.

teachers, writers and lawyers, but even the rural masses. He was the first leader from the national level to dare to address gatherings of Sikh students in the sensitive city of Amritsar, pleading for peace in the wake of the army assault on the Golden Temple.

In one such address at Khalsa College, Amritsar, just a few weeks after that assault, Gujral sahib won the hearts of the Sikh youth when he said, "The country need not preach patriotism to us the Punjabis. If anything, they need to come to Harmandar Sahib to take elementary lessons on patriotism from the Punjabis, especially the Sikh youth."

Gujral sahib never saw a conflict between his fierce patriotism on the one hand and his strong espousal of

the cause of his home state, Punjab, on the other. His personal relations with almost all Akali leaders — from the days of Sant Fateh Singh and, later, Sant Harchand Singh Longowal and Gurcharan Singh Tohra — always exuded cordiality, warmth and understanding. He knew that the Akalis were being treated unjustly and that their struggle for a federal India was not only peaceful and democratic but also pitched firmly within the ambit of the Constitution. He backed the Akali demand for more financial powers to the states, as also for the preservation of the heterogeneous religious, cultural, linguistic and regional character of India to promote "unity in diversity."

Although he enjoyed enviable and unmatched respect among every Akali leader, his bond with the tallest Akali stalwart and the five-time Chief Minister of Punjab, Sardar Parkash Singh Badal, was of a nature seldom seen among two tall public figures, and that too from the same state. There was something unbelievably sentimental in the voices of the two whenever either of them spoke about the other.

Apart from Gujral sahib's intense love for his state, it was his emotional bonding with Sardar Badal that finally saw Punjab emerge out of the crippling burden of a special term loan of Rs 8,500 crore. Punjab had been burdened with this unbearable loan during the years of militancy when the state was governed directly by the Government of India under successive Congress regimes. The Centre would take away all the revenues from Punjab and yet put all the fiscal costs of fighting militancy on the poor and suffering people of the state. The problem itself was the creation of

the Centre's own failures and machinations in the first place.

When Gujral sahib became Prime Minister, Sardar Badal requested for a meeting, suggesting that he would send the state's demands in advance, which the PM could get examined and processed by Central departments before the meeting. That was exactly what was done. When the meeting started, the special term loan of Rs 8,500 crore was the first to come up for discussion. But even before any discussion could start on the subject, Gujral said, with a flourish of his hand, "Waived. Move to the next item." That was that. A meeting that was scheduled to last the whole day was over in 20 minutes flat.

Later, in an aside with the PM, Badal remarked in an emotional tone: "Punjab owes nothing now to the Centre. But it owes a lot to its own son, Inder Kumar Gujral." Gujral Sahib held Mr Badal's hand in both hands and quipped, "Punjab never owed anything to anyone. Punjabis fought the nation's war and paid for it with their blood. It is the nation that owes a debt to Punjab."

Today, when Gujral is no longer with us, his state still looks back on those years with great warmth and a touch of sadness. The Doctrine which became known by his name still remains the best formula to address issues not only of international nature but also domestic and, to some extent, even of a personal nature. Apart from summing up a political and diplomatic approach, the Gujral Doctrine is also a recipe for a new approach to life. There is huge legacy for his competent son Naresh Kumar Gujral to promote.

To sum up, 'Here was Gujral; when comes such another?'

BJP on a sticky wicket in Jharkhand



SABA NAQVI
SENIOR JOURNALIST

The larger worry is that without a wave, will the BJP's OBC votes splinter? That is why Amit Shah has given interviews to say they would get a majority on their own (something that's never happened in Jharkhand) and the AJSU will support them after the elections as well. The BJP leadership has been speaking of ideological issues like the Ram Mandir, Article 370 and NRC, but till the second phase of voting in a five-phase election, this did not appear to be a Hindutva election.

IN the shadow of the Maharashtra humiliation, the ruling BJP in Jharkhand is immersed in an Assembly election that is not going according to script. Just two months ago, the party had been confident that its government was popular and the campaign pitch was planned around the name of Chief Minister Raghubar Das - "*Ghar Ghar Raghubar*" (home to home, it's Raghubar) was to be the slogan.

But as the election date came closer, internal surveys showed increased anti-incumbency against the CM and the ruling party. So, the focus on Das was dropped; in all campaign material, the CM (an OBC) is now shown along with PM Narendra Modi and small photographs of former tribal CMs of the BJP pantheon are also included. The slogan now is "*Jharkhand Pukara, Bhajpa Dobara*" (Jharkhand calls for BJP again). The BJP worries about losing support of two social groups. One is the Adivasis that constitute 27 per cent of the population. The BJP had broken through in a section of the tribal society following diligent organisational work by the Sangh Parivar since the 90s in what was south Bihar. After the formation of Jharkhand in 2000, the party projected various tribal leaders, although they often won with support of non-tribals.

The backbone of the BJP's base, however, has been the OBCs and the numerically small but economically significant upper castes. Now this is a local election, fought between BJP and the JMM-Congress-RJD alliance, with two smaller parties in the fray, both of which can act as spoilers for either side. The AJSU (All-Jharkhand Students Union) that was in alliance with the



POLL WOE: There is increased anti-incumbency against CM Das and the ruling party.

BJP is contesting on its own and essentially represents the Mahto OBCs (akin to Kurmis). On the ground it is creating more problems for BJP candidates.

The larger worry is that without a wave, will the BJP's OBC votes splinter? That is why Home Minister Amit Shah has given interviews to say they would get a majority on their own (something that's never happened in Jharkhand) and the AJSU will support them after the elections as well. The BJP national leadership has been speaking of ideological issues like the Ram Mandir, Article 370 and NRC, but till the second phase of voting in a five-phase election, this did not appear to be a Hindutva election.

There are parts of Jharkhand that are deeply communalised, but as the Muslim community has not done any public protest against the SC verdict on the Ram Mandir, the fizz has gone out of the issue. The NRC, repeated in the BJP manifesto for Jharkhand, could have been an issue in areas bordering West

Bengal, but as it turned out to be counter-productive in the recent byelections in Bengal, the BJP cannot depend on it in Jharkhand. Still, in a state where hate crimes and lynchings have taken place, the communal tinderbox can be stoked at any point and the Muslims remain guarded even as there is a migration into areas where they feel there is safety in numbers. Asaduddin Owaisi's AIMIM is contesting some seats, but is unlikely to make a mark, although he draws crowds. The state has a 14.5 per cent Muslim population and a section of tribals are Christians. The BJP would like to play on both fronts but so far ideological issues are not connecting and local issues are dominating the discourse.

Land is the big issue of these elections. Das is the first non-tribal CM and an impression has gained ground that he represents forces that would like to take over tribal lands. His government tried to amend the century-old Santal Pargana Tenancy Act and Chhota Nagpur

Tenancy Act. Such amendments would have eased handing over tribal lands to private investors and/or given ownership to local non-tribals who still need a tribal front. The government had to backtrack after protests, but mid-election, any travel to tribal-dominated parts reveals that the damage has been done.

Khunti district has elected BJP representatives in the last three elections. But the Munda tribals of these parts, when they agree to talk, say they will probably vote for the bow and arrow (symbol of the JMM) and not for the "phool": the BJP's lotus. Some of them will not vote as they are in the process of declaring "independence" from the republic. For, this region is known for the Pathalgadi movement that began in 2017 and picked up momentum in 2018 when villages installed stone tablets, declaring they were only answerable to the gram pradhan (village council) and that state and central writ would not extend to them. The stone slabs on roads in parts of Khunti, are an embarrassment for the Das government. The administration admits that the movement has spread to over 100 villages in Khunti and some villages in adjoining districts and even parts of Chhattisgarh.

Jharkhand has about 40 per cent of India's natural resources, so the truth about the quality of life is tragic. The state has been wanting in spreading equitable justice to people, particularly in tribal areas. Yet, mighty fortunes have been made in the mines and manufacturing hubs and all political parties are tainted by corruption.

Some hours' drive from Khunti, where some people believe there is greater protection, is disconnecting from the state,

a dystopian reality is playing out in Jamshedpur, the town set up by the mighty Tata. The economic slowdown has hit both Tata Steel and Tata Motors and there are block closures on several days in the factories. While the Tata workers still have their jobs, the worst hit are the thousands of labourers that worked in auto-ancillary units around Jamshedpur. Estimates of job losses range from 10,000 to 30,000 and daily wagers who earned Rs 450 are ready to do any work that pays even far less.

BJP workers point out that Adityapur does not lie within the constituency of Jamshedpur East from where the CM is standing and that daily workers are often not voters in the place where they seek work. That is indeed true and a practical but sad reflection of how political calculations are made.

But equally true is the spectacle of the CM being challenged in his own seat by his former minister Saryu Rai who is standing as an independent after being denied a ticket. Saryu Rai is a veteran from the RSS/BJP stable and represents the rebellion of the old guard. BJP workers can be found in his camp office talking about the corruption of the Raghubar Das government as Rai presents himself as an anti-corruption crusader. To add a twist to the tale, Rai has got the support of the JMM, although the Congress has a candidate in the seat. Still, most locals say that the CM will pull through in the seat he has always won since 1995 with a reduced margin. The script for Jharkhand, therefore, has twists and turns. It is not a done deal for the BJP, although conventional wisdom says it will be the single largest party in a house of 81.

QUICK CROSSWORD

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

ACROSS

1 Ungainly (7)

5 Wrapping material (5)

8 In a state of desperation (2,4,4,3)

9 Figure out (5)

10 Ancestry (7)

11 Unpretentious (6)

12 A succession (6)

15 Shake involuntarily (7)

17 Be of advantage (5)

19 Menacing show of power (5-8)

20 To correct (5)

21 Propriety (7)

DOWN

1 Collect together (5)

2 Well-informed (13)

3 Eternal (7)

4 Move lackadaisically (6)

5 To don (3,2)

6 Evasive reply (13)

7 Reparation (7)

11 French painter, d. 1954 (7)

13 Resilient (7)

14 Recompense (6)

16 Mix (5)

18 Spindly (5)

SU DO KU

1

3

8

9

2

5

2

6

1

5

8

3

9

8

4

V. EASY

CALENDAR

DECEMBER 5, 2019, THURSDAY

■ Vikrami Samvat 2076

■ Shaka Samvat 1941

■ Marghashirsh Shaka 14

■ Marghashirsh Parvishte 20

■ Hijari 1441

■ Shukla Paksha Tithi 9, up to 4.16 am

■ Vajra Yoga up to 3.44 pm

■ Purnvabhadrapad Nakshatra up to 8.07 pm

■ Moon enters Pisces sign 1.23 pm.

