


ACROSS  
THE AISLE



P CHIDAMBARAM

The protagonist may be elected as CM and may deliver an impressive account of governing the state. As long as the protagonist manages the best known known — money — all other knowns and unknowns are manageable. It is only when the protagonist has to travel beyond knowns and unknowns that there is trouble. That trouble is the market. And when market is millions of people operating in an environment of fear, the market is big trouble

EVERYONE IS an economist — from the homemaker making the household budget to the dairy owner who rears cows to supply milk, from the small business entrepreneur who manufactures parts to the construction major who builds and sells apartments. They must, perforce, abide by the rules of the game embodied in the sector-specific laws and the general laws of contracts and taxes, the conventions of the trade, and the relationship with one's counterpart/customer. These are knowns; actually they are known knowns. The best known known is money. The protagonist in our story will take appropriate decisions mostly on the basis of the known knowns.

The protagonist could turn out to be wrong, because of the unknowns — both the known unknowns and the unknown unknowns. Over a period of time, the protagonist may master the unknowns too.

The protagonist may be elected as the chief minister of a state and may deliver an impressive account of governing the state. As long as the protagonist manages the best known known — money — all other knowns and unknowns are manageable. It is only when the protagonist has to travel beyond the knowns and the unknowns that there is trouble. That trouble is called the market. And when the market is millions of individuals unrelated to each other taking individual

decisions in an environment of fear and uncertainty, and impelled by different motives, the market is not simply trouble, it is big trouble.

The best laid plans of mice and men can often go awry in the market. Size and scale matter. Giving an exam on a balanced budget does not present as many challenges as making the Budget for a government. Running a state does not throw as many challenges as governing a country.

Prime Minister Narendra Modi was the chief minister of Gujarat for about 12 years. His Finance Minister, Ms Nirmala Sitharaman, holds an MA degree in economics from Jawaharlal Nehru University. Between them, they thought — and why should they not? — they were competent economists capable of managing the Indian economy.

Alas, they find themselves in the unenviable situation of presiding over the slow decline and imminent collapse of the Indian economy. In the last six quarters for which official figures are available, India's GDP growth was, in per cent, 8.0, 7.0, 6.6, 5.8, 5.0 and 4.5. From all accounts that we hear, the Prime Minister and Finance Minister are worried, but will not show it — at least not yet. There is an apparent division of labour between them: the decisions are taken by the PMO and implemented by the Ministry of Finance. And there is mutual suspicion and a blame game between the man-

darins in the two offices.

Now, the two main protagonists of the story are floundering and struggling to control the price of the humble onion, a staple among the poor and the middle class. Substitute 'onion' by one of a number of things that could go wrong, and what do we have?

	2016	2017	2018	2019
	-17	-18	-19	-20 (Part)
Agriculture growth	6.3	5.0	2.9	2.1
Index of Industrial Production growth	4.6	4.4	3.9	2.4
Core sector growth	4.8	4.3	4.4	0.2
Credit growth to MSME	0.9	-0.4	2.3	2.7
Manufacturing	-1.2	1.7	-1.4	0.7
Private final consumption expenditure	56.1	56.3	56.9	55.7
Unemployment (In per cent)	9.65	4.03	5.14	7.03

Besides, household consumption is down according to the NSSO. Rural wages have declined. Producer prices are down, especially for farmers. Daily wage earners get work for no more than 15 days a month. Demand for MGNREGA is up. Both durable and non-durable consumer goods are selling less. Wholesale price inflation has climbed up to 1.92 per cent and the consumer price inflation stands at 4.62 per cent. The plant load factor of all thermal plants is about 49 per cent, meaning thereby that one-half of all thermal capacity has been shut down be-

cause of lack of demand for electricity.

The government thinks it can wish away the impending disaster. The fault of the government is its stubborn and mulish defence of indefensible decisions taken in the past — demonetisation, a flawed GST, tax terrorism, regulatory overkill, protectionism and centralisation of decision-making in the PMO. Thanks to demonetisation on November 8, 2016, a man-made catastrophe was unfolding. Despite warnings, the government did not pause to take stock or reflect. *The Economist* has called the government an 'incompetent manager' of the economy. With no other option, ministers have resorted to bluff and bluster.

The government has acknowledged that the economy is in a slowdown, but denied that there were 'structural' issues that need to be addressed. The government has described the problems as 'cyclical'. It is a small mercy that they did not identify the causes as 'seasonal'!

India's economy is being run without the aid and advice of competent economists. The last one was Dr Arvind Subramanian. Imagine teaching a doctoral programme without a professor or performing a complicated surgery without a doctor! Running an economy without reputed economists — and through incompetent managers — is the same.

