The cogs in the entertainment wheel

The boom in content has had a ripple effect across the ecosystem with hundreds of little firms finding global work and relevance

MEDIASCOPE

VANITA KOHLI-KHANDEKAR

Walk into a small basement office in the heart of Delhi's Lajpat Nagar for a glimpse of what the boom in content has done to the entertainment economy. All the three tiny studios at Rahul Bhatia's Business of Languages or BoL are occupied. On the screen of the first one I spot a National Geographic documentary being dubbed in Hindi and in another room an English script is being translated to Hindi. In a third one a very familiar sounding voice artiste is rehearsing her lines. (She is the voice of a popular kids character Shinchan, I am told later.) On an average BoL dubs and subtitles over 100 hours of content a month from English, Chinese, Japanese, Spanish to Hindi, Tamil, Telugu among other languages. That is up from 20 hours a month two years ago. Back then, 16 of those 20 hours was work for television. Now half of the 100 hours are for TV, 30-40 are for OTT and the rest is for Interactive Voice Response Services. Check the credits on *The Protector*, *Trollhunters* (Netflix) or *It's not That Simple* (Voot) or *Permanent Roommates* (TVF) among other shows and you might spot BoL.

Alternatively, you might find other firms located in Delhi or Chennai or Hyderabad or Mumbai doing post-production or dubbing. The first happy impact of the boom in content creation is this huge rise in the demand for all the things that go into putting a *Sacred Games* or *The Family Man* on millions of TV, mobile, device screens across the world. These could be the multitude of languages in which content is now available, technical services, among scores of other things. The second impact is pushing up the value of talent. The third is bringing a much-needed focus on training young and mid-level talent in India's ₹1,67,400 crore media and entertainment industry

Google, Amazon, AT&T, Disney, Comcast, Apple and Netflix among others are commissioning content from across the world in their search for audiences. It could be Indians watching *Narcos* (Spanish, Colombia), the French watching *Sacred Games* (Hindi, India) or the Turks watching *Dark* (German, Germany) among the millions of permutations possible. This search has led them to India — not just for its audience but also for its storytellers. Other than Korea, India is one of the few markets with authentic local stories to tell and an industry that tells them well. More than 90 per cent of what Indians watch or hear is local.

And now it is finding favour globally too. In July 2018, *Sacred Games*, a Hindi show began streaming in 190 countries to Netflix's 125 million subscribers (then). More than a year later in September 2019, it was nominated for the International Emmy Awards along with *Lust Stories* (Netflix) and *The Remix-India* (Amazon Prime Video). They didn't win but *Sacred Games* made it to *The New York Times* list of the 30 best international series of the decade. According to Amazon Prime Video, one in three viewers for its Indian shows is from outside of India.

Not surprisingly, the wooing of Indian talent — from actors and directors to writers — has been relentless. From barely 20 hours in 2016 original content on the top 10 OTTs went to about 400 hours in 2018, says Media Partners Asia a Singapore-based consulting firm. It was estimated to go to over 1,000 hours by the end of 2019. That is about 300-500 new films or just under $500 million worth of film-quality content. At over 1,600 films India is the largest filmmaking country in the world but adding another 500 high-quality films to be watched by people of different sensibilities in different languages, is a tough ask. It creates some very sweet challenges.

"There is a lot of requirement for international languages from Indian companies in the last one year," says Bhatia. The availability of a variety of voices for stories with multiple characters is another issue. To tackle it, in August 2019 Bhatia launched SoL or School of Learning. It offers a two-month course for voice artistes, out of the same studio. Netflix is doing its bit too. In October 2019 it hosted a four-day post-production training programme on visual and special effects, sound, music, workflow among other topics. More than 30 working professionals took part in it.

India's creative ecosystem is buzzing with happy sounds, in many languages.

Twitter: @vanitakohlik

Deepfakes and its discontents

Global social media conglomerates' move to crack down on AI-driven video-manipulation technologies is a potent indicator of the mounting dangers to credible media dissemination

DEVANGSHU DATTA

On January 6, Facebook's VP Global Policy Management, Monica Bickert, announced that Facebook would crack down on certain categories of manipulated media. It would remove "misleading, manipulated media that had been edited or synthesised in ways not apparent to an average person [to] mislead someone into thinking that a subject of the video said words they did not actually say" and "video that is the product of artificial intelligence or machine learning that merges, replaces or superimposes content, making it appear to be authentic". Twitter has announced a similar policy and Reddit has also started to crackdown on "deepfakes" as these are called. Google is also cooperating in this technological struggle.

TAKE TWO

ANALYSIS BEHIND THE HEADLINES

Deepfake is a portmanteau of "Deep Learning" and "Fake". It's a catch-all word to describe a large portfolio of AI-driven video-manipulation technologies. Although deepfakes have not been around for very long — the term was coined in 2017 on Reddit — they have induced legislative action. The recent policy announcements by social media networks have been triggered by impending US Presidential elections since deepfakes are a particularly effective tool for dissemination of fake news.