YESTERDAY'S SOLUTION

4 7 1 8 9 3 6 5 2

8 5 3 7 6 2 9 1 4

6 2 9 5 4 1 8 7 3

5 9 7 3 2 6 4 8 1

3 6 2 4 1 8 7 9 5

1 4 8 9 7 5 3 2 6

7 1 4 2 3 9 5 6 8

2 3 5 6 8 7 1 4 9

9 8 6 1 5 4 2 3 7

FORECAST

SUNSET: 17:21 HRS

SUNRISE: FRIDAY 07:06 HRS

Sunny

Partly Cloudy

Cloudy

Rainy

Foggy

CITY

MAX

MIN

Chandigarh

22

08

New Delhi

23

09

Amritsar

22

06

Bathinda

23

05

Jalandhar

22

05

Ludhiana

21

06

Bhiwani

21

08

Hisar

22

07

Sirsa

23

08

Dharamsala

14

06

Manali

14

-01

Shimla

16

05

Srinagar

11

00

Jammu

21

09

Kargil

-06

-13

Leh

-06

-14

Dehradun

25

08

Mussoorie

18

08

TEMPERATURE IN °C

epaper.tribuneindia.com

RBI may cut repo, but bonds may still not yield

With poor loan-demand, repo rate & transmission don’t matter as much; cleaning up NBFC mess is the priority

NEVER BEFORE HAS the repo rate been less relevant than it is currently. The real problem today is neither one of very high interest rates nor that of lack of transmission. It is that companies don’t want to make big investments, not too many individuals want to leverage, and banks, too, are reluctant to lend. So, it is both, a demand and supply problem.

At one level, subdued credit flows in the aftermath of the NBFC crisis are probably the biggest reason for the slowdown in the economy. The irony is that the system is awash with money—an average surplus of around ₹2 lakh crore, but loan growth is crawling; in the fortnight to November 8, it dropped to a two-year low of 7.9% year-on-year (y-o-y). Seen another way, loans between April and November 8 have increased by a mere 0.8%. The government’s outreach programme, initiated in October, has seen public sector banks open their cheque books; therefore, the loan growth in November may look better. But, the fact is, there is virtually no demand from companies for project finance, and very little for working capital limits. In Q2FY20, State Bank of India’s corporate portfolio grew a little over 2% y-o-y. Banks can’t be blamed for not wanting to take on corporate risk; they have been badly burnt, and given the way the finances of companies are unravelling—there have been 3,300 downgrades in 2019 so far, or ten a day—they are justified in staying away from weak and potentially weak exposures.

Reserve Bank of India (RBI) governor Shaktikanta Das had observed recently that the central bank can’t be forcing the banks to lend. That is absolutely the right approach. Unfortunately, there is little the RBI can do right now to stimulate demand because even if banks lower interest rates, following a repo rate cut, companies are unlikely to rush to invest. SBI chairman Rajnish Kumar was right when he said companies don’t really worry too much about interest rates while making investments. At a time when private consumption demand is muted, pricing power is absent, and there is a lot of surplus capacity, there is little reason for them to create more capacity. Nonetheless, RBI should trim the repo, by about 25 basis points, to enable banks to lower their loan rates; it is possible that if loans get meaningfully cheaper, individuals may be willing to borrow to buy cars or two-wheelers. This is important because rising food inflation could, at the margin, hurt demand for other goods. For the moment, the central bank needs to look through what is probably a transient pressure on food prices—core inflation is, in any case, very low, tracking at just 2%—and make growth its only priority. Else, capacity utilisation will remain low for longer, the investment cycle will be slower to turn, and the long-term potential growth, too, will fall.

To be sure, there is a serious problem with the fisc since nominal GDP is now expected to grow at just 8-9% this year, and not 12% as budgeted, but this is unlikely to stoke inflation as the demand is very poor. What RBI can do is to speed up the clean-up in the NBFC sector with an asset review, and facilitate consolidation in the space. Once the true quality of the balance sheets becomes known, it will be easier to revive credit flows.

COAI's collusion capers

Asking Trai to set price-floor is a bad idea, withdraw it

FOR THOSE USED to the older telcos like Bharti Airtel and Vodafone Idea battling it out with Rjio at even the Cellular Operators Association of India—recall Rjio’s angry letter when COAI petitioned the government for relief on the SC’s AGR verdict—their patch-up has to be good news. COAI has written to the telecom regulator, Trai, asking it to fix a floor price for data, and has said that all three telcos agree to this demand. Beyond the fact that yesterday’s bitter rivals have buried the hatchet—lakhs of crore rupees of bank loans and government dues could have sunk due to the destructive tariff war—their demand is quite worrying as it signals that price cartelisation can soon be the norm in the industry.

Given how the average realisation per user (ARPU) for the industry fell from ₹174 per month before Jio began its ultra-aggressive pricing to ₹113 now, while data consumption rose from 153MB to 10GB, and voice minutes rose from 400 to 700, it is clear that the latest hike in tariffs by all telcos is not price-gouging. But, if the three telcos announced a price hike almost simultaneously—and the move looks like it was initiated by the government—when does it become price-gouging? And, at what level will Trai or the competition authorities start probing it? Asking for a floor price is also ironic since, till recently, while Trai and Rjio argued against it, both Airtel and Vodafone Idea asserted that the interconnection usage charge—IUC is paid to a telco when there is a call to its network from another network—was, in fact, a floor price, and by pricing its calls at below the IUC, Rjio was guilty of predatory pricing.

Interestingly, since in a 4G network, even voice calls are essentially data packets, a floor price for data means COAI wants a floor price for all tariffs, whether ‘voice’ or internet-based ‘data’. The obvious question that comes to mind is that, since the bloodbath was caused by Rjio, and Rjio also wants a minimum floor price for this data—presumably above the level that is being charged right now—why doesn’t Rjio just raise the price and, soon enough, the others will also follow. COAI’s letter shows that the operators don’t trust one another: “tariff correction... is not possible by any service provider voluntarily”. It goes on to say, “we expect tariffs regulated and decided by Trai will ensure that the telecom industry remains healthy and robust”. An industry that fought for ‘forbearance’—that is, Trai would no longer examine each tariff plan of telcos—is now asking for its formal burial. If Trai rejects the demand for a floor price, after a series of bad decisions over the past few years, it will be making the right one.

Auditing AUDITORS

Monetary fines are a good idea for those who fail to do their duty, but a blanket ban also serves a useful function

A S A GENERAL rule, monetary fines are preferable to outright bans; to that extent, a committee under corporate affairs secretary Injeti Srinivas is right to recommend monetary fines on auditors. The bans, the committee feels, should only be done if it is proved the audit firm was obstructing justice. But, if this is implemented in the current context of the 2-year ban on PwC for its role in the Satyam scam, and the 5-year ban the government wanted on audit firms Deloitte and BSR (part of KPMG) for their role in the IL&FS scam, it results in incomplete justice; the Bombay High Court has given interim relief in the IL&FS case.

Audit firms are the first independent check on boards and the management of companies; rating agencies, banks, and investors rely on their judgment; when they are compromised, the entire financial system is put at risk. IL&FS’s debts are around ₹100,000 crore, more than half of which is owed to PSU banks. When a Satyam or an IL&FS was trying to impress investors with its corporate governance and clean accounts, it used the PWC/Deloitte/KPMG tag—indeed, the smaller audit firms who actually do the audits derive their lift from being part of the PWC/Deloitte/KPMG network—so, if the prestigious network is let off with just a monetary fine, it will have no obligation to ensure that partner firms do their job properly. In the IL&FS case, there were 141 subsidiaries, 12 associates, and 26 JVs whose accounts were audited by other audit firms; since the main auditor knew the consolidated group debt was ₹100,000 crore, surely it needed to flag this, and the fact that servicing this was near-impossible?

It is, of course, true that the directors of firms also need to be punished—in the case of IL&FS, even as its debt rose from ₹49,000 crore to ₹91,000 crore in four years, its risk management committee hardly met or flagged the issue. But, not punishing directors doesn’t mean letting off auditors is okay.

FOR THOSE WHO brave the treacle-like Bangalore traffic, the board outside the tax office near Chinnaswamy cricket stadium offers a chuckle as it says “TDS isn’t Tedious” in a dark maroon font. While it can be argued that it isn’t tedious, thanks to simplifications since its introduction in 2004 (or due to Stockholm Syndrome, as one chartered accountant wryly put it), it has slowly become excessive on various sections of businesses, especially professionals and services companies.

The Tax Deducted at Source, or TDS, framework was introduced as a “pay as you earn” mechanism to help taxpayers clear their tax dues as they earn funds instead of having to grapple with a large payment in one shot. It helps reduce tax avoidance by ensuring that a paper-trail for income is created, and making reconciliations for the tax department easier, along with helping the government smoothen its fund flow instead of waiting for quarterly advance tax payments. Captured in sections 192-196 of the Indian Income Tax Act, there exist over 20 provisions governing TDS and their respective rates. If one were to segregate the current TDS framework, it can be framed as passive income versus active income, with differential rates for both. Passive forms of income, such as interest on securities, dividend, rent, etc, have a high rate of 10% or more, with active incomes, such as commissions, payment to contractors, etc, having a relatively lower rate of 1%-5%. Salary income has the most progressive system—it is pegged to the normal slab rates, and thus varies proportionately with the income of the salaried taxpayer.

Amount (₹)			Amount (₹)		
Particulars	Company	Firm/individuals	Particulars	Company	Firm/individuals
Income	10,00,000	10,00,000	Income	10,00,000	10,00,000
TDS u/s 194J @10%	1,00,000	1,00,000	Less: Expenses	5,45,455	6,66,667
Implied profits	4,54,545	3,33,333	Profit	4,54,545	3,33,333
Implied profit margin	45.45%	33.33%	Profit margin	45.45%	33.33%
Effective tax rate* of companies in the manufacturing and non-manufacturing sectors (FY2018-19) - Number of companies: 8,41,687			Tax on profit @22%/30%	1,00,000	1,00,000
Sector	No. of firms	Share in total profits (%)	Share in total tax liability (%)	Effective tax rate (%)	
Manufacturing	1,30,676	38.92	36.74	27.83	
Non-manufacturing	7,11,011	61.08	63.26	30.55	
Total	8,41,687	100	100	29.49	
*Effective tax rate is inclusive of surcharge and education cess					

The risks of climate-friendly banking

The European Union must consider its decision on loosening lending rules to tackle the climate emergency against the necessity to maintain a stable financial system

AS PART OF EUROPE’S promise to become the first “climate-neutral” continent by 2050, the region is emerging as a leader in creating standards for green investments. But the push to get its banks to back sustainable assets needs careful scrutiny.

