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Channelling into a new stream

Boosting investment to creating employment: Officials managing the Jal Jeevan Mission are setting goals beyond universal water supply

NOT FOR PROFIT

NIVEDITA MOOKERJI

As economic slowdown starts to look more and more real than ever before and signs of investments fade, the Union Budget is being increasingly seen as a fountain of hope. The customary pre-Budget meetings between the government and the industry have taken place, but with a difference. Instead of the finance minister meeting business heads, the prime minister has done so. Of course, these interactions were not labelled as pre-Budget meetings, but the timing cannot be missed. While the picture of who's who of India Inc standing along side the PM is sending out a message in the current times of distress, the next government step, possibly in the Budget, will determine India's investment roadmap and job creation potential. The PM has given a call to the industry for unleashing the animal spirits, but there aren't any takers yet.

In that backdrop, there's buzz in some unlikely quarters of the government, working to be a part of the investment and job creation kitty. For instance, the water-related ministries have hardly drawn much attention in the past. But now, the recently coined Jal Jeevan Mission, with the goal of giving functional tap connection to all rural households by 2024, is warming things up. Quite like Ayushman Bharat, another flagship project, had added a zing to the Union Health Ministry during Narendra Modi government's first stint, Jal Jeevan's "tap for all" initiative is attracting international audience and more to the umbrella water ministry during NDA 2.0.

While it's been the job of some of the key economic ministries to brainstorm on boosting investment and creating employment, officials managing the latest water mission are setting similar goals. The idea is that Jal Jeevan Mission and Jal Shakti Abhiyan — an intensive water conservation campaign — must converge to make the best of the government focus on water. Tucked in the interiors of New Delhi's CGO complex, the headquarter of the water mission is a scene of activity till late evening on a typical working day. Bharat Lal, the mission director of Jal Jeevan, does a quick calculation to make a point. Every village will get an investment of around ₹50 lakh from the Jal Jeevan Mission, which has a total project cost of ₹3.6 trillion with the Centre's share at a little over Rs 2 trillion. Close to 700,000 villages across 700 districts are expected to be covered by the scheme. The managers believe the project will create jobs at several levels, from engineering to masonry, planning and designing to factory work. This could all help boost government's rural infrastructure spending when it's needed the most, they believe. The numbers show that out of 178.7 million rural households in India, about 146 million are yet to get household water tap connections.

Since it's a Centre-state collaboration, the question that comes to mind is whether Jal Jeevan will face a similar resistance from non-BJP states that Ayushman Bharat has witnessed. Surprisingly, the people in charge say the response from the states, including those ruled by opposition parties, has been more than positive. Who doesn't want to give water connection to all households as it's the state responsibility to provide water, asks Lal, who's in the midst of striking many partnerships and collaborations to make Jal Jeevan a success.

Another comparison that one can't miss is with Swachh Bharat, that has occupied the centrestage for the past five years. While both are about changing behavior, the consensus seems to be that supplying drinking water to all is a more complex subject. While the PM seems to be keeping a close track of the progress like he has been doing for Swachh Bharat and Ayushman Bharat, the lessons learnt from the popular schemes are coming handy. That includes how to track and transfer funds and go for targeted delivery.

Among other things, Aadhar of the people getting access to tap connections will be used to monitor delivery of the project. It, however, doesn't mean that one can't get a tap if he doesn't have an Aadhar card. It's a universal coverage plan, officials quickly explain. Rural water may not immediately have any connect with high-end technology, but there's plenty being contemplated — from geo-tagging for real time monitoring to sensor-based measurement system along with hydro geo maps. The Department of Space too will have a role in it.

To make the latest flagship scheme click, the involvement of the local people (mainly gram panchayat) will be key. Partnerships with states and other stakeholders like NGOs, international organisations and industry too will determine if 2024 — the year that India goes for the next general election — is a feasible target or not to connect all rural households with water taps. On the way, there's hope for new jobs and investments.

The highs and lows of Digital India

Schemes that address clear market demand have clicked; those that focus on behavioural change, not so much

SUBHOMOY BHATTACHARJEE

The biometric collection of attendance records of government employees remains Delhi-centric almost five years after the scheme was rolled out. Just 2,33,994 employees are registered on the Aadhaar-enabled Biometric Attendance System (BAS) according to its website, less than 7 per cent of the total civilian employees employed by the Indian government. Almost no state uses it to track its employees' attendance record.

The BAS is part of this government's agenda to leverage technology to ensure that its benefits accrue to large swathes of the population. Meant to usher in a behaviour change among government employees, it has clearly not travelled far.