Deepfake is a spinoff from recognition technology. Apart from having unique faces, voices and figures, individuals also have unique postures, facial expressions, vocal cadences and modes of physical movement. If sufficient video footage of an individual exists, AI can analyse these patterns to recognise that person, even if their face is covered, or they are deliberately distorting their voices. Take it one step further and AI can extrapolate how that person would say, or do something.

"Strip" technologies such as DeepNude can guess accurately what a clothed person would look like, naked. Ageing and de-ageing technologies allow an AI to guess what someone would look like in the past, and in the future. This has been used to depict a young Harrison Ford, for instance.

Deepfake can, therefore, be used to create realistic videos of somebody doing, and saying things, that they have not actually done, or said. For example, it would be possible to make deepfake videos, where President Donald Trump is chanting in Sanskrit, Lionel Messi is swimming, and Roger Federer playing cricket. These could be realistic since the AI could analyse hundreds of hours of footage of speech patterns, body-motion patterns and facial expressions to create such videos. Mark Zuckerberg has himself been the victim of a deepfake video, which went viral.

The technology has already been used by fans to make Nicholas Cage "star" in various movies. It has also put dead actors, such as Carrie Fisher and James Dean onscreen and there are lawsuits by the estates of other dead actors to prevent this happening. It is also possible to create "synthetics" — full-body moving, talking images of people who don't actually exist.

THE AI AVATAR

- Deepfake is a spinoff from recognition technology
- It can create realistic fake videos of actual people
- Further political cause by spreading disinformation
- Generate celeb pornography
- Accurately create time-lapse images of people to show ageing or their childhood

These technologies are proliferating in the form of programs easily used by anybody. There may be legal applications. For example, labelled deepfake for the sake of parody, or entertainment, is possible. An aspiring film-maker may make a film starring non-existent people. Deepfake can also be used to train athletes to improve techniques. It can be used for satirical content. Indeed, Facebook will allow deepfake attempts at humour, parody or satire (though this can be very subjective).

But there are also many nasty applications. Apart from creating disinformation to further political causes, deepfake technology can generate celeb pornography, and "revenge porn", using footage of ex-partners. Porn is most popular use-case — according to estimates by researchers, about 95 per cent of deepfakes in public domain consist of porn. It is also possible that deepfake will soon be weaponised to "frame" civil activists in undemocratic regimes.

The state of California has banned deepfake revenge porn and celeb porn. It's an obvious hotspot since both Silicon Valley and Hollywood are in California. At the federal level, the US Congress has contemplated legislation to regulate and control deepfakes. But this is hard to formulate without stepping on free speech, and freedom of expression. In any case, it's hard to see legislation keeping pace with a fast-evolving technology.

Deepfake generation relies heavily on "training" AI through algorithms that analyses footage, and recognises and recreate subjects. It often uses a method called Generative Adversorial Networks (GAN), which sets up two algorithms to battle each other: one algo tries to forge convincing deepfakes while the other algo points out flaws in forgery. In this way, the AI learns and improves.

Identifying deepfakes is not an easy task. Facebook is putting $10 million into creating better recognition systems. It is hiring actors to make videos for training AI algorithms. Google has already put together a publicly available dataset of 3,000-odd deepfake videos, to train AI programs to identify deepfakes. This will turn into a race of competing technologies – deepfake technology will improve rapidly even as detection also gets more sophisticated.

There are many other ways to manipulate media of course. But this one could eventually lead to the complete collapse of credible information dissemination.

CHINESE WHISPERS

Listening to conscience, again?

Only Narayan Tripathi knows what is on his mind. The rebel Bharatiya Janata Party (BJP) MLA first voted in favour of the Kamal Nath government during the voting on the Criminal Law (Amendment) Bill in the Madhya Pradesh Assembly. He did so, he said, because his conscience told him to. When people thought he had switched sides, he, along with former minister and senior BJP leader Narottam Mishra, appeared (in October last year) in the Bhopal BJP party office to announce he never left the party in the first place. He defied the party line once again on Tuesday and opposed the Citizenship (Amendment) Act, 2019, saying, s"We speak of *vasudhaiva kutumbakam* (the world is one family) but if we divide people on the basis of religion, the country will break up." Is his conscience speaking again?

Samvidhaan gets its due

Oxford University Press (OUP) on Tuesday said "*Samvidhaan*" (Constitution) had been chosen the Oxford Hindi Word of 2019. According to OUP, *Samvidhaan* is a body of fundamental principles or established precedents in accordance with which a state or other organisation is acknowledged to be governed. An Oxford Hindi Word of the Year is chosen if it attracts a lot of attention. The Oxford dictionaries team invited entries for the Oxford Hindi Word of the Year through its Facebook page and received several hundreds of entries. The word of the year was chosen by a team in India with the help of an advisory panel of language experts. OUP said the word *Samvidhaan* was chosen as 2019 saw the values of democracy, secularism, justice, liberty, equality, and fraternity being tested on the touchstone of the Constitution or *Samvidhaan*.