At the core of the European Union’s project is the creation of a single set of definitions to determine what economic activities are sustainable and should count as green. To take just one example, for a transport project to be labelled green, the passenger trains would have to have no direct emissions or they must be below a certain threshold. The initial aim is for these classifications to form the basis for framing green bond issues, but they will go beyond that: They might well shape government spending and central bank stimulus programs.

In the world of finance, Brussels is especially eager to encourage green loans as well as bonds. The European Commission is examining whether banks should be encouraged to fund sustainable industries via a potential softening of the EU’s rules on capital charges on their lending. In Europe, where businesses use bank credit (rather than bond and stock markets) for much of their financing, addressing where these loans go will be critical in tackling global warming.

But, anything that encourages European banks to increase their risky lending will have industry regulators fretting, and rightly so. The wounds of the

financial and sovereign debt crises are still fresh.

Banks have, of course, become more resilient to shocks in recent years. By some metrics, Europe’s lenders have more than doubled the capital they hold against their assets, when the latter are weighted by their riskiness. But, negative interest rates, sluggish economic growth, and the need to spend on technology mean profitability is still lacklustre.

Europe’s bankers are already chasing risky lending to try to boost returns, the European Banking Authority warned last week. This explains a headlong rush into commercial real estate, small and medium-sized businesses (SMEs), and consumer credit.

So it is no surprise that the idea of setting aside less capital for green loans is a red flag for supervisors. While it might improve short-term returns, it could stoke the return of excessive leverage. “Any capital relief for green assets must be based on clear evidence that they are less risky than non-green assets,” Andrea Enria, Europe’s chief banking regulator, said last month.

Valdis Dombrovskis, a vice-president at the Commission, favours a similar mechanism for lowering capital charges on green loans as is used for lending to SMEs. Recent data show such relief does spur credit expansion. Bank lending to smaller companies has increased by more than 20% since 2014, while loans to large companies have dropped 9%,

TAXING GROWTH

THE PRACTICE OF A HIGH TDS RATE ON THE INCOME OF PROFESSIONALS AND SERVICES LEADS TO DISTORTIONS IN TAX RATES, HIGH REFUNDS, AND LIQUIDITY CRUNCH

TDS isn’t tedious, but it is excessive

SIDDARTH M PAI

Founding partner, 3one4 Capital
Views are personal

The primary exception to this seems to be payments to professionals, or services under section 194J. Fees for professional services (defined as legal, medical, engineering, accountancy, technical consultancy, and other items listed), technical services, royalty, and payments to directors (other than those as employees) have a rate of 10% if such payments are above ₹30,000 a year. It is here that the TDS framework becomes more pernicious than progressive.

The principle of income tax is that it is a tax on income, which is classified into five categories in India: Income from salary, income from house-property, profit and gains from business and profession, income from capital gains, and income from other sources. Of these, income is classified as revenue receipts for salaried class, renters, investors, and others, and as profits for businesses and professionals, i.e., income tax is on the gross-receipts for four out of five categories, but its on net receipts (profits) for those in any business or profession.

Yet, for professionals and those in the services field, TDS flips the principles of income tax and TDS on its head by applying a high withholding tax rate on income to a field where the income isn’t taxed, but the profits are. It is this practice of a high TDS rate on the income of

professionals and services that leads to distortions in tax rates, high refunds, and a liquidity crunch for services.

If one were to take an example, a services business with a turnover of ₹10 lakh would have 10% of its revenue withheld as TDS, equal to ₹1 lakh. The tax rate on the business would be either 22% or 30% (for companies or firms/professionals, excluding surcharge & cess). Assuming that the TDS accounts for 45.45% net profit margin for companies, and a 33.33% net profit margin for firms/professionals! No business at scale has a net margin of over 33%, and a tax rate that assumes so is fatuous. This calculation is illustrated in the accompanying graphic.

The implication is clear: unless a business has a net profit margin above 33%, the current TDS rates are excessive and onerous.

It may be argued that services are a small portion of India’s tax receipts, but the 2019 receipts budget highlights that non-manufacturing companies, a majority of which are in services, contribute over 63% of India’s corporate tax revenue. Services also contributed to 56.19% of India’s GDP in the April-June 2019 quarter. They are also the largest drivers of exports, contributing \$6.4 bil-

WHERE IS THE LINE?

Union defence minister Rajnath Singh

Due to different perceptions of the LAC, sometimes incidents of incursion occur. India is developing infrastructure ... on the China border to ensure the unity, security, and sovereignty of the country.

lion in September 2019, as per RBI data.

Startups are the biggest victims of this high TDS rate as a bulk of their revenue is in the form of technical services, subject to a 10% TDS. Their high-growth nature makes profits rare in the first few years of operations, and working capital support scarce. This high TDS rate further stresses their working capital flows, leading to the need to raise equity for working capital purposes, or slow down expansion due to liquidity constraints. The recent slowdown, and lack of credit growth have further exacerbated this for businesses in India.

Taking cognisance of this, the Indian Income Tax Act provides an avenue for obtaining a lower TDS rate under section 197. However, this requires one to provide the TAN (Tax Deduction & collection Number) of all customers, and the amount receivable during the year in advance to obtain the lower deduction certificate. This respite can only be obtained by businesses that have stagnated or require perpetual paperwork to derive any tangible benefit. The level of prescience required, combined with the paperwork, has effectively curbed this mechanism as a means of relief for startups and growing businesses. Bureaucracy is no balm for economic stress.

The money stuck as TDS will only be refunded once the business files its tax returns, which is usually done in September, after the financial year ends. Given the high refund amount, it is usually paid out 6-12 months after the taxes are filed, thus creating a 24-30 month period after which the TDS amounts come back to the business—further exacerbating the liquidity situation.

Excess TDS has become an institutionalised friction to growth and liquidity; this demands a remedy in the upcoming budget. In an economy starved of liquidity, reducing the TDS rate on services will help businesses create liquidity via retained earnings, thus allowing them the internally generated capital to expand when the rest of the businesses are contracting. All DPIIT startups should have a lower TDS rate of 2% for as long as they are a ‘startup’, and professionals should have a 5% TDS rate.

The effect of the ‘big bang’ corporate tax rate reform is limited to profitable, tax-paying enterprises, which, as per the 2019 Budget papers, are only 46.41% of all corporates. TDS reduction will build upon this and drive meaningful change by improving monthly cashflows for the largest driver of India’s GDP, which still awaits specific, meaningful reforms.

TDS isn’t tedious—but a high limit makes it treacherous.

LETTERS TO THE EDITOR

Citizenship Amendment Bill

The Modi government has given clearance to the Citizenship Amendment Bill (CAB), and is all set to pass it in the ongoing Parliamentary session. The contentious Bill exemplifies how BJP would go to any length to further its political interest, and reflects the country’s changed political complexion. It definitely dents India’s image as a liberal, secular democracy. Calling immigrants of a particular religious hue ‘termites’ is not worthy of our great nation. India’s transition from a secular state to a Hindu Rashtra is happening before our very eyes. The Bill makes religion an eligibility criterion for citizenship. Religious discrimination is writ large on the Bill. If conferment of Indian citizenship on “non-Muslim minorities” from Muslim majority Afghanistan, Bangladesh, and Pakistan is not antithetical to secularism, what is? The import of the Bill is that Hindus, Jains, Sikhs, Parsis, Christians, and Buddhists, are welcome, and not Muslims, to be Indian citizens—“not Muslims” being the operative phrase. The only plausible explanation for enacting such a discriminatory law is that the BJP is programmed to define nationality in religious terms. It should be remembered that the history of mankind is the history of migrations; we are all immigrants with varying periods of arrival. — G David Milton, Maruthanocode

● Write to us at feletters@expressindia.com

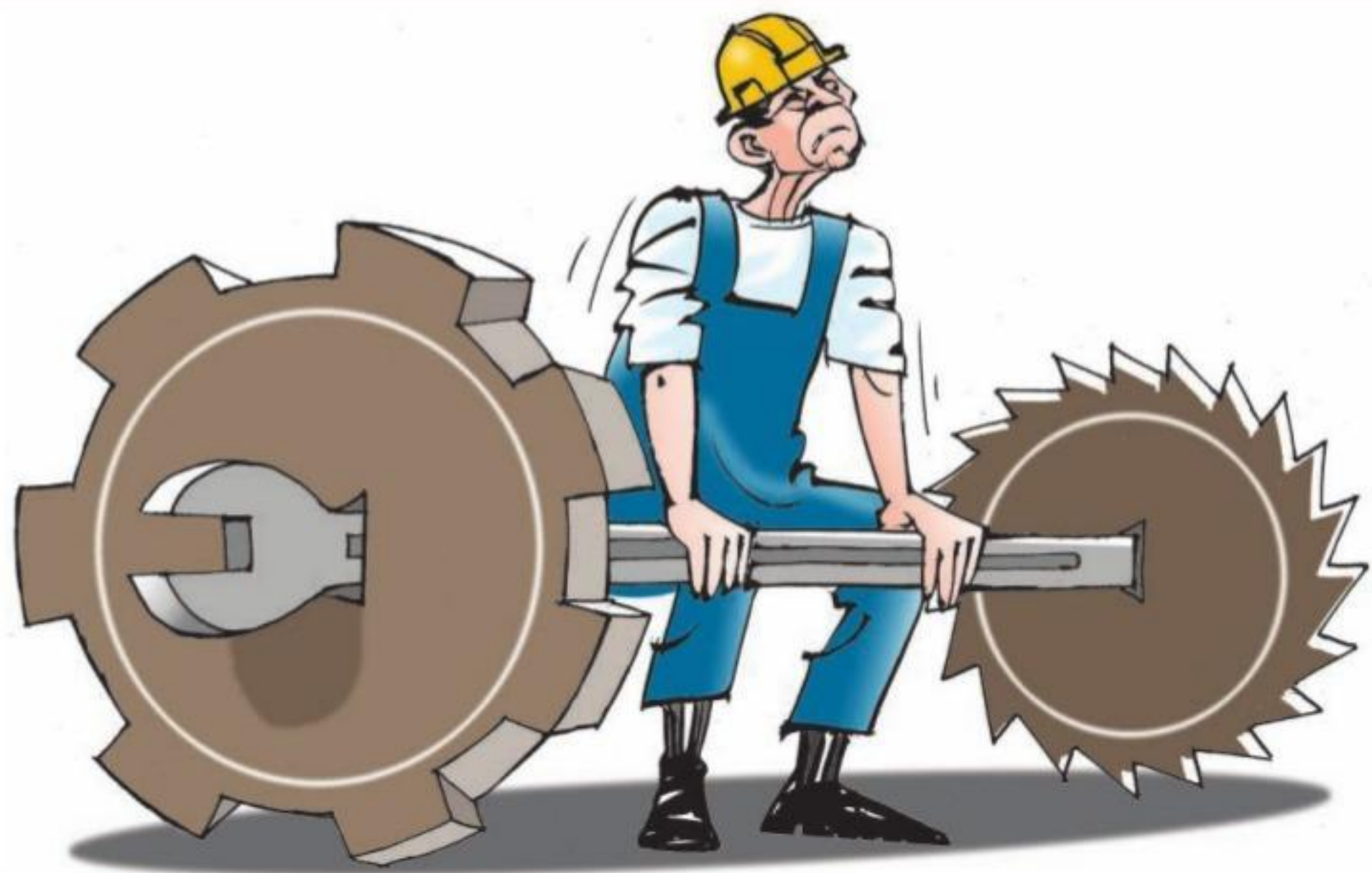


ILLUSTRATION: ROHINIT PHORE

SUCHITA DUTTA

Executive director, Indian Staffing Federation. Views are personal



ECONOMIC SLOWDOWN

Beating the challenges to the job market

Preparing for the imminent snarl—keeping the spotlight on innovation, keeping business competitiveness alive nationally, continuous product expansion and on-going investments in all facets of the business are critical to fighting a slowdown, as is building a pool of well-groomed, easily accessible and future-proof talent