The behaviour change that has taken off instead is the electronic payment system. In the past two years, it has become the most visible manifestation of the government's Digital India programme. The platform-agnostic payment channels developed by National Payments Corporation of India has logged over ₹2 trillion worth of transactions in December 2019, almost two thirds of India's GDP.

Few Indians might know the full form of acronyms such as NACH (National Automated Clearing House), which enables those high-volume interbank electronic transactions, or what BHIM (Bharat Interface for Money). Yet, they use it massively, often interchanging it with apps such as Google Pay or Paytm, all the while depending on just their mobile numbers and a Virtual Payment Address. It has been an explosive growth from an environment of just 35 banks recording a transaction value of just ₹700 crore in December 2016.

Between the success of the electronic payments and the failure of the biometric attendance are ranged the story of the various technological thrusts tried by the Narendra Modi government over its five-and-a-half year spell. Of the 22 schemes that aim to "transform India into a digitally empowered society and knowledge-based economy" listed by the ministry of electronics and information technology, those that serve a clearly defined market, have scored. Those meant to make behavioural changes for which there are no clear markets to offer those improvements, have struggled to become viable.

Consider Bharat Net. It is the plan to connect all the 2,50,000 gram panchayats with optical fibre cables to provide at least 100 Mbps connectivity. So far, 3,80,988 kms of the fibre has been laid out connecting more than half (1,40,668) of those gram panchayats. This connectivity can bring a host of benefits to the villages — except the villagers are not sold on the idea. They are far more comfortable tracking the same information on their mobiles, which explains why the data plans sold by the telecom companies are so hotly demanded. Data through wires to be brought by government agencies remains locked behind the doors of the panchayat offices. There are no takers.

On the other hand, there are many takers for the Online Registration System (ORS) under e-Hospitals. Though this initiative has not attracted much publicity but 237 hospitals are already on board. It has cut down those long familiar queues in government hospitals. Of the 32,00,000 online appointments made till this week, more than 40 per cent of them for the All India Institute of Medical Sciences, Delhi. It is the most visible sign of progress for these patients just as the e-passport service has become for those higher up on the income ladder.

At the other end is a bright idea like Digital Locker, which has not caught the popular imagination. It provides a means to store all documents of a person in a digital repository. So the person essentially carries around just a url. There are 32.3 million names registered with the Digilocker facility. Despite the impressive numbers, few universities or institutions remain satisfied with being shown the url. They still believe in the paper trail.

In Modi's first term, there was a technological innovation almost every month. Other than the list above, there has been Meghraj, to access the benefits of cloud computing, e-Taal, Digital Village, Soil Health Card, Pradhan Mantri Gramin Digital Saksharta Abhiyaan and Government e-Market Place (GeM). Many are still under trial.

The reasons are clear. It is difficult to figure out for which markets these schemes aim to provide opportunities. So even though they are smartly conceived tools to ensure either digital access, digital inclusion, digital empowerment or bridge the digital divide, they remain mostly on paper.

For instance the money available for Pradhan Mantri Gramin Digital Saksharta Abhiyaan, a training programme to make over 60 million rural households digitally literate, is ₹2351.38 crore, all states combined. The money actually spent was ₹100 crore in 2017-18 and ₹438 crore in 2018-19. There is no clear evidence for the rural population whether the training was linked to jobs.

This is the same reason that another related project meant to set up at least one Common Services Centre (CSC) in every gram panchayat has stuttered. These CSCs were to be operated by local entrepreneurs to provide eServices to rural citizens. As recently as October 2019, the government's special purpose vehicle to run these centres, CSC e-Governance Services, is working on a pilot project to extend tele-medicine for Ayush ministry, through them. There are few takers for the 350 digital services each of these CSCs offer. Most people use the CSCs to download movies, instead.

The stiffest challenge that would ultimately decide the fate of the government's Digital India programme is tied with the fate of the National Policy on Electronics, announced a year ago in February 2019. Here, the market linkage is quite evident. According to data from October 2019, the government has approved 233 applications with an estimated investment of ₹63,610 crore. To support those investments, there are plans for 23 electronic manufacturing clusters spanning 15 states.

By Indian standards the money offered as grants in aid of ₹1,577 crore to get these clusters going, is substantial. The policy regime such as automatic approval for 100 per cent FDI in the sector is one of most liberal by Indian standards. Will India emerge as one of the global hubs for electronics manufacturing? The results would not be in for at least another couple of years.