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FIFTH COLUMN



TAVLEEN SINGH

# Citizenship legally weaponised

THERE ARE things about the citizenship Bill that are deeply disturbing. Not least is the manner in which Home Minister Amit Shah routinely makes clear that it targets Muslims. He has said so often that he is going to hunt out Muslim "termites" and deport them that he leaves no doubt at all about the real purpose of the Citizenship Amendment Bill that the government hopes next week to make into law. Last week, while campaigning in Jharkhand, he once more made his speech threatening "termites". It made me happy to see that there was no response from the crowd. Not even when he asked why "Rahul *baba*" was so upset that he was showing undue concern. "Where will they go, what will they eat, how will they live, Rahul *baba* asks. I ask him, are they your cousins?"

Rahul Gandhi and Mayawati are right to publicly oppose a law that seeks to leave it in the hands of petty officials to determine who has a right to be Indian and who not. Most of the "termites" that Shah so despises are very poor people who usually do not have documents to prove if they are Indian or not. They will now be at the mercy of officials who more often than not will use the law as a new source of inhumane extortion.

Last week, Ram Madhav tried to give the law a 'humanitarian' spin by describing it as an exercise to deal with the "fall-out of Partition". With the deepest respect, Ram Madhavji, I would like to say that this is rubbish and you probably know this.

Partition has nothing to do with this law. As someone who belongs to a family of refugees from Pakistan, may I tell you that the "fallout" of Partition was dealt with long ago. This new law is nothing more than a majoritarian and very ugly exercise to prove to Indian Muslims that in the 'new India', they have a lesser place than Hindus, Sikhs, Buddhists, Jains and Christians and they better get used to this. The Prime Minister continues to remain silent about this law but his closest confidant, the Home Minister, concentrates on reminding us almost daily that Indian citizenship is no longer anyone's birthright. It will in future be treated as a privilege, especially for Muslims. If they cannot prove that they are Indian, then they will end up in detention camps or deported.

What makes this amendment to India's citizenship law totally irrelevant is that there are not exactly millions of "termites" trying to creep across our borders. If we had a situation similar to what exists on the southern border of the United States, or what happened in Europe when the Syrian war caused a mass migration, this amendment may have had some meaning, even in its current discriminatory form. But, this is not the situation we face. There was a time when Bangladeshis flooded across our eastern border in search of jobs and a better life. They no longer do in any significant numbers because the truth is that many social and economic indicators now show that Bangladesh has gone ahead of India in some areas.

From the north we have seen a small trickle of Afghans come to Delhi to escape the war in Afghanistan, and they should be welcomed with open arms because they are fleeing jihadists of the worst kind. If there are Pakistanis coming into India illegally, it is mostly as jihadists and not immigrants. The Hindus and Sikhs who have come across to escape religious persecution are in every case welcomed with open arms. Nobody has ever threatened to send them back, so what really is the purpose of this new amendment?

Could it be that its real purpose is only to further poison the already fearful atmosphere in which Indian Muslims have lived since Narendra Modi became Prime Minister? Modi likes to repeat, every now and then, that he believes in '*sabka saath, sabka vikas*' (development for everyone)' but has almost never spoken out against the lynchings that cause Muslims to live in terror, and that have scarred India's image as a secular, liberal democracy. Nor has he explained why he considers this amendment to the citizenship law necessary.

There is no doubt at all that his government has the numbers in Parliament to ram the amended law through next week. Rahul Gandhi and Mayawati have spoken out against its discriminatory nature, but neither the Congress nor the Bahujan Samaj Party has the strength in either House of Parliament to make a difference.

What disturbs me most about this law is that it could be a harbinger of very bad times. With the second largest Muslim population in the world, we have contributed the least number of holy warriors to the worldwide jihad. But how long will things stay this way?

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INSIDE TRACK



COOMI KAPOOR

Thanks to the BJP's hubris, there was no one in the party, except possibly Nitin Gadkari, who could have acted as an intermediary when the Shiv Sena was parting company. In the old days, Pramod Mahajan and L K Advani had developed a personal rapport with the Thackeray family and frequently played the role of peacemakers with their demanding partner. But, the BJP today is extraordinarily cavalier towards allies. Last week, Akali Dal MP Naresh Gujral requested Speaker Om Birla to organise a function in Parliament to mark the birth centenary of his father, the late Prime Minister Inder Kumar Gujral. He also asked that a postal stamp be issued and the Central government sponsor newspaper advertisements to commemorate the centenary. While Naresh Gujral received no positive response from the Modi government, ironically, the non-NDA state governments of Punjab, Delhi and Maharashtra put out ads to honour Gujral's memory.