THE INDIAN ECONOMY is slipping into a recession, which is quite apparent. The real GDP growth has gone down from a peak of 8.2% in 2016-17 to 6.8% in 2018-19, with the fourth quarter of 2018-19 dipping to 5.8%. With declining cash flow into the market, a gigantic employment shortfall has been the consequence. Significant employment-driving sectors including automobile, real estate and financial services—non-banking finance companies (NBFCs) in particular—and manufacturing are now showing signs of its adverse impact.

India's economic growth has slumped for the fifth straight quarter to an over

six-year low of 5% in three months ending June, as consumer demand and private investment slowed amid a deteriorating global environment. Although this has led to a reduction in the hiring of talents in sectors like telecommunications and automobiles, sectors like e-commerce and food tech have seen a spike or a continued demand for new hires. The fact is that all jobs are not disappearing or reducing or on hold, these are true to only a few specific sectors. Hence, right now, the focus should be to ensure that in every sector employers create and deliver the right messaging to their employees around their organisational business goals, aspirations and intended strategies

to combat this slowdown, rather than inflating the gruesome effect of it. We need to prep up the response mechanism if at all such a slump is in the offing.

There are real issues like the economy readjusting to the extended inflation expectations, banking crisis creating working capital issues and a global trade war that needs corrections, to rise above the job market challenges.

Job-creation challenge: How to nip it in the bud?

Widening the job contract window is pivotal. Since the majority offer on-the-job skilling, encouraging flexibility within the rigid labour laws to extend such yearly contracts can encourage firms to invest in skilling. Severe lack of talent and inconsistency in employee performance track record or ones having learnability issues will always be at risk—irrespective of an economic slowdown. The current workforce should engage in continuous learning to build awareness and knowledge of the trends shaping the entire global economy. It will help the current workforce in shaping their own learning paths. This extends to the contractual labour force as well. Labour-related reforms that support a healthy work environment and surface the absolute advantages of a formalised job market will surely usher in newer breakthroughs in job creation.

Wages are and will continue to play a significant role in the consumption pattern of an economy. Therefore, rectifying wages is important. The requirement for the government to step in with strong directives on the minimum wage code—that would act as a measure to increase the wage growth—is essential. It significantly declined due to certain policy reforms that were introduced to correct the macroeconomic imbalances.

Private consumption is seriously pulling down economic growth, and changes in the wage code can spur demand and savings. In fact, the International Labour Organisation's 2018 report had also suggested policies to enhance wages and collective bargaining power, so that wages grow in tandem with labour productivity, more so since India relies on the progressive increase of domestic consumption by lower and middle-income groups, which is a key factor in overall aggregate demand. We have already witnessed the slug in the automobile market and the lesser interest amongst the millennials to own new cars, and not to happy festive demand.

Continuing the focus on improving ease of doing business; reform in factors of production, viz. land and labour; capitalising on opportunities opened up by the heightened trade tensions; and faster

implementation of capital expenditures by public authorities, and similar other measures have the potential to inject growth impulses into the economy.

Organised flexi-staffing: Easing India's employment struggle

India's struggle for employment problems is real. We are at a conjecture where human workforce and automation will coexist in the workplace, but to augur a healthy win for both sides, retraining the workforce in niche skillsets to manage and ride over the changing technology is becoming essential.

It is being seen that most organisations are looking at cutting down costs when it comes to training in-house, more specifically when the slowdown is omnipotent. With the increased volatility in the Indian economy, organised flexi-staffing is always the best option to adopt for both employers and employees. The crucial benefits of this industry have been time-tested, and helped it to proliferate. Today, India is the fifth-largest staffing market in the world. Flexi-staffing in India has grown by 16.3% in 2015-18, which stands at 3.3 million, and is poised to grow by 22.7% in 2018-21 to 6.1 million. Organised flexi-staffing removes the burden of the unorganised sector and brings a larger workforce into formal employment. The flexible staffing industry plays a key role in reducing both unemployment and undeclared work.

In order to bring in more structure and balance into the labour market, the organised flexi-staffing industry needs to grow. For their healthy growth and to curb any frivolous activity of unorganised staffing firms that can hinder the organised staffing adoption amongst the corporates, licensing of the staffing firms is imperative. The government must consider issuing national licences and a single universal enterprise number to staffing companies to operate.

Nevertheless, keeping the spotlight on innovation, keeping business competitiveness alive nationally, continuous product expansion and on-going investments in all facets of the business are critical to facing and recovering from a slowdown. Building a parallel pool of well-groomed, easily accessible, economical and future-proof talent who can survive the slowdown sooner than any other geography on the back of a resilient domestic consumption market is what the Indian economy needs now. When dealing with an upcoming slowdown, it's important to buckle up and attune strategies, policies that direct towards a solution rather than repeatedly citing the problem.

A welcome note

TEJAS DESAI & BRENDEN SALDANHA

Partners, EY's financial services tax practice. Views are personal

Sebi's new regulations roll out the red carpet for Foreign Portfolio Investors

OVER THE LAST 25 years, FPIs have been key drivers of Indian capital markets. Even with assets under custody of \$487 billion (as of October 2019), at times, they have been forced to encounter the volatility associated with the Indian regulatory and tax landscape through frequent and unexpected changes (and roll backs) such as the ban on P-notes and NRI ownership of managers, sudden imposition of MAT, indirect transfer tax, higher surcharge, etc.

With this background, Sebi's new FPI Regulations, 2019 along with the Operating Guidelines are a whiff of fresh air. Following an extensive consultation process (post the HR Khan committee), these regulations liberalise some of the existing entry barriers, as also simplify, rationalise and consolidate over 100 circulars to provide a hassle-free experience.

These stipulate elimination of the 'broad based' criteria for funds, reduction in the number of FPI categories from three to two, and linking of the eligibility to seek Category-I FPI status to FATF membership of the fund/fund manager as well as permitting reliance on the global custodian for KYC purposes.

The changes represent a significant shift in Sebi's mindset and its willingness to move beyond and away from its affinity for upfront documentation. Evaluation of the broad-based criteria has been a key reason for delays in market entry with Sebi having issued over 25 FAQs under the old regulations. This move will hasten the registration process for many reputed asset managers, who launched funds with a restricted set of investors and had to settle for a Category-III FPI license. Lifting of restrictions on opaque structures will lend flexibility to investment structures with segregated liability.

The requirement for funds or their fund managers to be domiciled in FATF member countries is forward looking and stringent. On one hand, it relies on Sebi's ability to gain access to information from FATF member countries. It is strict because it replaces the earlier criteria, which placed an applicant in Category-III only if it was resident of a country identified in the FATF's public statement as a jurisdiction having deficiencies in its AML laws etc.

The list of FATF member countries is restricted to 37, this seemingly restricts funds/fund managers from countries such as Mauritius and Cayman Islands from a Category-I FPI status.

This move has resulted in over 80% of FPIs now moving into Category-I status which allows for higher trading limits, more relaxed KYC of ultimate investors. Funds (both in Category-I and II) have been granted QIB status that enables better access to primary issuances, etc.

The Regulations also open the door for private banks to invest on behalf of clients and creates an opportunity for a new segment of global HNI investors and family offices to gain exposure to Indian markets. Some clarifications in terms of operating through separate demat accounts would be required along with clarity on tax implications of investing through these structures.

With the easing of entry barriers for FPIs, Sebi has continued to maintain its neutral stance on ODIs or P-notes. Regulations reiterate that ODIs underlying derivatives would not be permitted. Further, investors intending to subscribe to ODIs must be 'eligible' to obtain a Category I registration having regard to the criteria specified (but need not actually obtain a registration) eg. a Mauritius Fund with an appropriately regulated Singapore-based manager may subscribe to ODIs without having the manager register as a Category-I FPI.

Overall, this is a positive sign. The tax administration should take note of the recategorisation and make suitable amendments to clarify non-applicability of the indirect transfer tax provisions to all FPIs (earlier this was still applicable to Category-III FPIs). They should also rely on bilateral agreements to obtain information and remove onerous conditions, such as the requirement to provide details of indirect ownership while granting safe harbour to onshore managers (under section 9A). In terms of its own unfinished agenda, Sebi should deal with the merger of NRI-PIS route and allow for FPIs to also access the commodity derivatives market.

The tax authorities should take note of recategorisation and make suitable amendments to clarify non-applicability of the indirect transfer tax provisions to FPIs

No dilemma at all

Slowdown in growth likely to be a bigger focus than rise in inflation

SHANTI EKAMBARAM

President - Consumer Banking, Kotak Mahindra Bank



GROWTH VS INFLATION — these are the two big data trends that will guide the Monetary Policy Committee (MPC) when it delivers its fifth bi-monthly Monetary Policy Statement for FY2019-20 on December 5. In addition, chances of a higher fiscal deficit as against the budgeted target of 3.3%, and its likely impact will be part of the discussions.

The first key point is that growth slowdown has deepened with the September 2019 Index of Industrial Production (IIP) hitting an almost eight-year low at (-) 4.3%. While the GDP for the quarter that ended in June expanded 5%—at its slowest annual pace since 2013, the Q2 FY20 GDP growth has come in at 4.5%. This despite various measures taken by the government. While the government's ₹1.45 lakh crore fiscal boost to corporate India has certainly improved sentiment, in the near-term, this is unlikely to contribute significantly to growth with muted



private investment and consumption demand. This trend is seen across sectors. Despite a good monsoon, due to unseasonal rains and floods in many states, agriculture has been hit and there is stress amongst farmers and in rural wages. All this has hit consumption as well. There was

a brief spike in demand during the festive season, but the key is sustained demand.