WHAT CLICKS

Name of scheme	Year of launch	Impact
Bharat Net	2012*	1,40,668 gram panchayats
Digital payments	2016	₹8125.49 cr
Digital locker	2015	32.3 mn
Digital village	2018	796 Gram Panchayats
GeM	2016	2,99,544 sellers registered
Jeevan Praman	2014	30.6 mn certificates
ORS e Hospital	2018	3.252 mn appointments issued in 344 hospitals
PMGDISHA	2017	23 mn people trained
Electronics Manufacturing	2016 onwards	₹63,610 cr proposed investment (private sector)
e-procurement	2017	3.9 mn tenders issued
Meghraj	2014	1,155 departments onboarded
MyGov	2014	0.95 mn users

*Renamed and expanded in 2015

Source: Parliament replies and MeiTY website

CHINESE WHISPERS

BJP's CAA 'padyatra'

Even as the anti-Citizenship Amendment Act (CAA) protests continue to make headlines and drawing in protesters from all walks of life, the ruling Bharatiya Janata Party (BJP) has geared up to counter the narrative with a "padyatra" in Uttar Pradesh. Starting Wednesday, top party leaders including the two UP deputy chief ministers — Keshav Prasad Maurya and Dinesh Sharma — as well as state BJP unit president Swantra Dev Singh apart from other senior cabinet ministers would hit the street in different districts. They will interact with the common man and "expose" the agenda of the Opposition. The "padyatra" programme would continue till January 14 and would also comprise public meetings at the respective places. A few Union cabinet ministers would also participate in the programme in UP.

Resuming a fight

It hasn't been long that a video clip of the Bharatiya Janata Party's (BJP's) Jharkhand MLA C P Singh compelling a fellow MLA from the Congress, Irfan Ansari, to chant "Jai Shree Ram" outside the Assembly building went viral. On Wednesday, the concluding day of the inaugural session of the newly constituted Assembly, the two were part of a stormy argument as the scene shifted to inside the House. Irfan fired the first salvo this time when he blamed BJP workers for the infamous Tabrez Ansari lynching during the party's rule. At this, Singh asked him to apologise and the Speaker, too, asked him to express regret. Irfan refused and he said that he had not defamed the party or the Rashtriya Swayamsewak Sangh. The matter escalated when the BJP MLA incensed Irfan further by questioning his "status" and asked him as to what would be the latter's reaction if someone called him a terrorist. Matters threatened to deteriorate further when other members stepped in and calmed them down.

Targeting Deepika Padukone

Deepika Padukone's visit to Jawaharlal Nehru University (JNU) on Tuesday — in solidarity with the students injured in Sunday's attack in the campus — has further polarised social media. Practically, it's like you are either with Padukone or against her: There is no middle path. And the list of those with extreme viewpoints includes senior government functionaries, some of whom lashed out at the actor a day later. "A country where Kanhaiya claims to be a student, Deepika is a governance expert and Anurag teaches civilisation values," tweeted Anuj Gupta, officer on special duty to Union minister Piyush Goyal. Goyal, incidentally, was instrumental in organising a meeting of Bollywood celebs to rake up support for the Citizenship Amendment Act. It didn't take long for the internet trolls to take a cue and get all riled up, calling for a boycott of her upcoming movie *Chhapaak*. To back their claims, they had cancelled their tickets to the film, which releases on Friday, and many social media users (including some followed by PM Modi) posted screenshots.However, it did not take the Twitter users long to figure out that all the shots were of tickets from the same show and seats at the same movie theatre in Vadodara.

INSIGHT

The future of impact investing

Three major trends to consider when designing the Social Stock Exchange

KARTIK DESAI

As we conclude an eventful decade of profound social, economic and political transformation, and enter a new one full of more uncertainties, how do we assess the state of the Indian impact investing sector at this juncture? The period assumes significance because it has been 10 years since the microfinance crisis. How do we then assess the potential of impact investing to help the country achieve our 2030 Sustainable Development Goals (SDGs) targets over the next decade?

Today, there are three major trends shaping the development finance space which will together determine the future of using private capital for public good. And each of them has implications for the design of the proposed National Social Stock Exchange:

1. Blurring of lines between impact investing and commercial venture capital
2. Consensus on what constitutes impact (filter), how to measure it (rating) and how it can be priced (credit) among investors and philanthropists
3. Development of financial instruments for non-profits and non-market-return (or muted return) social enterprises

The overlap between impact and mainstream venture capitalist (VC) investment is here to stay. It has been increasing for some time, as pointed out in the 2017 McKinsey study, which makes sense, because social enterprises that are initially funded by impact capital and are successful in demonstrating traction and defensibility, are able to attract the commercial capital they need to further scale. With more exits from such enterprises, and availability of significant VC capital in India, even large private equity titans have launched impact funds, and more will do so in the future.