LOST IN THE HOUSE

Congress MP Jairam Ramesh was clearly jittery in Parliament when he lost his cellphone, which, presumably, contained a lot of confidential WhatsApp messages to party leaders. After scouring the benches of Central Hall, Ramesh wondered if he could have left his phone, which was in silent mode, in the House. A helpful journalist suggested he approach Parliament's central security office, which keeps videotapes of Rajya Sabha proceedings. A thorough scanning of the tapes revealed that Ramesh was last seen in the House sitting next to Minister of State V Muralaee-dharan and enquiring about a Bill. Muralaee-dharan later noticed a mobile phone near his seat and handed it to fellow minister Purushottam Rupala, who in turn passed it on to the Watch and Ward staff. When a frantic Ramesh enquired about his phone, Rupala joked that he had retrieved it, but first taken a peek at all the Maharashtra contacts on his phone.

SUDDEN CANCELLATION

The powerful right-wing think tank India Foundation has been hosting civic receptions in the Capital for visiting heads of neighbouring countries. The foundation was to host a reception for Sri Lankan

OUT OF MY MIND



MEGHNAD DESAI

THE BRITISH elections are just a few days away. As of now, it looks most likely that Boris Johnson and his Conservative Party will be returned with a majority. There are 650 seats, but for a majority, you can discount the Speaker and Deputy Speakers who do not vote, plus the Sinn Fein MPs from Northern Ireland who never take their seats because they do not want to swear

## HISTORY HEADLINE

4-in-1: The common factor in new UT



K C SETHI

VASCO DA Gama's arrival at Calicut, on May 20, 1498, marked the arrival of Portuguese in India and the end of Arab monopoly over trade in the region. It was 12 years later that the Portuguese captured their first territory in India, Goa, defeating Bijapur King Ismail Adil Shah.

Having made Goa the capital of their eastern empire, the Portuguese gradually turned their attention to Diu, Daman, Dadra and Nagar Haveli — two separate Union Territories which were combined into one with a Bill passed by Parliament last week.

The Diu island, located 1,700 km up from Goa along the western coast, was famous for its riches and varied history. The Portuguese failed twice in Diu — first in 1509, in a battle against the combined forces of the Mamluks, Venetians, Ragusians, Zamorin of Calicut, and Sultan of Gujarat Mahmud Begada; and four years later, in a bid to establish an outpost.

In 1535, the new Sultan of Gujarat, Bahadur Shah, afraid of an invasion by Mughal Emperor Humayun, signed an alliance with the Portuguese, allowing them to construct a fort and maintain a garrison at Diu. Even as the alliance unravelled quickly, the Portuguese fought back multiple attempts by the Sultan and his successors to oust them, between 1537 and 1546, before eventually prevailing.

The Portuguese went on to build a huge fort in Diu, strengthening and expanding it over 25 years, and the island emerged as an important port on the flourishing commercial and pilgrimage routes between India and the Middle East. By the mid-1550s, all ships entering and leaving the Gulf of Khambhat were required to pay duties to the Portuguese.

The Daman island was acquired by the Portuguese next. They are said to have discovered the island, 700 km away by land from Diu, and on the opposite coast from it, purely by chance. In 1523, a Portuguese ship sailing towards Hormuz in the Middle East was caught in a huge storm and got stranded off-coast. The commander, Diago de Mello, was enchanted by the grandeur of the port that he saw, and word about it soon reached the king of Portugal. The king ordered that the place be acquired and developed as a commercial port.

The Portuguese went on to battle for 36 years, to eventually capture Daman on



The Portuguese forces surrendering in Goa. *KC Sethi*

February 2, 1559, with Goa Governor Constantino de Braganza launching an attack with a fleet of more than a hundred vessels. De Braganza then ordered a fort built at the harbour, a stone's throw away from the town market.

Diu and Daman remained in the possession of the Portuguese till way after Independence. On December 19, 1961, Indian soldiers finally ousted them in 'Operation Vijay', that involved land, sea and air strikes for 48 hours.

Daman and Diu were then brought under a Union Territory of Goa, Daman, and Diu — despite the distance that separated the three. After Goa became a state in 1987, Daman & Diu became a UT, with Daman as the capital.

Dadra & Nagar Haveli, located 745 km from Diu and 35 km from Daman, too was once occupied by the Portuguese.

The tribal-dominated territory is wedged between Maharashtra and Gujarat, and is known for its natural beauty, with the Western Ghats rising to its east. It is densely populated and home to around 30 tribal groups.