To add to that, inflation has also slowly crept up. The consumer price index-based inflation hit a 16-month high in October at 4.62%, much above RBI's medium-term target of 4%. So far, the MPC has been guided by benign inflation and has reduced the policy rates by 135 basis points since February 2019 in light of a slowdown in growth and low inflation. Now, with inflation on an upward trend, albeit transitory, the MPC is faced with a difficult choice. The committee will continue to focus on reviving growth as their primary objective while keeping a close eye on the inflation readings.

In such a scenario, we should be realistic as well as comfortable if the government were to exceed the stated fiscal deficit target of 3.3%. The real issue facing the economy is that of growth and thus, the government must boost spending in areas such as infrastructure to kick-start the economy. The need of the hour is for investments and given that private investment is muted the government has to step in and provide support. Expect the fiscal deficit to be closer to 3.7% of GDP.

The monsoon season went off well; however, unseasonal rains have wreaked havoc. The sharp rise in retail inflation is expected to be transient in nature because of seasonal concerns—core inflation is slowing down. The real problem, thus, is the slowdown in growth.

Considering this, RBI will cut rates up to 25 bps. It will then keep a watch on movement in crucial macro data to decide on further policy announcements. There is a need for concerted action between fiscal and monetary policy for revival in growth and consumption.

Public interest vs revenue goals

The govt must change the definition of AGR with retrospective effect

RAJAN S MATHEWS

DG, COAI



CAN THE GOVERNMENT waive off the interest, penalty and reconsider the principal amount of AGR? The answer, is a resounding "Yes". The government can do this by making an amendment to the license agreement definition of AGR, which applies retrospectively.

If the Indian government plans to stand behind its players, it will send out a positive signal and give an impetus to the industry. This won't be a diversion from its earlier stance. In the past, the government has taken steps prioritising broader public interest over revenue maximisation. The most significant is the National Telecom Policy, 1999. By allowing migration, it saved the industry from an imminent collapse, which would also have resulted in government being tied up in multiple litigations.

Trai, on several occasions (viz January 2015), has suggested exclusion of revenue from operations other than telecom activities and "other income" for determination of AGR. DoT also recommended AGR



review in the National Digital Communications Policy, 2018 (NDCP).

On several occasions, the government has made policies that have had an economic cost on the public. The finance ministry, last year, levied safeguard duty on imported solar cells even though it led to an

increase in tariffs. The duty was imposed to prevent erosion of the domestic industry.

In fact, the government has on other occasions even gone a step further, and amended the legislation to have a retrospective operation. This position was established in *Ujagar Prints Vs Union of India*, where the court opined "A competent legislature can always validate a law which has been declared by courts to be invalid, provided the infirmities and vitiating infractors notices in the declaratory judgment are removed or cured. Such a validating law can even be made retrospective...."

The telcos have been crucial in proliferation of telecom services and improving access to basic opportunities. Moreover, they have invested tens of billions of rupees in establishing mobile towers and improving mobile infrastructure in order to provide telecom services in the remotest parts of the country. Unless the definition of AGR is amended retrospectively, in accordance with Trai Recommendations, the telecom industry and the Digital India initiative of the government would meet an untimely demise.

The respite will also benefit consumers by ensuring continuity of service to subscribers, and will prevent a hike in voice and data tariffs. Further, it would ensure increased competition and choice as the multi-poly regime, mandated by National Digital Communication Policy, would continue to usher in continued benefits.

The government too stands to benefit by this decision. It will restore foreign investor confidence and lead to continued revenue collection. A significant portion of the telecom companies' funding comes from the Indian financial institutions. Bankruptcy will jeopardise the payment not only of AGR, but also other dues to the government.



Another quota question

Supreme Court needs to decide whether 'creamy layer' norms can be extended to SCs

The time may have come for an authoritative pronouncement on the question whether the concept of 'creamy layer' ought to be applied to Scheduled Castes and Scheduled Tribes. The Union government has called upon the Supreme Court to form a seven-judge Bench to reconsider the formulation in *M. Nagaraj vs Union of India* (2006) that it should be applied to the SC and ST communities. This verdict was a reality check to the concept of reservation. Even while upholding Constitution amendments meant to preserve reservation in promotions as well as consequential seniority, it contained an exposition of the equality principle that hedged reservation against a set of constitutional requirements, without which the structure of equal opportunity would collapse. These were 'quantifiable data' to show the backwardness of a community, the inadequacy of its representation in service, and the lack of adverse impact on "the overall efficiency of administration". This placed a question mark on the continuance of quota policies of various State governments due to non-compliance with these parameters. In *Jarnail Singh* (2018), another Constitution Bench reaffirmed the applicability of creamy layer norms to SC/STs. On this ground, it felt that *Nagaraj* did not merit reconsideration. However, it ruled that *Nagaraj* was wrong to require a demonstration of backwardness for the Scheduled Castes and Tribes, as it was directly contrary to the nine-judge Bench judgment in *Indra Sawhney* (1992), which had laid down that there is no need for a test of backwardness for SC/STs, as "they indubitably fall within the expression 'backward class of citizens'."

It is curious that *Jarnail Singh* accepted the presumption of the backwardness of Scheduled Castes and Tribes, but favoured applying the 'means test' to exclude from the purview of SC/ST reservation those who had achieved some level of economic advancement. In this, it specifically rejects an opinion by the then Chief Justice K.G. Balakrishnan in *Ashoka Thakur* (2008) that the 'creamy layer' concept is a principle of identification (of those who should not get reservation) and not one of equality. While the Centre has accepted that the 'creamy layer' norm is needed to ensure that only those genuinely backward get reservation benefits, it is justifiably upset that this principle has been extended to Dalits, who have been acknowledged to be the most backward among the backward sections. Another problem is the question whether the exclusion of the advanced sections among SC/ST candidates can be disallowed only for promotions. Most of them may not fall under the 'creamy layer' category at the entry level, but after some years of service and promotions, they may reach an income level at which they fall under the 'creamy layer'. This may result in the defeat of the object of the Constitution amendments that the court itself had upheld to protect reservation in promotions as well as consequential seniority. Another landmark verdict in the history of affirmative action jurisprudence may be needed to settle these questions.

Close encounters

Security forces must be trained to desist from panic responses while dealing with extremists

It will be hard for security forces in Chhattisgarh to live down the assertion by the Justice V.K. Agarwal judicial enquiry commission that no evidence existed to support the claim that the 17 people who died in the "encounter" on the night of June 28-29, 2012, in three villages in Bijapur and Sukma districts were "Naxalites". In the official narration, two teams led by a DIG marched into the forests to outflank subversives in a meeting only to be surprised by gunfire. And when the light of day penetrated the fog of battle, 17 Naxalites lay dead, and six uniformed personnel hurt. But the commission found no evidence of a gunfight, and held that firing had been one-sided beginning to end.

The findings are a chilling and sordid catalogue of how truth can be subverted and buried by the very officers who are supposed to enforce the law. Though the commission puts it down to a disproportionate reaction from the anti-naxal formation, the findings make it clear that the entire operation was botched from the start by poor intelligence, inadequate training, lack of communication, and hasty reaction. The more worrying part was afterwards. Postmortem reports showed injuries on 10 of those killed were on their backs, not consistent with claims the firing had been in self-defence. Instead, the nature and location of the injuries suggested they were fired upon while fleeing, and in no position to pose a threat. There were bullet shots on some of the heads, evidently from close quarters. There were injuries on the upper torsos caused by the butt of guns or rifles, signs of physical assault. The cataloguing and managing of the evidence relating to the armaments such as guns and detonators allegedly carried by the "Naxalites" suffered from imprecise documentation. There were signs of manipulation in the timing of injury and post-mortem reports in at least one case. What is worse for the security forces is that the commission concluded that injuries sustained by the uniformed personnel were more likely caused through friendly fire. Some of the recommendations are unexceptional, given the frequency of such incidents. Most remarkable however, is the recommendation that training be imparted "to improve mental fabric of security forces" with a view "to make them more balanced so that they act with equanimity and do not succumb to panic reaction even in a critical situation". Ways must be found to initiate action against the officers involved in this unfortunate operation and its heinous cover up.

Populism, against the people

Democracy's constitutional guardians, the people, are losing to populist leaders and technocrats



IRFAN NOORUDDIN

The story of democracy in the last century was claiming the right to rule for majorities from unrepresentative elites. The form varied – seizing independence from colonial empires under the rallying cry of national self-determination; overthrowing dictatorships of the left and right whose governments ruled by fiat and with military force; questioning the divine right of kings to rule and replacing royal courts with parliamentary debates – but the implication was the same: the only legitimate source of power was the people.

Election to power

The success of this sea-change in popular imagination is evident in the ubiquity of elections around the world. Today a mere handful of states, clustered mainly in the Arabian Gulf, remain the only places not to use elections as the means of allocating national power. But everyone else uses elections, even when only one party is allowed to compete and no one believes the election is free or fair. The quality of these elections notwithstanding, the point of elections is simple: they are an efficient way of determining the will of the majority.

Yet if establishing democracy required replacing unelected elites with the representatives of the 'people', then preserving democracy requires defending it against the 'people'. Democracy requires two things: rulers who reflect the majority's choice, and respect for those in the minority.

This is critical because the power of free and fair elections is that today's government can be tomorrow's opposition (see Maharashtra). Even more to the point, democracy presumes the possibility that voters might shift their loyalty depending on the issues most salient to them. Today's health-care voter might be tomorrow's national defence voter and day after's climate change voter. This fluidity means that rational voters fully expect to be in the opposition at some point, and, when that happens, want to know that their rights will not be trampled upon by the newly empowered. This is the point of constitutional democracy: the constitution guarantees us certain inalienable rights that cannot be rescinded by the whims of those in power.

Confronting abuse of power

If the majority's interests are represented by the government, then the minority's rights must be protected by institutions of the state capable of checking government action that infringes upon minority rights. Of course, governments can enact all manner of policy that is not liked by those in the opposition – elections have consequences after all or why bother holding them. But when government's overreach threatens to violate constitutional principles, the courts and the press are obliged to step in to confront this abuse of power. Such counter-majoritarian institutions such as the judiciary and the press are critical to the health of democracy. Ironically, by constraining the abuse of power by the majority, counter-majoritarian institutions preserve the legitimacy of majority rule.