What does this mean? One, that high quality entrepreneurs will have more options to choose from, and impact and commercial fund managers will find synergies in working together. Two, that social enterprises which are not able to deliver a market return because of the inherent structural challenges in the sectors where they operate, will find it harder to raise venture capital funding, impact or otherwise. And three, impact funds will need to work harder to differentiate themselves from the broader VC ecosystem, most importantly by better measuring what they call impact.

Impact management should be seen at three levels. First, having a basic impact "filter" to define what is an impact investment or not. Once this filter is met, all deals that make it through are evaluated purely on a financial basis. Most impact funds go beyond this and try to measure and report their impact at an enterprise level in terms of outreach (number of low-income customers or suppliers) and depth (e.g. average income increase for a farmer or artisan in their supply chain), with additional metrics relating to climate or gender equality.

The problem is not just the lack of consistency in measurement or the need for an external social audit mechanism but of a missing consensus on an impact "rating" that measure the relative degree of impact within and across diverse social sectors such as education, healthcare or waste management. What is needed is industry level and tri-sector collaboration to define common standards.

The good news is there has been much progress globally on this front with initiatives like the Impact Management Project, a five-point framework that articulates what constitutes impact, and metrics such as the Impact Investment Reporting Standards (IRIS). In India, the Impact Investors Council is driving the adoption of best practices on common reporting standards and aggregating the impact metrics of Indian funds. Ideally, impact frameworks need to be agnostic of the delivery-model, using a common impact criteria across for- and not-for-profits to compare relative social performance. The third step would be if the measurement was credible enough to enable trading of an impact "credit", a currency that monetises the value of social impact.

Effective impact measurement is also a driver of the third major trend: The innovative use of blended finance instruments to fund social enterprises that can't deliver market returns but have delivery models to achieve scalable social outcomes. Several pilots over the last few years have shown that a creative combination of philanthropic and commercial investments can help social enterprises raise capital through structures such as social success notes, development impact bonds and various guarantee arrangements. There is now a vibrant ecosystem of intermediaries (bond arrangers, measurement agencies) and funders (both high-net-worth individuals and family offices as well as global foundations and donors) eager to use these instruments.

It is in light of these three major trends that we can consider the potentially catalytic role of the Social Stock Exchange (SSE), which can allow us to tap into the growing pool of impact money globally and channel it to the highest impact enterprises in the country. The SSE, in addition to listing equity shares of for-profit social enterprises, could also list blended finance instruments of NGOs. The SSE needs a consistent impact filter to determine who gets to list and is incentivised, to ensure a credible pipeline of enterprises. And the SSE needs not just philanthropists but commercially-focused investors, with and without the impact tag, to enable liquidity.

Over the last decade, the impact investment industry has already demonstrated success in financial inclusion and green investing, transforming financial intermediation for the poor and driving a carbon-conscious agenda across diverse sectors spanning electrification, clean cooking, waste, sanitation, water, agriculture, mobility, air pollution and more. Creating a common "impact credit" may be much harder ask, but it is certainly something that we must aspire to if we are to effectively work together to address our development targets for 2030.

The author leads Asha Impact, an impact investment and policy advocacy firm

LETTERS

When 'repairs' hurt

The government has brought GDP growth to the slowest in 11 years, a result of its fixated politics and prescriptive economics. This regime came in by building up suspicion over every sphere of governance by its predecessor. However, it ended up implementing ideas such as demonetisation, only to find those disproved and, in the process, knocking out the cornerstone of our cash centric architecture. It had no inkling of the ensuing collapse of every facet of our economy.

More than a flagging economy, it is the feckless efforts at its repair that is a bigger concern and it is made worse by the government's apathy to economists and its disregard for the autonomy of pivotal planning and oversight institutions.

There is frenetic activity but little progress in the economy ,made worse by the unsettled socio political environs induced by the energetic propagation of inconsequential themes .

R Narayanan Navi Mumbai

Long way to go

This refers to "Nirbhaya case convicts to be hanged on Jan 22" (January 8). After a seven-year-long legal battle, Nirbhaya's family will finally heave a sigh of relief and her departed soul will be in peace. Perseverance from

her parents, media pressure and public support all the way, have also contributed to such a verdict. But today is also the time for some introspection: Whether justice could have been delivered faster or has our government done enough to ensure women are safer travelling in public transport, especially post sunset, now. Have CCTVs and police patrolling covered all such corners of the national capital? We will find that we still have a long way to go. And we have not learnt our lessons despite this horrific and brutal assault on the 23-year-old physiotherapy student. Security measures promised after that incident don't seem to have turned into reality till date. Hope whichever party forms the government in Delhi next does not put this issue on the back-burner again.