Mamata's brush with CAA, NRC

West Bengal Chief Minister Mamata Banerjee (*pictured*) took up the brush on Tuesday, this time to express dissent on the Citizenship Amendment Act (CAA) and the proposed National Register of Citizens (NRC). She was part of a group that had organised a protest near the Mahatma Gandhi statue on Mayo Road, Kolkata. She had other artists for company and urged the gathering to carry out protests against the citizenship law peacefully and reiterated that she would never allow its implementation in the state. She said the paintings would be a tool to spread awareness about the CAA and NRC and would be exhibited in various galleries of the country.

Jet, set, going down

MONEY MATTERS

JOYDEEP GHOSH

Two market mavens were having a delightful chat on Twitter recently: "Can someone educate me on why Jet Airways is still listed and trading, and how does it go up 5 per cent daily when the airline has closed down?" Another responded: "Absolutely. Air India can merge with Jet airways and become even more valuable on this account."

This was friendly banter but it does raise some uncomfortable questions. The Jet Airways stock has gone up from ₹15.45 in October 2019 to ₹50 in January 2020 — up over 300 per cent in three months even though the company has been grounded for over a year. It hit the upper circuit of 5 per cent consistently almost every day in the past month (a Z-category stock's upper and lower circuit filters are fixed at 5 per cent). And after hitting the lower circuit for the last few trading sessions, on Tuesday, the stock started moving up again. Clearly, speculators are happily playing the "pump and dump" game.

So what are the regulations governing such stocks? One of the main criteria for suspending a stock from trading is the failure to report earnings for two consecutive quarters — a rule that both the Bombay Stock Exchange and the National Stock Exchange have followed diligently, the most recent cases being Café Coffee Day and the fraud-hit CG Power. Both did not declare results in the July and September quarters. (They have time till today, January 29, to comply, failing which trading will be suspended from February 3.)

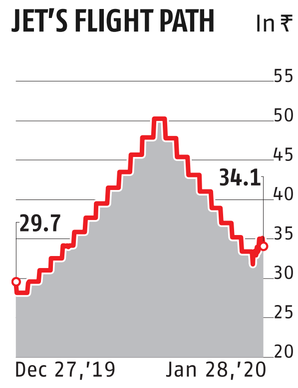
Then why is Jet Airways special since it declared its last quarterly result in December-end 2018? Perhaps because of the hope factor, since it is in the Insolvency and Bankruptcy Court (IBC). The benevolence of the exchanges might have also stemmed from the fact that the company has a few planes, valuable airport slots and other holdings that may still fetch a buyer. There could also be a moral hazard of depriving as many as 150,000 investors an exit route. Meanwhile, there is some minor fees to be earned from the daily transactions. So, while their indecision may be understandable, speculators are having a field day.

Reality check: Even if Jet Airways is bought in the IBC process, there is no guarantee that investors will get the existing stock price, or even close to it, or anything for that matter. The Securities and Exchange Board of India's (Sebi) July 2018 circular has clearly given acquirers the flexibility, including exemption from any reverse book building and the requirement for minority shareholders' approval. This exemption means that the next owner is under no obligation to pay the existing shareholders any price for their holdings. In the case of Electrosteel Steels, the Vedanta Group gave 19 paise per share whereas it was trading at ₹26. Essar Steel shareholders' holdings were simply extinguished after ArcelorMittal took over.

History has been equally unkind to shareholders of other badly-run companies. In 2004, Oriental Bank of Commerce paid nothing to shareholders of Global Trust Bank though depositor money was protected.

Since the Sebi is already clear in its stand, tightening the screws further on such companies' shares would be a step forward. Guidelines like putting the stock into the trade-to-trade category — a type of settlement system where transactions can be done only for delivery — immediately, will deter speculators. It will also prevent circular trading as brokers have to pay for each transaction (buy or sell). And only genuine investors will be able to participate in the trade. Other steps like advanced monitoring, and of course, a higher trading margin should be imposed.

According to its own investigations, the Sebi had identified 331 companies a couple of years back that it assessed were misusing the stock exchange platform for tax evasion, incidentally called "stocks for tax planning" in the stock market parlance. These entities were availing of long-term capital gains (LTCG) through sham transactions. Thankfully, these may have come down after the imposition of the 10 per cent LTCG in the last Budget, say market players.



Some believe that the regulator should not intervene, but only investigate, for now. They argue that it has the option of punishing traders in case of circular trading, or any other wrongdoing. But given that such investigations take a long time and waste manpower, a stronger rule seems to be the need of the hour. Prevention is better than cure.

Of course, speculation needs to be the heart and soul of the stock market. But as American investment guru Philip Fisher has said: "The stock market is filled with individuals who know the price of everything, but the value of nothing."

Jet Airways needs to be taken out of this misery. Even Naresh Goyal would agree.

LETTERS

Why turn back the clock?