The jousting and interplay between governments and opposition is sustainable when winning elections are constructed on programmatic appeals. But for politicians



to win on the basis of policy promise requires state capacity – fiscal space and bureaucratic where-withal – to deliver government services broadly and fairly, including to those who might not have voted for the government. But when state capacity is limited or non-existent, politicians target their efforts to narrower slices of society. To get credit for the targeted provision of public goods, politicians must target on the basis of a clearly identifiable marker, such as religion, caste, language, or ethnicity.

In this equilibrium, politicians do not represent ideas or policy positions, they stand for groups of people. Think of any state election in India. What are the policy planks on which politicians and parties compete? (I could not answer this question either and I study Indian politics for a living.) No wonder that election analysis in India is couched more in terms of ethnic combinatorics, what pundits refer to as caste-community arithmetic.

Populists understand this dynamic. Their instinct is to build identity-based coalitions that harness a majoritarian impulse. The legitimacy populists claim is cloaked in the will of the majority, but the premise of their appeal is that the majority has hitherto been undermined by the minority. This accusation can be augmented – the minority might be anti-na-

tional or in cahoots with foreign anti-national elements – but the core contention is the same: the majority, which represents the true interests of the true nation, is tired of minority appeasement and betrayal and, now that it has its turn in power, will not relinquish power.

Pressure on judiciary, media

By framing their responsibility as being to the 'true' national interest, represented by the majoritarian coalition that brought them to power, populists accuse counter-majoritarian checks and balances on executive authority, as anti-national. Indeed, rather than guardians of liberty, judges and journalists are portrayed as anti-majority, against the will of the people, and therefore fundamentally anti-democratic. It is hardly a surprise that populists expend so much effort undermining these institutions. Judges are threatened and coerced, and politicians use appointment powers and influence to install pliant judges on the bench who are more attentive to majoritarian sentiments than to minority rights. The media is choked and vilified until the only rational response is to be a mouthpiece for the government rather than its adversary; much easier to hide behind the flag than to defend it. Not even staid bureaucrats in their dusty cubicles are safe – ask awkward questions about environmental impacts of infrastructure projects, and run the risk of being added to the rolls of the 'tukde tukde gang.'

For advocates of democracy, these are worrying times. Over the past 30 years, national elections worldwide are more likely to result in the deterioration of democracy than its deepening. The populist revolt dovetailed with a technocratic middle-class scepticism about the 'state'. Politics becomes

a bad word to be avoided personally and hedged against professionally. Much better to place authority in the hands of the consultant class, whom we assume will be less venal and power-hungry, and more focused on getting the right answer. But this plays right into the hands of populist leaders whose primary objective is to undermine the legitimacy of the political process. Democracy is the casualty – mocked by technocrats and populists, it is stripped of its constitutional guardians. This is the irony of democracy: government of the people, for the people, and by the people, works best when it is protected from 'the people', or, more accurately, those whose hubris and ambition allow them to claim to speak for the people. The responsibility for this debacle is equally shared by the left and the right – for every Viktor Orbán in Hungary who openly calls for 'illiberal democracy' is an Evo Morales in Bolivia who abrogates constitutional term limits to preserve his grip on power in the name of the people.

Democracies work best when we remember that there is no one people and no one party or politician has a monopoly on knowing what the people want. Unless today's winners can expect and accept that they might be tomorrow's losers, electoral democracy is doomed. And unless today's losers can have confidence that their rights will be defended by democratic counter-majoritarian institutions, they have no reason to keep faith with elections. When that happens, the populists win, the people lose, and democracy dies.

Irfan Nooruddin is the Hamad bin Khalifa Al Thani Professor of Indian Politics in the Walsh School of Foreign Service at Georgetown University and author of 'Elections in Hard Times: Building Stronger Democracies in the 21st Century'

The evolution of Britain's terror timeline

As a corrective measure, the U.K. must refocus on policing, deal with lawbreakers freely, and listen to Muslim grievances



R.K. RAGHAVAN

The terror attack last week in London by a 'lone wolf', Usman Khan, 28, of Pakistani origin, has rightly drawn international attention. What do we know about the attacker? Only assiduous investigation can now shed some light on why he went on the deadly offensive. The fact that he was no longer incarcerated but was enjoying more than a measure of freedom had obviously not chastened him. He had been convicted in 2012 for being part of a group that had planned an attack two years earlier on the London Stock Exchange. Originally sentenced to an indeterminate period, he was released on parole, in December 2018, on appeal. This was after several conditions had been imposed on him. These included the wearing of a GPS tag to track him and living in police approved housing. It is ironic that he went berserk inside a building, Fishmongers' Hall, north of the London Bridge, where he was attending a conference on prisoner rehabilitation run by Cambridge University.

Shadow of indoctrination

There is no report that the police had any inkling of what he was going to do that day. The judge who convicted Usman Khan and his fel-

low-conspirators had waxed eloquent in 2012 on the group's dangerous potential and the need for circumspection by parole boards. Still, Usman Khan managed to come out on parole after serving half his term only to resort to wanton violence.

Facts show that he was a hardcore member of a group that had been 'solidly indoctrinated'. He was heavily influenced by the al-Qaeda's online propaganda. We must not forget that he was in his teens when he took part in the plot to attack the London Stock Exchange. He is said to have been inspired by two well-known Islamic ideologues, one of these was Anwar al-Awlaki, a radical American cleric of Yemeni descent. Al-Awlaki was a great online motivator and recruiter and it is not surprising that he managed to convince the then young Usman Khan that violence alone could help Islam make forays into the Christian-dominated West.

The other preacher was Anjem Choudhry, the well-known British Islamist and a staunch Islamic State (IS) supporter. He was convicted for five years in 2016 for an open appeal for support to the IS, which had been banned in the country. Choudhury had also played a significant role in the formation of al-Muhajiroun, which held several anti-West demonstrations in the U.K. and was subsequently outlawed. If Usman Khan had come under the spell of two such fiery preachers, it is not very surprising that he effortlessly moved into terrorist domain.

Let's move to July 7, 2005 when



four Muslim youths detonated three home-made bombs on the London Underground system and a London double-decker bus. The explosions led to over 50 deaths.

Fallout of cuts in policing

Since the 2005 incident there have been both daring attacks and attempts at sabotage. These include the March 2017 attack (ramming a car into pedestrians) near Westminster Bridge in which four persons died, and the May 2017 suicide bombing at a concert in Manchester, 22 people died. Fortunately, a few other attacks were foiled or contained using intelligence tip-offs or by alert citizens. But the U.K., like many nations, cannot depend solely on fortuitous circumstances. It needs a dedicated police force with large resources and a free hand to deal with lawbreakers. It also needs a strategy that pays greater attention to the grievances of the large Muslim segment of the population.

Successive governments have been guilty of effecting many cuts in the police budget, in turn leading to an appreciable depletion of manpower. The U.K. police is still very understaffed if one takes into

account widening fissures in society.

In addition, there are fundamental sociological issues which demand introspection. It is easy to criticise the U.K. government – which is also unfair – for the repeated terrorist acts, those executed or foiled by law enforcement and intelligence agencies. Every terrorist attack reflects the collective failure of many agencies. The roles of the judiciary, parole boards and intelligence agencies come into focus.

Internal dynamics

The latest incident reaffirms the belief that if one country unwittingly 'breeds terrorism' it is the U.K. which has become a fertile ground for the growth of extremism on account of the interplay of several factors. The country is perhaps paying the price for its earlier excessively liberal and indiscriminate immigration policy. Despite a tightening of immigration and asylum rules, the impact has still to be felt on the ground.

How will this play out when Brexit becomes a reality? With fewer numbers now of 'doubtful cases' of attempted infiltration, there is hope that the mischief-makers among applicants (example, Pakistan), will be kept away. This is however no guarantee that there will be no future terrorist attacks from among those already entrenched in the land.

That youth of particular community and impressionable age are being shown up repeatedly as being the perpetrators of violence cannot be ignored. A majority are

aggrieved that they have not been accepted by mainstream white citizens. Most of them come from very low income groups living in colonies – a euphemism for ghettos. They are also concentrated in the north of England. Unfortunately, despite the availability of easy access to education, they have chosen to stay away from schools, as Usman Khan did. To compound the situation they are exposed to the insidious propaganda, either online or in person. Whether this appalling situation is the result of governmental neglect or wilful spurning of public education facilities is debatable; but it is a matter of shame.

The incident painfully breaches our confidence in measures aimed at reforming hardened criminals. The many efforts by the U.K. police to deradicalise Muslim youth do not seem to have succeeded. Incidents such as the Usman Khan one pose a dilemma to votaries of reform and rehabilitation of offenders. How far does one trust prisoners who display remorse is a tricky proposition.

Recidivism is a complex phenomenon. A prisoner on parole or remission is not always driven by reason, but he does fall victim occasionally to emotions of revenge against a system that he believes had been unfair to him. It boils down to reading the mind of a prisoner who claims he wants to keep off from crime. We know how the best of psychiatrists have failed in this exercise.

R.K. Raghavan is a former CBI Director and a former High Commissioner of India

LETTERS TO THE EDITOR

Letters emailed to letters@thehindu.co.in must carry the full postal address and the full name or the name with initials.



To read more letters online, scan the QR code

Women's safety

Crimes against women are a blot on our conscience and we must spare no effort to punish the perpetrators of such crimes. The protection of women from all forms of abuse and oppression is now a national duty and a national task. The status of women in India needs the continuous attention of the government, civil society; all those who are role models must play an important role in shaping public opinion, thus aiding in the evolution of collective and combined efforts to ensure the safety, security and dignity of women of our country (Editorial, "National

shame", December 4).

NIRANJAN SAHOO,
Bhubaneswar, Odisha

Closure over 'Vikram'

The scientists of the Indian Space Research Organisation worked tirelessly to put the lander Vikram on the lunar surface – an accomplishment in itself which failed by a whisker. Subsequently, it was imperative to locate the lander, to analyse the causes of failure, learn lessons and ensure the success of future missions. In this context, it is puzzling why ISRO, in spite of its capabilities, had shied away from sharing data about the crash – its location, images and

analysis – which the U.S.'s National Aeronautics and Space Administration did (Page 1, "Chennai skywatcher first to spot debris from Chandrayaan-2 lander, says NASA" and Inside pages, "ISRO silent on NASA pictures", both December 4). Here, the Chennai-based freelance space observer deserves appreciation for his passion and resolve in detecting the fate of the lander. But more importantly, for demonstrating that 'rocket science' need not be 'rocket science' any longer. NASA deserves admiration for its open data sharing, listening and acknowledging the contribution of Mr. Subramanian (Inside pages,

"Searching for Vikram, pixel by pixel", December 4). This episode is an instance of what a combination of free data sharing and hobby can achieve; this needs to be replicated in various domains such as the environment, health care, the economy, energy, women's safety and politics.