Bal Govind Noida

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HAMBONE

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Don't depend on MPC alone

Maintain balance between growth and financial stability

The first advance estimates of gross domestic product for the current year, released by the government on Tuesday, showed that growth in the Indian economy will slow to 5 per cent, compared to 6.8 per cent last year. Since most high-frequency indicators suggest that a sharp rebound is unlikely in the near-term, stakeholders are looking for policy support. While it will take a few weeks to know to what extent the government is willing to support growth through the Budget, markets have been hoping that after a pause in December, the Reserve Bank of India (RBI) will lower policy interest rates to push up economic activity when the Monetary Policy Committee (MPC) meets next. Such expectations, however, were dented by the remarks made by RBI Governor Shaktikanta Das on Tuesday. Mr Das rightly said that persistently high inflation affects the economy's allocative efficiency and obstructs growth. He also reasoned that high inflation worsens income distribution by lowering the real income of the poor.

The MPC's surprise move in December was partly because of higher consumer price inflation, which touched a 40-month high of 5.54 per cent in November. Economists predict that it will now cross the 6 per cent mark — the upper end of the target band. Currently, retail inflation is largely being driven by food prices, as core inflation is at a lower level, reflecting lower pricing power and weak demand in the economy. So, should the rate-setting committee look through the factors driving inflation and reduce rates to support growth in its next meeting? It is important to note that the mandate of the RBI is to target headline inflation.

As the outcome of the December meeting showed, it will not be easy for the MPC to cut rates. Minutes of the meeting showed that the committee was not worried about vegetable prices alone, and as Mr Das noted: "...there is a need for greater clarity as to how the overall food inflation path is going to evolve, as there is some uncertainty about the outlook of prices of certain non-vegetable food items such as cereals, pulses, milk and sugar." He also highlighted the lack of clarity on how the telecom tariff hike will play out. Further, the upcoming Budget will play a big role in the next monetary policy decision. A large fiscal slippage will naturally deter the MPC from cutting policy rates. A surge in crude oil prices, owing to tension in West Asia, will also increase risks to the inflation outlook.

There is no doubt that the Indian economy needs support, but it is worth debating whether it makes sense to risk financial stability to support growth in the short run. Will it pay to have an excessively accommodative fiscal and monetary policies, along with an abundance of liquidity in the system? Further, what are the chances that the policy impetus will quickly revive economic activity and India will be able to withdraw the stimulus before an external shock hits the economy? It would be advisable to maintain a fine balance between supporting growth and preserving financial stability. The policy target should be to attain a durable recovery in economic growth, which may not come with another rate cut alone.

Increasing green cover

Ambiguity in the definition of forests should be removed

The government's forest management record, as portrayed in the State of Forests in India 2019 report, seems a blend of some notable successes and a few glaring failures. While the country's overall green cover has increased by 5,188 sq km — an area of the size of Delhi and Goa put together — the existing forests are thinning and several north-eastern states and other regions inhabited largely by tribals have lost some of their forests. This bodes ill for the livelihood security of the large forest-dependent population. It also has socio-economic, and law and order implications as many of these tracts are controlled by Naxalites. Worse still, the loss of forests in the north-east is attributed, among other factors, to clearance of forests for the illegal cultivation of poppy, a crop used widely to raise resources to finance the militancy. Well-advised strategies are, therefore, called for to prevent diversion of forestland to any non-forest use other than essential infrastructure and developmental programmes in these regions.

On the upside, the report provides evidence of a sustained long-term uptrend in India's forest cover. Only a few countries can boast of such a feat. India's total green cover now stands at over 8.07 million sq kms, or 24.6 per cent of the entire territory. It inspires confidence in fulfilling — or reaching fairly close to — the country's commitment under the Paris Climate Agreement to create an additional carbon sink of 2.5 to 3.0 billion tonnes in the forest sector by 2030. However, given the slow pace of expansion in the forest cover, cumulatively just over 2 per cent in the past three decades, hitting the ultimate goal of having 33 per cent of the geographic area under forests and trees seems a tall order.

But the fact also is that the report's numbers and conclusions cannot be taken at their face value. The total forest area figure, for instance, includes the "tree cover" comprising the likes of commercial plantations, orchards and the scattered trees on roadsides and elsewhere. The monoculture of these trees, obviously, is not the same as typical forests, though the trees also serve the environmental objectives. However, the much-needed ecological biodiversity that is associated with forests is missing in the tree covers.