This refers to "Budget 2020: Time to re-introduce wealth tax, says Abhijit Banerjee" (January 28). Notwithstanding Nobel laureate and economist Abhijit V Banerjee's latest call for the re-introduction of a wealth tax in India considering the rising inequality, the nation's current economic scenario does not justify such a plan. In fact, such a move might turn out to be counterproductive as our economy is facing a huge mismatch between demand and investments, which is essential to achieve the desired level of the economic growth. In fact, our experience shows the imposition of such draconian taxes has failed to serve the real purpose as such a regime is a fertile ground to breed ways to evade and avoid the same.

Mind you, the maximum marginal rate of income tax happened to be as high as 97.5 per cent during the tenure of Indira Gandhi (being the PM and FM both) in the 1970s. But it was later brought down, realising the folly of persisting with such a structure. As mentioned in this report, the archaic Wealth Tax Act 1957 was discarded in 2016, that is, during PM Modi's first tenure. For sure, there must have been valid grounds for doing so. It might not be prudent to move back to such provisions, more so when the government is in the process of ushering in the much needed tax reforms to boost the economy.

SK Gupta Delhi

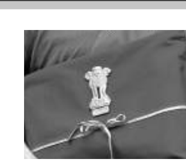
Holidays are good but...

Apropos "Thank tithi for long weekend" (Chinese Whispers, January 28). Holidays are generally good although supporters of our Prime Minister claim he has not taken even a single holiday in the last five years and six months and works 18 hours a day which was proved when he managed wake up India's first citizen to revoke his rule in Maharashtra to install Devendra Fadnavis as second-term CM for two days. However, West Bengal and many other states across India are notorious for extending festival holidays. If those employed by the West Bengal government can thank *tithi*, the government employees of Tamil Nadu just thanked Pongal for enjoying the luxury of a six-day holiday starting January 14. This year, apart from Maatu Pongal — as gratitude to the bull — people also celebrated Kudarai (horse) Pongal on January 18 and we can only pray the list of animals doesn't become longer next year.

N Nagarajan Secunderabad

All for "democratic" growth

We have visions of a $5-trillion economy and there are the annual trysts with the Budget. Nations



pass through phases of growth, stagnation and economic regression. Corrections follow to bring in inclusiveness, applying monetary/economic tools to regain trajectory. History bears out that democracies have consistently fuelled national growth. Of the various components of a democracy, civil liberty is the most important to positively affect economic reforms, private investment, the size and capacity of the government, and for the reduction in social conflict. For younger nations there could be more channels by which democracy can increase economic growth. The interaction between democratic institutions and the level and distribution of income is currently defining the action grid of most nations and India is no exception. The ethos of democratic growth is the operating system, the rest are just programmes and hardware.

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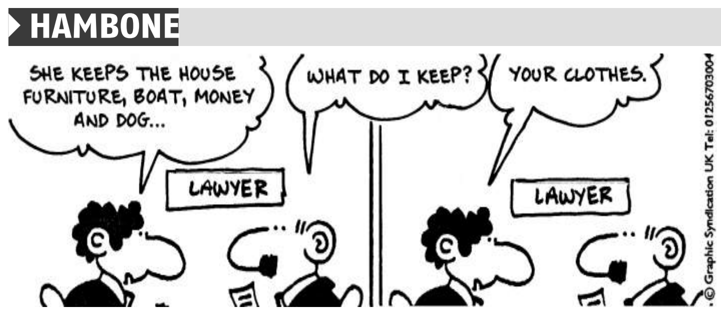
HAMBONE



Business Standard
Volume XXIV Number 118
MUMBAI | WEDNESDAY, 29 JANUARY 2020

Rising forex reserves

Large inflows can increase policy challenges

India's foreign exchange reserves would soon touch the $500-billion mark if the Reserve Bank of India (RBI) continues to accumulate foreign currency at the same pace as last year. India's reserves have touched a new lifetime high of $462.16 billion, according to the latest data, after going up by over $60 billion in 2019. While higher reserves would increase India's capacity to deal with external economic shocks, the continued flow of foreign money at this pace could complicate domestic policy management.

The flow of foreign funds increased significantly in 2019, owing to easier monetary conditions in advanced economies, particularly the US. Since monetary policy is likely to remain accommodative in the foreseeable future, it is reasonable to expect that the flow will continue in 2020 as well. Research shows while foreign direct investment depends on the domestic policy and regulatory environment, portfolio flows are driven largely by the availability of liquidity in the global financial system. Since a higher flow of foreign capital puts upward pressure on the rupee, the RBI is rightly intervening in the market to protect India's trade competitiveness. The Indian rupee is anyway significantly overvalued in real terms, which, among other factors, has resulted in export stagnation over the last few years.

While it is important that the RBI doesn't allow the rupee to appreciate, continued interventions can lead to significant policy complications. For instance, the RBI's intervention in the market to absorb foreign currency results in an infusion of domestic currency, which increases liquidity in the system. Surplus liquidity in the banking system was above ₹4 trillion at the beginning of the year. Continued liquidity infusion when inflation is above the upper end of the central bank's target band could affect its objective of price stability. Excess liquidity is also not allowing the central bank to effectively intervene in the bond market, which has steepened the yield curve. In fact, the RBI may be forced to sell bonds to absorb excess liquidity at some point. This would again affect yields. Further, the shift in favour of low-yielding foreign assets on the RBI's balance sheet will affect its earnings and the surplus transferred to the government. Higher reserves have costs.