A. VENKATASUBRAMANIAN,
Tiruchir

■ It proved not to be moonshine when Mr. Subramanian's dedicated and inquisitive efforts bore fruit in unravelling the mystery surrounding Vikram. It puts paid to the ISRO's conjecture that

Vikram had landed "bodily intact and in a tilted manner". The young man deserves accolades for his successful and well-aimed pursuit that will give valuable inputs for future space missions.

AYYASSERI RAVEENDRANATH,
Aranmula, Kerala

Focus on the lion too

It is a piece of happy news for environmentalists that the tiger population of India has gone up. The government's actions, especially steps by the National Tiger Conservation Authority, to conserve the big cat are laudable. While the tiger may be relatively safer now, there is another 'endangered' 'big cat' that

has been in trouble for the past many decades – the Asiatic Lion. Its range is restricted to Gujarat and there have been deaths. It makes sense for the need for quick conservation of the species. The single population faces threats such as anthropogenic activities, epidemics such as Canine Distemper Virus and even natural disasters. The earlier plan to relocate the lions has been contested by some State governments. Conservation can take place only with the cooperative efforts of the Central and State governments. SRAVAN SVARAM,
Thiruvananthapuram

Rape, impunity and state of denial

The government is showing utter lack of will despite the availability of Verma committee's suggestions



The horrific violence, gang rape and murder of the young woman veterinarian on a national highway close to Hyderabad has led to national outrage and protests in several States. Around the same time in Tonk, Rajasthan, a six-year-old child, returning home after having attended a school sports competition, went missing. Later, her bloodied body was found, sexually brutalised. In Coimbatore, a student of Class XI, returning from celebrating her birthday, was abducted and gang raped. In Ranchi, an Adivasi law student was abducted and gang raped by a group of armed men.

The week of dreadful sexual crimes brings home the reality that there is a national emergency in India as far as crimes against women, specifically sexual crimes, are concerned. A rape culture embodied in the brutal power of male sexual entitlement and impunity seems to have gained strength. But the government is in a state of denial. Since 2016, the annual National Crime Research Bureau (NCRB) reports have been suppressed. The 2017 report was released only in 2019. Apart from the deliberate omissions in reporting lynching cases and honour crimes, the report showed an alarming increase in registered crimes against women. Specifically, on an average, around 1,000 crimes were registered every day, over 3.5 lakh in the year. On an average, 93 women were victims of rape every day. One-third of them were minors. Around 87,924 women registered cases of sexual harassment, an average of 241 a day. Every day, on an average, 28 women were burnt to death in cases registered as 'dowry deaths'.

Most cases go unreported
These figures, shocking as they are, reflect only a small percentage of the crimes committed against women. As is known, most cases go unreported. For example, the National Family Health Survey-4 revealed that every third married woman had expe-



GETTY IMAGES/STOCKPHOTO

rienced physical and/or sexual violence but only 1.5% had sought help from the police. Accurate data collection is very important to inform policy initiatives. Unfortunately, the present Central government prefers to suppress or to rubbish statistics that reveal its failures.

The terrible crime in Hyderabad also showed the callousness of elected leaders. The Chief Minister of Telangana has not yet cared to visit the grieving family. In Parliament, when the issue was raised, Amit Shah, the Home Minister, was conspicuous by his absence. Delhi is directly under his watch. It is the most unsafe city for women. Has he even once reviewed the issue with the police in the capital or expressed concern? The safety of India's women and children does not seem to be on his list of priorities. Meanwhile, in response to the anguish expressed by several members during the parliamentary discussion on the Hyderabad case, Rajnath Singh, who was standing in for the Home Minister, said "all suggestions given by everyone present here will be taken and a law can be formed if needed. Our government is open to every suggestion anyone has to give to curb such heinous crimes. We are willing to do whatever it takes to ensure that the most stringent rules be implemented."

Once again, the government deliberately turned attention to the issue of extent of punishment, instead of focusing on the urgent steps required for the prevention of such crimes. Every time the government is held accountable, it diverts attention to the "stringency" of punishment. In this context, Jaya Bachchan's call for public lynching is dangerous and should be withdrawn. The death penalty for rape and murder is already

on the statute book. Global experience is clear enough that such punishments have not led to a decrease in crimes. The issue, as repeatedly stressed by activists, is not just the extent and stringency of punishment, but as much the certainty of it through swift and fair procedures that discourage crime. There has been no improvement on this score.

Huge backlog of cases
The NCRB report shows that the backlog of cases, including cases of child rape, is huge. For all crimes against women, the pendency of cases is as high as 89.6%. In 2017, there were as many as 1.17 lakh rape cases from previous years pending trial. That year, 28,750 more cases were sent for trial. How many accused in this huge number of cases under trial were convicted? Just 5,822. This utter failure to reform the justice system and ensure conviction leads to an increase in the impunity with which crimes against women are committed. A UN report on steps required to provide safety and security for women states that "women's safety involves strategies and policies that take place before violence has occurred to prevent perpetration or victimisation... Prevention efforts involve strategic, long-term, comprehensive initiatives that address the risk and protective factors related to perpetration, victimisation and bystander behaviour."

In India, after the Nirbhaya case, the committee set up under Justice J.S. Verma had made a series of recommendations for prevention of crimes. It placed the responsibility on the Central and State governments to ensure the social and physical infrastructure to prevent crimes against women. It added to and ex-

panded on various proposals which had already been made. The suggestions included changes in school and college syllabi to educate young people on the social values of equality and respect for women's autonomy; ensuring safe public transport, city and street lighting, CCTV cameras; mapping unsafe areas and provision of increased police patrolling in such areas; and a slew of other steps. If these measures had been implemented seriously, perhaps the young woman veterinarian would be alive and safe today.

Basic safety measures
The Verma report stated: "What is even more shocking is the incapability of the government of India and of the various State Governments to implement even the most basic safety measures with any amount of efficacy... Despite numerous recommendations, deliberations, consultations, studies, directions from the judiciary and, most importantly, the protests of civil society, the state continues to fall woefully short of ensuring the safety of women in this country." And now six years after this report, the government asks Parliament for further suggestions, displaying an utter lack of political will.

Under the present regime, retrogressive approaches to women's rights have become more prominent. Ministers and elected representatives openly side with the rape accused as in Kathua or Shahjahanpur. It is the victims who are named, shamed, and blamed. Women's assertions for a right to safe public spaces are met with a ferocious backlash. In particular, Dalit and Adivasi women, poor women working in the most unsafe conditions created by resurgent caste and class hierarchies, are the most vulnerable. The struggle against sexual violence is equally a struggle against the policies and cultures which disempower women.

The way forward is through increased public action for social change and enforcement of a code of accountability and responsibility on the Central and State governments to implement the recommendations necessary to make India safe for its women and children.

Brinda Karat is a member of the CPI(M) Polit Bureau and a former Rajya Sabha MP

The neglected foot soldiers of a liberalised economy

India's contract workers need greater state protection



Editorials and articles have been written on the proposed merger of BSNL and MTNL. Permanent employees of the two telecommunication companies are planning to opt for lucrative voluntary retirement schemes and a generous package also awaits the senior employees. But what about the thousands of contract labourers, contractual and temporary workers – who have served the two organisations for several years for far less wages and without any substantial social security benefits? It is not an exaggeration to say that these workers constituted the rudimentary service pool of these organisations. But now, after doing unpaid work for many months, many of the desperate employees are committing suicide.

The BSNL-MTNL case is not an aberration. There are thousands of employees in the informal sector, a majority of them engaged through contractors, working in precarious service conditions. But, who will rehabilitate these victims of an emerging market economy where most graduates are not employable due to skill deficiency and there is an acute shortage of job opportunities?

Non-compliance
The Contract Labour (Regulation and Abolition) Act, 1970 and the Inter State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 have been in place for long; but non-compliance is the order of the day. Similarly, manual scavengers, most of them employed as contract labourers, are still forced to do cleaning jobs under the most inhumane conditions, despite this barbaric practice having been outlawed through successive pieces of legislation. The Supreme Court, in judgment after judgment, has ruled that contract workers should be paid the same wages as permanent employees for similar jobs, but these orders seem to exist only to be taught in law classes, not for compliance by employers.

Similarly, Unorganised Workers' Social Security Act, 2008, has largely been a cosmetic exercise. The second National Commission on labour, in the year 2002, had strongly recommended abolition of the exploitative contract labour system in course of time and, in the meantime, suggested implemen-



GETTY IMAGES/STOCKPHOTO

tation of a comprehensive social security scheme. It had very rightly recommended that after two years of working for an organisation, a contract worker should be treated as a permanent worker. However, the apex court in *SAIL vs. National Union of Water front Workers and others* (2001) overruled some of its earlier judgments and decided that the law does not provide for automatic absorption of contract labourers upon its abolition and that the principal employer has no liability to regularise them.

Hire and fire the norm
It is true that our labour laws are stringent and protective, but this statement applies only to the fortunate permanent employees, who constitute roughly 10% of the total workforce. Hire and fire is the rule for the contract labourers. Laissez faire is in full bloom. Paradoxically, a rigid labour law system has also contributed to greater contractualisation of the workforce. And, engaged in substantial numbers as contract labourers are people from vulnerable caste groups. The Contract Labour Act, 1970, is applicable only to organisations and contractors who are employing 20 or more workers. Hence, the number of such workers could be much more than what the numbers suggest.

In the liberalised Indian economy of the 21st century, such labourers are treated as sacrificial goats. Pay Commissions are always very gracious to upgrade the salary structure of permanent employees on a periodical basis, but the genuine needs of contract workers are repeatedly ignored by the state. Unless our policymakers ensure strong enforcement of policies linked to such workers, suicides, as in the BSNL-MTNL case, will continue. Parliament has already enacted the Code on Wages, 2019. Indeed, we do need reform in our labour laws to enhance globalisation. But, at the same time, we also need a comprehensive umbrella of social security for these foot soldiers of growth and development.

Alok Ray is a Kolkata-based lawyer and labour law expert

The many structural flaws in India's higher education system

It is crisis-ridden, understaffed and underfunded

MOHINI BISHNOI

The furore surrounding fee hikes at the Jawaharlal Nehru University has spurred deeper questions about the quality of university education. India's higher education system is structurally flawed and underfunded. This crisis will affect innovation and human capital, the two pillars of labour productivity and GDP growth, while cheating India's largest demographic of its potential.

The mammoth system deserves better than the superficial data that is being bandied about. For example, a surge in women's enrolment has been much-talked about but this does not necessarily imply better outcomes. The latest 'India Skills Report' suggests that only 47% of Indian graduates are employable – a problem exacerbated by startlingly low faculty figures.