The inclusion of plantations in the forest data can, indeed, be blamed on the lack of a proper definition of forests. Each organisation sets its own parameters for treating a piece of land as forest. The Forest Survey of India, which prepares the biennial State of the Forests report, counts any patch of land as forest if it is more than one hectare in size and has a tree canopy density of above 10 per cent, irrespective of the ownership or legal status of the land. States have their own norms for defining a forest. In some states an area once listed as a forest in the revenue records remains so even if it loses its entire vegetation. The Supreme Court, on the other hand, had decreed in a landmark judgment in 1996 that the term forest must be understood according to its "dictionary meaning". Such confusion is unwarranted for a productive and ecologically critical sector like forests. It is, therefore, time to formulate an unambiguous and universally accepted definition of forests to get a true picture of the country's forest resources.

ILLUSTRATION: BINAY SINHA

The darkening sky

Shadows of the events in 2019 will loom large over the world and India

A PIECE OF MY MIND

SHANKAR ACHARYA

What might 2020 hold for us at both the global level and in India? As I try to peer through the fog of uncertainty and insufficient knowledge, I am struck by the long shadows cast by the year just ended. 2019 was not a good year, either for global cooperation, the world economy or the Indian economy. Let me share some thoughts on each of these.

Global political and economic cooperation

Across the entire spectrum of global cooperation, 2019 witnessed substantial deterioration. In large measure, this reflected the cumulative impact of US President Donald Trump's decisive and sustained policy shift since 2017 in favour of unilateralism in international affairs — and away from institutions, treaties and practices of multilateral cooperation. Consider three examples.

First, in the domain of international trade, there are the well-known "trade wars" launched by Trump against China, Europe and some other countries. These are still rumbling on, taking their toll on global trade, investment and growth. The recent announcement of a probable "phase 1" agreement with China may help, though there is little clarity about how much and for how long. Perhaps, as important for the long run is the American undermining of the Appellate Body of the World Trade Organization (WTO) for dispute settlement, often described as the "jewel in the crown" of the institution. By systematically blocking appointments of replacements to the normal seven-judge membership of this body, the Trump administration finally ensured that membership was down to just one by December 11, 2019, thereby ensuring that the minimum three-judge requirement for panels for adjudicating trade disputes between WTO members would no longer be met. In effect, the Appellate Body ceased to function, placing world trade in the unprecedented and dangerous situation of having no effective dispute settlement mechanism. The potent negative effects will manifest in 2020 and beyond.

Second, the 2015 "Paris Agreement" on Climate Change has thus far achieved modest results by way of practical follow-up measures to curb global carbon emissions, which cause global warming, damaging climate change. Again, the Trump administration is a major culprit having given formal notice of unilateral US withdrawal in June 2017 and having worked actively against the thrust of the agreement both through national policies and uncooperative participation in annual UN climate summits. The latest such summit, COP 25 in Madrid last month, ended without recording significant progress. This despite the proliferation of scientific reports pointing out ominous, ongoing and anticipated consequences of carbon emissions and climate change. In a nutshell, we seem to be well on our way to a disastrous 3°C plus increase in global temperatures by 2100, despite the international agreement/aspiration to keep the rise below 2°C (preferably 1.5 °C).

Third, the most important global public good — world peace— came under increasing strain during 2019 with the demise of the 1987 Intermediate-Range Nuclear Forces Treaty (between US and Russia) in August 2019, the loss of momentum to renew the critical New START (Strategic Arms Reduction Treaty) treaty (expiring February 2021), the lack of progress with agreeing limits on North Korea's nuclear weapons programme, and the sharply rising conflict and tensions between Iran and the US (and her allies, Israel and Saudi Arabia). The US withdrew unilaterally from the 2015 multi-country Iran Nuclear deal in May 2018 and ratcheted up severe sanctions against Iran, and the American assassination of Iran's top general last week raised the prospect of a major West Asian conflict in 2020.

World Economy

In 2019, world economic growth (at market exchange rates) slowed markedly to 2.5 per cent, essentially because of a significant, synchronised slowdown in three big economies. The growth of the \$21-trillion US economy slowed to 2.4 per cent, that of \$19-trillion European Union (EU) to 1.5 per cent and \$14-trillion China to 6.1 per cent. Together, this "big 3" account for over 60 per cent of world gross domestic product (GDP). Major causes of the slowdown include: The waning of the tax-cut stimulus in the US, the major trade wars, high total debt in China and a sharp slackening in EU's main engine, Germany.

Despite anticipating continued deceleration in US and China and little change in EU, the October 2019 IMF World Economic Outlook foresees a small uptick in world economic growth to 2.7 per cent in 2020, mainly attributable to better expected performance in some large developing countries such as Brazil, Mexico, Turkey, India and Saudi Arabia. With the sudden ramping up of the conflict in West Asia in the last fortnight, these expectations now look too rosy. Depending on how the conflict and its ramifications evolve, it is quite possible that global economic growth in 2020 may be even slower than in 2019.