Given the complexity of the situation, India's overall policy approach to external finance is puzzling. While on the one hand, the RBI is buying foreign currency in large quantities to avoid rupee appreciation, on the other hand, it is encouraging foreign debt flows. For instance, last week it raised the limit for foreign portfolio investment in the Indian bond market. Similarly, last year it had relaxed the end-use restrictions related to external commercial borrowing by Indian companies for working capital requirement and repayment of rupee loans. Higher-rated Indian firms would want to borrow abroad to take advantage of the difference in interest rates. But a higher flow of foreign debt in the given circumstance will affect economic policy management. Therefore, given the level of reserves and state of global finance, the central bank, along with the government, would do well to review what kind of foreign funds will serve the Indian economy better. Flows coming in just to take advantage of interest rate difference can escalate policy challenges.

Withdrawal symptoms

CAA is hurting India's interests at home and abroad

Realpolitik in the shape of the March 13 EU-India summit in Brussels may explain why the European Union has distanced itself from the six resolutions against the Citizenship Amendment Act (CAA) that have been submitted in the European Parliament by lawmakers from six political groups. But the fact that both the European Parliament and the US Congress have thought fit to offer criticism of domestic Indian legislation — the criticisms include those of the reading down of Article 370 for Jammu & Kashmir — should offer the Bharatiya Janata Party (BJP) leadership pause for thought. With the tenacious Shaheen Bagh protest in the capital offering a template for protests around the country and several opposition-ruled states passing resolutions against the CAA, the government may have to face the inconvenient truth that this Act may not be in India's best interests. The legislation has already cost the country goodwill with allies as valuable as Bangladesh (which, among other things, offers useful intelligence on Islamic terrorism) and Afghanistan (which viewed India as partner in its development). It is clear from the defensive responses to international censure and the hard-line pushback at home (Home Minister Amit Shah urged voters in Delhi a couple of days ago to press the EVM button with such "anger" that the "current" is felt in Shaheen Bagh) that the leadership is drawing on the strength of the BJP's 2019 mandate and the potential of the Indian market in a slowing global economy and the stresses in the Chinese economy. The party may discover, however, that soft power counts for much in global diplomacy, the conduct of which demands greater subtlety.

Three hints of India's weakening position in the international community should not be ignored. The first is the Saudi Arabia-led Organisation of Islamic Cooperation's call for a foreign ministers' meeting to discuss the situation in Jammu & Kashmir in December, soon after protests erupted over the CAA. Saudi Arabia has been India's closest partner in West Asia, its second largest supplier of crude oil, and potential investor in the country's refining business. The fact that it acceded to Pakistan's demands is a discomfiting sign for India. The second is India's invitation to Pakistan to attend the China-led Shanghai Cooperation Organisation dialogue, which New Delhi will be hosting for the first time. The government has hyped the move as an attempt to thaw relations frozen since January last year. But the fact that India's invitation stems from diplomatic initiative dominated by Pakistan ally China is significant. And finally, there is India's inability to get Pakistan blacklisted under the Financial Action Task Force on terror financing. There are indications that, owing to its critical role in Afghan peace negotiations, Pakistan may get six months' time to comply with rules.

Meanwhile, the negative publicity from the persistent protests at home is distracting the government's attention from the biggest problem of its own creation, slowing economic growth. Equally, images of protestors are unlikely to encourage foreign investors to view India as a stable polity for doing business. Admitting to a mistake is not something politicians anywhere in the world readily agree to, and doing so is certainly not in the current leadership's playbook. But not implementing legislation — in this case the CAA — and halting the roll-out of the controversial National Population Register enumeration that weaponises the legislation would go a long way towards allaying the misgivings that have polarised independent India and damaged its global reputation as a vibrant, inclusive democracy.