The Portuguese occupied Nagar Haveli on June 10, 1783, on the basis of a friendship treaty that they had executed three years earlier with the Maratha Navy, which offered the territory as compensation for having struck and damaged a Portuguese frigate. Two years later, the Portuguese purchased Dadra from tribal king Tofozon.

Under the Portuguese, Dadra & Nagar Haveli were part of 'Distrito de Damao (Daman district)'. The two had a single municipality, named 'Nagar Haveli'. The Portuguese rule in Dadra & Nagar Haveli lasted till 1954, when the territory was occupied by supporters of the Indian Union.

Incidentally, in 1961, as India was preparing to free Goa, Daman and Diu from the Portuguese, IAS officer KG Badlani was designated the Prime



Minister of Dadra & Nagar Haveli for one day, so that, as Head of State, he could sign an agreement with Prime Minister Jawaharlal Nehru and formally merge the territories with the Republic of India.

The government hopes that by merging Daman, Diu, Dadra & Nagar Haveli into a single UT, it can provide effective and prompt services to people. Incidentally, even now, the two UTs are under a single administrator, who is headquartered in Daman and visits Silvassa, the capital of Dadra & Nagar Haveli, thrice a week. The two UTs also share departments, though under two different authorities.

Culturally and socially though, the two UTs are far apart, as a majority of the population in Dadra & Nagar Haveli is tribal, while Daman & Diu mostly have fishermen. Geographically, while Daman and Diu are islands, Dadra and Nagar Haveli are located in the plains, bordered by the Western Ghats.

Daman & Diu has a BJP MP while Dadra & Nagar Haveli was won by an Independent in the last election.

Daman retains the maximum Portuguese influence among the four areas, including in its cuisine, though multi-storey buildings are fast replacing traditional homes now. Diu, so far, has resisted this onslaught, with laws forbidding both multi-storey buildings and industries here. Here, Portuguese-built monuments remain in good condition, with the town's Municipal Council — the first in Asia — and a police station still functioning from a 16th-century building.

Daman, once known as a haven for smugglers, is now famous for its liquor tourism, drawing huge numbers from the neighbouring dry state of Gujarat.

*Sethi and wife Sunita Sethi are co-authors of the coffee table book Daman, Diu, Goa, Dadra, Nagar-Haveli & Portuguese Regime (1510-1961)*

# Can UK bear more of Brexit debate?

allegiance to the British monarchy.

Thus the effective number is 640 and majority is 320-plus. As of now, the Conservatives do not have a majority. In the last election called by Theresa May in April 2017, they got only 317 seats while the Labour Party got 265. The next largest party is Scottish Nationalist Party which got 39 seats (out of 59 in Scotland). The Liberal Democratic Party, which is against Brexit, has about a dozen seats. The Conservative Party withdrew the Whip from 21 MPs but 10 of them have been readmitted. So there are 306 Conservative MPs.

Through its history, the UK has had two dominant parties. Once they were Liberals/Whigs and Conservatives/Tories.

Then, in the 1920s, the Liberals collapsed and the Labour Party took its place. In the last 40 years, regional parties Scottish Nationalist, Welsh Nationalist (Plaid Cymru) have emerged. In Northern Ireland, there are Nationalists (Catholic), Unionist (Protestant) parties as well as one centrist party. But these account for fewer than a hundred out of 650 seats.

The two likely outcomes are the Conservatives getting an outright majority, say 340-350 seats, or a hung Parliament where once again the Conservatives fall short, say getting only 310. If the Labour repeat their score of 265 then they need partners, Scottish Nationalists for example, who can bring 50 seats. (No MPs will be taken

to four-star hotels and locked up, nor would they defect to whoever offers them better terms. The British have failed to learn from Indians in coalition-making.)

Brexit is the central topic. The Conservative Party has been deeply divided over the question, but right now Johnson is asking for a large vote 'to get Brexit done'. He has negotiated a deal and he needs a comfortable majority to get it through the House of Commons. Johnson's gamble is that after two-and-a-half years of debate, voters are fed up with the Brexit issue and want it settled, whatever the deal. The Liberal Democrats are a Remain Party but they are unlikely to get more than 40 seats. The Labour is divided as it has both Leave

and Remain voting seats. They are seeking to win and, if they do, renegotiate a deal more friendly to the EU and have a second referendum to get it approved. The Labour wants to get the Remain voters as well as the Leave voters. But by the time the Labour has negotiated a new deal, a whole year may have passed. There are so many different ways a deal can be made, that it is not at all certain how the second referendum will go. Can the British bear another year of debate and discussion?

In 2011, the UK passed a Fixed Term Parliament Act for five-year terms. Since 2015, there have been three elections. Johnson is the third Prime Minister in four years. Will he return?