The Indian economy

In the six quarters to September 2019 India's economic growth slumped from 8 per cent to 4.5 per cent and the government now expects full fiscal year 2019-20 growth to clock only 5 per cent, the lowest in a decade. (These official estimates may over-estimate real growth, given trends in high frequency economic indicators, the much-discussed frailties of the 2011-12 base national income series and the recently published research by former chief economic adviser, 2014-18, Arvind Subramanian.) The underlying causes of the sharp slowdown are widely debated. They probably include: Continuing high stress in the financial sector and high public sector borrowings, which have together damped private investment and consumption; a falling share of exports to GDP because of declining competitiveness and failure to plug into global value chains; a sharp slowdown in manufacturing; and major problems in key service sectors such as telecom, aviation and electric power.

Even before the recent growth slump, the latest official data for employment and unemployment, for 2017-18, showed a very poor job situation, with less than half the working age population participating in the labour force, high levels of youth unemployment and widespread underemployment. This unhappy situation has almost certainly worsened because of the steep growth slowdown in the last two years.

The prospects for a swift rebound in the growth of output and employment are not good, given the underlying policy and institutional constraints. In 2020, it is likely that economic growth will remain in the order of 5 per cent. It could be significantly lower if the conflict in West Asia escalates seriously.

The writer is honorary professor at ICRIER and former chief economic adviser to the Government of India. Views are personal

India Inc: Seen but not heard

SWOT

KANIKA DATTA

Something is surreal in the state of business in India, and nothing captures it better than Tuesday's newspapers. The headlines were dominated by report on the attack by armed goons too cowardly to show their faces against students at Jawaharlal Nehru University (JNU). The turbulence of those photos stood in stark contrast to a posed snap of a group of grinning industrialists (all men, all old) surrounding Prime Minister Narendra Modi, recording a meeting called to discuss how to jog the economy out of its becalmed state.

Over the past few days, there has been a clamour for Bollywood celebrities to speak out against the violence at JNU, the deleterious consequences of the Citizenship Amendment Act (CAA) and the impending National Population Register (the two issues are not connected but they have somehow morphed into a giant outcry against brute majoritarianism against civil society).

Strange, though, that no one thought to ask why the business community has been seen but not heard. It has, after all, far better access to India's most powerful man — Prime Minister Narendra Modi — than any actor, writer, singer or dancer.

Since December 12 when the CAA was signed into law and countrywide protests erupted, the prime minister has met with the business community, individually or in groups, at least three times. On December 20, he addressed the Associated Chambers of Commerce and Industry; on January 1, he held one-on-one meetings with 60 entrepreneurs and business leaders; on January 6, he met another group of industry stalwarts.

The last meeting, then, was held just hours after the JNU assaults. Only one businessperson from that group publicly expressed his concern, though it is unclear whether he voiced them to the prime minister *mano-a-mano*. That was Anand Mahindra, who made an elliptical reference to "faith" in a tweet. The others who have gallantly aired their anxieties stood outside this charmed circle and even they mostly deplored the violence in generic terms. Only Harsh Goenka has been brave enough to refer to "religious bushfires lit all over the country," as direct a criticism of the ruling party's governance agenda as you can get from the business community. And only Naushad Forbes has been a consistent exception to the amoral silence of the business community through his writings.

Let's give businesspeople who met Mr Modi the benefit of the doubt. Perhaps they privately pointed out to the prime minister that gratuitously attacking civil society for protesting in a democratic country is unlikely to reassure investors of any stripe? That the spectacle of police manifestly responding to political orders rather than discharging their fiduciary duties is unsettling for those worried about the security of their property?

Highly unlikely, if you judge by the alacrity with which the assembled audience at the Assocham meet acquiesced to the prime minister's demand for more enthusiastic applause — not once, but twice.

Did they perhaps advise him on the urgent need for a predictable policy trajectory? That withdrawing over 80 per cent of currency in circulation three years ago without warning was so problematic that its impact is being felt today? That insisting on a year's advanced deadline for the most massive change the country's indirect tax system has helped neither them nor his government's revenue collections? Or maybe that the muscular demand for a "strong rupee" is unsupportive for exporters, as is the slump back into protectionism?

Possible, but improbable. The response from the Assocham meet suggests that the business community wants the government to stimulate the economy now that it is clear that a generous corporate tax cut in September hasn't done the trick. Thus, on December 31, the last day of a deeply troubling year, Nirmala Sitharaman obliged with the announcement of a humdinger infrastructure investment plan worth over ₹100 trillion. No one yet knows where the money for all this will materialise, nor how the myriad structural bottlenecks (first stop: Land acquisition) will be cleared. No matter, it's good optics at a time when the regime's social agenda has hit a hurdle called civil society.