ILLUSTRATION: BINAY SINHA

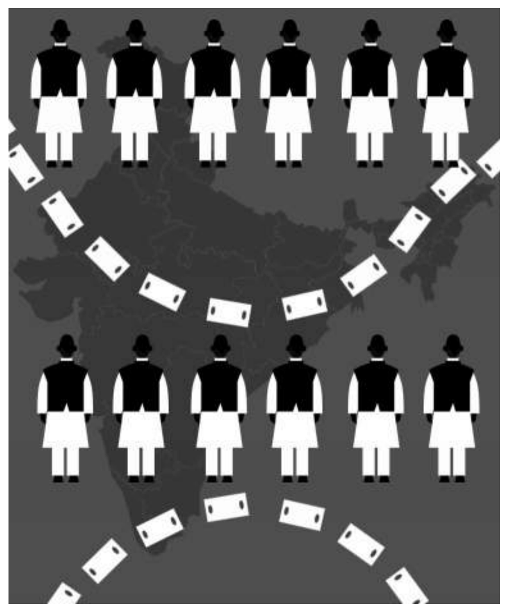


Table 1

	State-wise population (millions)			Per capita net state domestic rupees)++ product at factor cost (current prices in in rupees)++			Lok Sabha/ Rajya Sabha seats
	1971	1991	2011	1990-91	2011-12	2017-18	
Andhra Pradesh	43.5	66.5	84.6	4,531	69,000	142,054	25/11
Telangana	#	#	#	#	91,112	181,034	17/7
Karnataka	29.3	45	61.1	4,598	90,263	181,788	28/12
Kerala	21.3	29.1	33.4	4,200	97,912	163,475*	20/9
Tamil Nadu	41.2	55.9	72.1	4,983	92,984	166,934	39/18
West Bengal	44.3	68.1	91.3	4,673	51,543	95,562	42/16
Gujarat	26.7	41.3	60.4	5,891	87,481	156,627*	26/11
Maharashtra	50.4	78.9	112.4	7,439	99,564	180,596	48/19
Odisha	21.9	31.7	42	3077	48,370	80,991	21/10
Rajasthan	25.8	44	68.5	4,191	57,192	100,551	25/10
Madhya Pradesh	30	48.6	72.6	4,049	38,551	74,590*	29/11
Bihar	42.1	64.5	104.1	2,660	21,750	38,860	40/16
Uttar Pradesh	83.8	132.1	199.8	3,590	32,002	55,339	80/31

++ The per capita incomes cannot be compared across years as the base years are different. Incomes can be compared between one state and another i.e. vertically for the same year.
#Telangana was created out of Andhra Pradesh in June 2014. Jharkhand, Uttaranchal and Chhattisgarh were carved out of Bihar, Uttar Pradesh and Madhya Pradesh respectively in November 2000. *For 2016-17. Source: Reserve Bank of India

Potentially disruptive north-south divide

For national harmony, allocation of revenues and parliamentary seats to states should continue to be based on the 1971 census

Over the past three decades, since the economic reforms of the early 1990s, per capita incomes in south Indian states have risen substantially faster than in the larger north Indian states. In 1990-91, per capita income in Karnataka was 1.7 and 1.3 times higher than that of Bihar and Uttar Pradesh, respectively. By 2017-18, the same numbers were much higher at 4.7 and 3.3 times and that trend has continued. Table 1 provides a listing of per capita incomes, populations and the numbers of seats in the Lok/Rajya Sabha for several states.

JAIMINI BHAGWATI

Allocation of tax revenues by successive Finance Commissions has been invariably correlated to populations of individual states. For instance, paragraph 4 of the 14th Finance Commission's terms of reference (ToRs) stated that "the Commission shall generally take the base of the population figures as of 1971 in *all* cases where population is a factor for determination of devolution of taxes and duties and grants-in-aid; however, the Commission may *also* take into account the demographic changes that have taken place subsequent to 1971 (emphasis added)." Chapter 8 of the 14th Finance Commission's report is titled "Sharing of Union Tax Revenue" and mentions that "though we are of the view that the use of dated population data is unfair, we are bound by our ToRs".

Individual state governments have had their differences with the central government about sharing of tax revenues between them and the Centre. The change in the ToRs of the 15th Finance Commission to carve out a portion of total revenues for external defence and internal security expenditures prior to allocation of funds to states was criticised by some state governments. It is not clear why this specific change in the ToRs was necessary. Past Finance Commissions have taken threats to India's security into account in apportioning resources between the Centre and states. More recently, states have asked for a share out of the amounts collected through cesses and surcharges levied by the central government even though the Centre can retain such revenues fully under existing provisions of the Constitution. In December 2019, there was a lack of consensus in the GST Council and a decision on taxation of lotteries was put to vote — a first for this Council as previous decisions were taken by consensus.

The 15th Finance Commission ToRs mention that it "shall use the population data of 2011 while making its recommendations." Using the 2011 census numbers, per capita incomes in northern states are substantially lower than those for southern states. This could result in higher proportions of overall revenues to be allocated to northern states by the 15th Finance Commission compared with allocations made by the 14th Finance Commission and could potentially cause disaffection in southern states. My understanding is that linking 1971 population numbers to allocations made by Finance Commissions is not necessarily unfair to the northern states. If the large northern states had managed development efforts better, the faster rise in their populations would have been to their advantage. States need to be treated fairly but poor past economic performance should not be the basis for preferential treatment. In any case, many from UP and Bihar move temporarily or even permanently to higher per capita income states. Maybe the following methodology that is mentioned in the 14th Finance Commission's report could be adopted by the 15th Finance Commission. Namely that the "weight assigned to the population should be decided (as per the 1971 census) and an indicator for demographic changes (since then) be introduced separately".

For some time now there has been concern in south Indian states about how their numbers of seats in the Lok Sabha would decrease once the next delimitation exercise is done. According to the 84th Amendment of the Constitution in 2002, this reallocation of parliamentary constituencies is to be done as per the 2031 census (*India's Emerging Crisis of Representation* by Milan Vaishnav & Jamie Hintson, Carnegie Endowment, March 2019). The speculation is that south India may lose as many as 45 seats to north India. Clearly, this would not be acceptable to southern states.