Faculty shortage
Faculty vacancies at government institutions are at 50% on average. A Deloitte gathering of 63 Deans of top-tier institutions revealed that 80% of those listed lack of quality faculty as their biggest concern. The problem lies in increased demand, and stagnant supply. The number of institutions has surged in India since the 2000s, while the number of students doing PhD has remained constant. Meanwhile, there are over a 1,00,000 India-born PhDs in universities around the world, kept away by paltry salaries and poor funding. China solved this problem by attracting Chinese-origin PhDs back home with dollar salaries and monetary incentives for published research. Tsinghua University, for example, is designed on the Western model of teaching and research, and is even ahead of MIT in terms of published papers.

However, Indian universities persist in separating research and teaching activities, depriving students of exposure to cutting-edge ideas. Monetary incentives for academia are practically non-existent, and Indian R&D expenditure at 0.62% of GDP is one of the lowest in emerging econo-

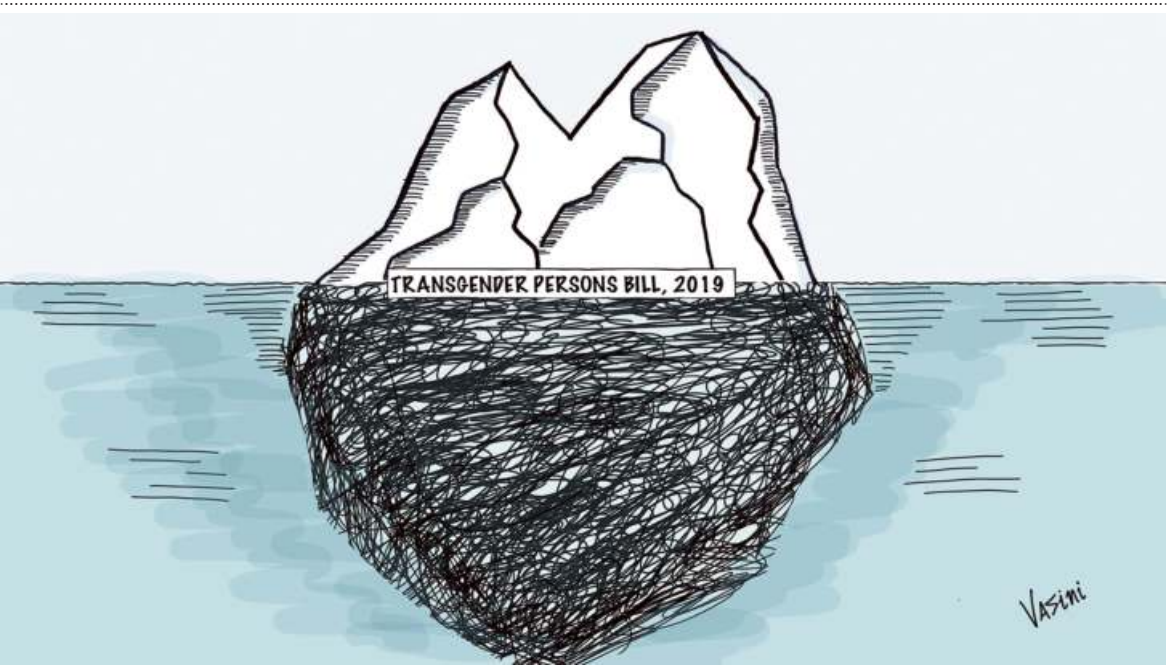
mies. It is not surprising, then, that Indian universities rank low in both research and teaching. The Council of Scientific and Industrial Research, at rank 155, was our highest in the Scimago Institutions Rankings (SIR) for research while six Chinese institutes figured in the top 50.

Macroeconomic impact
Such flaws could affect macroeconomic indicators such as labour productivity, which is determined by innovation and human capital, among other things. The workers of tomorrow need to transition to the formal, non-agricultural sector, armed with higher education credentials. In addition, an increase in research could lead to more innovation in the economy, which might in turn drive up labour productivity. Higher education has a potential twofold effect on productivity. The government released a

Draft National Education Policy (DNEP) in June 2019, which proposed ambitious reforms. The DNEP aims to double education spending to 6% of GDP, and close the research-teaching divide in higher education. This is coupled with an 'Institutions of Eminence' programme started in 2018 that gave increased funding to some research universities. Experts, however, are doubtful about whether the dramatic increases will be politically feasible, and whether the implementation of such reforms will go the path of previous NEPs – watered down and eventually shelved.

What lies ahead? The government needs to recognise the systemic anger at play, and ensure that higher education's role in innovation and human capital is not ignored. The DNEP is a great first-step, but the reforms must be pushed through and must lead to legislation that will fund research-based universities. Only this can bring a culture of discovery and accountability to India's higher education institutions.

Mohini Bishnoi is pursuing a Masters in Public Policy at the Harvard Kennedy School



DATA POINT

Disabled & disadvantaged

A large number of disabled Indians are not literate and also not part of the labour force. A high proportion of them lost their jobs after the onset of disability, even as their expenses increased. The conclusions are based on the 76th National Sample Survey, 2018. By **Vignesh Radhakrishnan**

1. Low literacy levels | An overwhelming share of disabled persons are not literate. Even among the literates, only a few go on to become graduates. Table lists % share of disabled people across education levels. For instance, 49% of those with any type of disability are not literate

Disability type	Not literate	Upto school	Graduates
Locomotor*	44.3	49.9	5.8
Visual*	63.6	34	2.4
Hearing	58.8	38.3	2.9
Speech	57.6	40.6	1.8
Intellectual*	70.2	29	0.8
Mental illness	48.4	48.6	3
Any type	49	46.3	4.7
No disability	24	64.5	11.5

2. Few in the work force | Partly due to their low literacy levels, a high percentage among them are not part of the labour force (those who actively seek work). Even among those who are working, only a fraction receive regular salary or wages. Table lists % share of disabled workers

Disability type	Not in labour force	Self-employed	Regular wage/salary
Locomotor	74.7	14.7	4.3
Visual	87.5	7.9	1.4
Hearing	71.3	16.6	2.3
Speech	71.4	13.4	2.6
Intellectual	94.1	2.9	0.5
Mental illness	89.5	5.5	1
Any type	76.2	13.6	3.4

Source: Persons with disabilities in India, July to December 2018

3. Given the pink slip | Close to 57% persons working before the onset of disability lost their jobs after they became disabled. About 16% of them were also forced to change their nature of job. For instance, among workers who had onset of visual disability, 64.2% lost jobs

Disability type	% working before		
	% working before onset	% lost jobs	% changed jobs
Locomotor	40.3	60.7	18
Visual	42.3	64.2	11.5
Hearing	33.9	28.4	11.1
Speech	11.3	69.9	7.1
Intellectual	3.9	81.9	4.6
Mental illness	39.1	71.9	9.9
Any type	36.7	57.2	16

4. Low income, high expenditure | Not only do disabilities rob people of their income sources, they also increase their living expenses. 30% of those surveyed incurred out-of-pocket expenses towards disability. They spent, on an average, ₹2,477 every month

Area	% who spent	Expenses in ₹
Rural	25.8	2,117
Urban	39.1	3,112
Total	29.4	2,477

*** Intellectual disability:** Specific learning disabilities; autism spectrum disorder; similar disabilities
Locomotor disability: Acid attack victims; leprosy cured person; polio; cerebral palsy; dwarfism; muscular dystrophy
Visual disability: Blindness; low vision

The Hindu.

FROM THE ARCHIVES

FIFTY YEARS AGO DECEMBER 5, 1969

The woes of Lok Sabha Speaker

A graphic account of the Speaker's woes and the encroachment by members on his time was given by the Speaker, Mr. G.S. Dhillon in the Lok Sabha to-day [December 4, New Delhi]. He complained that members streamed into his room with a variety of requests just as he was studying papers relating to the day's business in the House. Since he had to come to the House at 11, the half hour preceding that was most precious to him. Members coming to him at that time gave notice of adjournment or other motions and, what was more, pressed for his verdict on them in the House immediately thereafter. All this, he said, detracted from the concentration he had to bestow on his work. He said that in the House of Commons, members saw the Speaker only once a month. Besides, there was a first rehearsal as to how a member should approach the Speaker. Mr. Dhillon said he was not suggesting such rigid system. "Nevertheless, I must mention how members do not even spare me when I am in the bath. Surely, I must be given more consideration by members", he added.

A HUNDRED YEARS AGO DECEMBER 5, 1919

Parties in India.

(From an Editorial)

Party politics are quite new in this country and it is not surprising that many of our countrymen who are unused to some phases of it, are shocked at the way in which speakers express themselves as regards those with whose opinions they disagree. We published yesterday a letter on the question of social amenities to the extended to all the delegates who have returned from England. Other letters are published to-day more or less relating to the same subject. The communication from a 'Friend' deserves notice because, though it is unsigned, its anonymity is due to the writer holding a high official position. We fear he has taken an exaggerated estimate of the situation. The Madras Mail says: "There is a surfeit of Lime House in Indian Party speeches, and unfortunately there is in India, a seriousness behind it which is not to be found in the tub thumping to party rivals in England. Mr. Lloyd George's famous philippic against the peers were largely disconnected by the general understanding that he had no personal animosity against the persons he so rigorously attacked. Can the same be said of the Indian partisans?" We ask, why not? There is no more reason to attribute personal animosity to Indian politicians when attacking their opponents than among Englishmen.

Join Teligram Channel ↴

 TARGETGOVTJOBS [<https://t.me/TargetGovtJobs>]

Special :- Daily Update 📩 📰 Newspaper, ✍️ Editorial, 📅 Today's History, 📺 Air & BBC News, 📺 RSTV, 📖 The Hindu vocabulary, ☆ Imp. NewsClips, 📺 StudyIQ Video, 📅 Daily, Weekly & Monthly current affairs Magazine, 🎧 Dr. Vijay Agarwal Audio Lectures, 💻 Job update [Employment News Weekly], etc...

 E BOOKS  [https://t.me/Edu_Books]

Special :- Get all important E-Books [NCERT Books, Subject Wise Books, Hand Written notes, Coaching Classes Notes], Weekly & Monthly Current Affairs Magazine, Exam Test Series, Job update, Employment News, Other Magazine etc.... [Medium :- Hindi & English]

 E-PAPER & MAGAZINE  [<https://t.me/NewspapersTodayY>]

Special :- Daily Update Newspaper [Hindi & English Language], Magazine, Employment News, Job update, 📺 Air & BBC News, Etc....



THANKS