The disquiet about the current central government's motivations may not be warranted. However, the reality is that recommendations on allocation of funds across states by the 15th Finance Commission based on the 2011 census may roil the waters. Ten years from now, post 2031 southern states are likely to be highly agitated if their numbers in the Lok Sabha were to decrease. Although the reaction of the lower per capita northern states may be shrill citing unfairness, it would be better for national harmony to base allocation of revenues across states and the numbers of members of parliament from the various states on the 1971 census for another 30 years.

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A case of *swadeshi* privatisation

The Union government's decision on Monday to invite preliminary bids for the sale of 100 per cent equity of the state-owned airline, Air India, raises several issues, whose implications for economic policy in the country need to be fully understood. There is no doubt that the release of the Preliminary Information Memorandum (PIM) for the sale of shares in Air India shows Prime Minister Narendra Modi's commitment to the idea of privatisation. But what kind of privatisation has Mr Modi chosen for Air India?

There is a mistaken notion that Mr Modi, by deciding to privatise Air India, has adopted a bold stance in the face of doubts and questions raised on this issue by the Rashtriya Swayamsevak Sangh (RSS). The RSS, a Hindu nationalist organisation providing ideological sustenance to the Bharatiya Janata Party (BJP), has always opposed the privatisation of Air India. But it is important to remember that its opposition is highly nuanced.

NEW DELHI DIARY

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The RSS is principally against the idea of foreign ownership of India's national airline. Its chief, Mohan Bhagwat, was reported to have said at a public meeting that it was not advisable to allow more than 49 per cent of Air India's ownership to be controlled by a foreign company. Even Germany did not allow more than 49 per cent foreign equity in its airline, Mr Bhagwat was reported to have stated in support of his arguments.

Now, take a closer look at the PIM on Air India privatisation, which was released on Monday, and the foreign direct investment (FDI) policy that governs the civil aviation sector. Foreign airlines or foreign investors can invest only up to 49 per cent in Air India. In addition, the policy stipulates that substantial ownership and effective control of Air India will always be vested in Indian nationals. This policy was announced in January 2018 and there has been no change in this, even though proposals to relax this norm have been under the government's consideration.

Not without reason did Finance Minister Nirmala Sitharaman announce in her Budget on July 5, 2019, that the "government will examine suggestions of further opening up of FDI in aviation, media (animation, visual effects, gaming and comics) and insurance sectors in consultation with all stakeholders." The FDI guidelines for all these sectors mentioned in the Budget have been suitably amended in the last few months, except aviation.

The Modi government's message is clear. Air India's privatisation is acceptable as long as its control does not pass on to a foreign entity. Compared to the failed attempt at Air India disinvestment in 2018, the latest PIM has introduced many relaxations. The share of equity to be sold earlier was 76 per cent and now it is 100 per cent. Earlier, the net worth for eligible bidders was ₹5,000 crore, and now it is ₹3,000 crore. The lock-in period for the acquirer was three years in the earlier round of bidding, and now it is only one year. Similarly, earlier the acquirer was not allowed to merge its business with that of Air India, and now such a merger is allowed. But there is no relaxation in the policy on FDI in Air India.

This is the RSS impact on the government's economic policy. Those who believe that Mr Modi has taken on the RSS by selling 100 per cent of Air India are completely mistaken. The Modi government has accepted the RSS view that Air India's ownership should not be transferred to a foreign national. Thus, privatisation is acceptable and Air India's ownership could change. But its management and ownership control would always vest with an Indian company or an Indian national. A foreign entity or a foreign airline could hold only up to 49 per cent equity in Air India even after privatisation. Which foreign airline will agree to invest in Air India without having management control of the airline? It is another way of saying no to a foreign airline. It is also a form of *swadeshi* privatisation, where the new private owner would always be an Indian national.

A similar approach may have influenced a key provision in the PIM on how Air India's bilateral flying rights and code-share arrangements would be dealt with after its privatisation. The PIM notes that existing bilateral flying rights and code-share arrangements would vest with Air India for six months after privatisation. Any decision on how those rights and arrangements would be distributed will be decided in accordance with the relevant rules and regulations of the government.

Ideally, bilateral flying rights should belong to the Union government. These should be unequivocally returned to the government after Air India ceases to be a state-owned airline. The government should be free to decide on offering these rights to the airline it chooses. There is no reason why such issues should be left unresolved even after six months of the change in Air India's ownership.

A company that buys Air India will obviously want to retain those lucrative flying rights. It would appear that the government is more inclined to let Air India retain these bilateral flying rights even after its privatisation. That consideration might have influenced its decision to shut out foreign airlines from gaining substantial ownership and effective control of Air India.

It is possible that these issues may be decided once the preliminary round of bidding is over. Civil Aviation Minister Hardeep Singh Puri has clarified that the government is still open to tweaking the terms of Air India's sale at a later stage. Not all bidders may like such a possibility. Prospects of a revision or refinement of terms after the bids are submitted can lead to uncertainty and it may even become controversial. The sale of India's national airline can hardly afford them.

Beyond the idea of 'Pure'

BOOK REVIEW

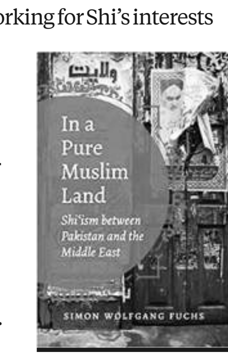
SARTHAK CHOUDHURY

At the beginning of the second chapter of *In a Pure Muslim Land: Shi'ism Between Pakistan And the Middle East*, Simon Wolfgang Fuchs talks about the monographs prepared by traditionalist scholars, observing that "this was hardly written with lay audience in mind". This is the same thought I had while reading this book.

Though the book required frequent googling for meanings and definitions or references to the glossary, it could not have been published at a more interesting time for Indian readers. Against the background of the anti-Citizenship Amendment Act protests around the country, Mr Fuchs offers an insight into the plight of minorities in Pakistan and a counter to those who argue that majoritarian countries cannot have minorities from the same religion.

The book offers a nuanced glimpse of what Shi'is, one of Islam's many minority groups, have been facing and continue to face in Pakistan and West Asia. Mr Fuchs chooses to focus on Pakistan, arguing that, despite the association between Shi'ism and the Iranian Revolution, Pakistan is home to an equally buzzing Shi'i culture.

He starts by tackling the pre-partition era, explaining how the Shi'is were apprehensive about the formation of Pakistan and the potentially oppressive nature of the "pure Muslim land". The author also points to the disunity among the Shi'is during that time. He chooses an interesting term for them in pre-partition India, calling them a "double minority" who had to choose between the Muslim League and Congress. He also emphasises the role of the All India Shi'i Conference in working for Shi's interests and the cultural importance of Lucknow for them. Mr Fuchs makes the point that despite their differences with the Sunnis, the Shi'i never dissociated themselves from the majority sect.



IN A PURE MUSLIM LAND: Shi'ism Between Pakistan And The Middle East
Author: Simon Wolfgang Fuchs
Publisher: Speaking Tiger
Price: ₹599

Broadly, Mr Fuchs touches upon three themes in the book: Religious authority, transnational Shi'ism and sectarianism. He pays close attention to the ways in which the authority of the Maraji (the rank obtained by Grand Ayatollahs) is affirmed, appropriated and challenged in the context of Pakistan.

Mr Fuchs attaches considerable importance to the Iranian Revolution, describing it as a "watershed"; for modern Shi'i thought. He makes the case that a wider Shi'i landscape emerged after the revolution. He demonstrates how local concepts and politics shaped Pakistan's view towards Iran. He also explains how Pakistani Shi'is embraced the Iranian project, suggesting that some made the case for a similar Islamic Revolution in Pakistan.

Mr Fuchs tries to explore certain aspects of sectarianism in Pakistan. He says that a number of scholars in Pakistan believed that "Sunni extremists became involved in sectarian politics of violence because of money, business and power". He blames the selective readings of literature produced by sectarian groups for the lack of a credible explanation for the situation in Pakistan. Mr Fuchs also speaks of anti-Shi'i groups such as the Sipah-I Sahabbah-I Pakistan (SSP). The SSP tried countering the export of the Iranian Revolution to Pakistan, and in doing so attempted to exclude the Shi'i from the Muslim community and, thus, from partaking in the national political discourse in Pakistan. Shi'is retorted by "advancing alternate forms of envisioning Pakistan as a political utopia within reach".

Mr Fuchs ends the book by discussing two issues. He compares the experiences of Pakistan Shi'is with that of the Indians after partition. He says that Indian Shi'is were less enthusiastic about orienting towards Iran because they had inherited a Shi'i infrastructure. He also talks about sectarian violence in the two countries. Mr Fuchs looks for a broader connection between the Shi'is in West and South Asia. He stresses the fact that local and national lenses remain crucial in reshaping modern Islam. He criticises the limited attention religious intellectual work in South Asia has received, going on to suggest a new way to study the flow of ideas, one which focuses on "bidirectional flows of religious thought".

Throughout the book, Mr Fuchs does not fall prey to the temptation to create a black and white binary regarding Shi'is and Sunnis. He points out, for instance, that between 1990 and 1997, 208 Sunnis and 289 Shi'is were killed in Punjab province, suggesting that there were Shi'i perpetrators of violence as well. He challenges the idea of Pakistan being a "mere Shi'i backwater", arguing that the community there has a lot to offer to the global Islamic intellectual space.

Other than the long list of books Mr Fuchs has used for his research, he has also referred to a number of local journals and newspapers, which makes the book an in-depth and articulate, albeit difficult read. Though the book is about Shi'is in Pakistan, it might hold up a mirror to where India will be heading if dividing and sectarian ideas aren't kept in check.