Still, the contrast with the halcyon days of 2014 is noticeable. Then business leaders eagerly lined up to attend various investment jamborees — Make in India, Stand Up India, and what not — and heap extravagant praise on the prime minister, all of it obligingly disseminated on all TV channels. Now the meetings are held behind closed doors and the content of the discussions confidential. Which means that even at their most diplomatic, business leaders must have little good to say about the management of the economy —even if the obvious link between a divisive social agenda and the economy has eluded them.

They may not really care much about the trajectory of Indian society; but they must surely understand that shying away from speaking truth to power will hurt their businesses just as much.

Bridges to Kabul

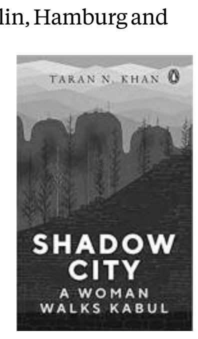
BOOK REVIEW

UTTARAN DAS GUPTA

A *Washington Post* story last month revealed how senior US officials had misled the American public about the Afghanistan War, and how the nearly two-decade-long war effort was, in the words of one general, "devoid of a fundamental understanding... (without) the foggiest notion of what the US was doing there". As the Taliban kept returning — and now, it seems they will be at the table whatever the future for Afghanistan is — US officials kept declaring "progress was being made". A few years after the Taliban and Al Qaeda were pushed back in 2001 by the US and its allies in an offensive launched in response to the September 11 attack on the Twin Towers, Indian writer and media professional Taran Khan landed in war-scarred Kabul.

She would return several times over the years. "Most of these (visits)... were for assignments to work with Afghan media professional," she writes in the book under review. Over the course of these visits — some of which lasted only weeks while others ran into months — Ms Khan discovered, what she calls, "the shadow city". She was told not to walk — the streets of Kabul were not safe, more so for a foreigner, especially for a woman. But, she "found that walking offered a way to exhume history — a kind of bipedal archaeology — as well as an excavation of the present". The results of her wanderings is this book.

Ms Khan — a close friend with whom I have walked in Berlin, Hamburg and Delhi — does not walk in a straight line. The structure of the book somewhat replicates her style of walking. There is hardly any chronology; there are few dates by which you can map her stay in the Afghan capital. Yes, she gives you a description of her first arrival in Kabul: "When I first saw the city, it was in the throes of another transformation. The population had almost doubled to around 3 million, drawn by the promise of peace and economic opportunities." But there are other "bridges" — to use her own term — through which she keeps arriving in Kabul in the course of the narrative.



SHADOW CITY: A WOMAN WALKS KABUL
Author: Taran Khan
Publisher: Vintage (Penguin)
Price: ₹499
Pages: 240

Some of these are historic: Ms Khan claims descent from Pathans, though it is unclear whether they were from modern Afghanistan or Pashtun-dominated areas in Pakistan. Her Kabuli friends, however, seemed hardly bothered by this colonial-era distinction: "We piss on the Durand Line, sister," they tell her. Another bridge is her Baba, her grandfather, who does not accompany her to Kabul, but guides her in spirit with his encyclopaedic knowledge of Persian and Urdu literature. Other bridges are constructed by friendships she strikes up with her colleagues, neighbours, ex-jihadis, filmmakers, librarians, all of whom are like horcruxes, repositories of some fragment of Kabul's soul.

As a bibliophile, I found the chapter on Kabul's books, "Written in the City", the most appealing. "Reading was how I learned to inhabit Kabul, a large part of how I made myself at home there," Ms Khan writes, adding, "I began to read Kabul like a story, cast in a script that is embossed on its alleys and stones." As she soon realised, there were at least two Kabuls even in written accounts about the city — one in western texts with which she was more familiar and the other in Persian and other books, to which her Baba introduces her. There was yet another layer, an oral one: "while most Afghans cannot read or write, they are steeped in an oral tradition of storytelling".

In this chapter, the reader also meets Haideri Wojodi, one of the oldest employers of Kabul's heavily guarded public library. Reading Ms Khan's description of him, I thought of Mr Wojodi as a Borges of the Afghan capital: "He seemed like a deceptively frail guardian of Kabul's literary legacy, bound to it with a deep belief: That words are important through darkest times." When Ms Khan asks him if people visited the library even during Taliban times, he replies: "Yes, people read even then, child." The description is at once poignant and heart-breaking.

The book is cyclical — the last chapter of the book is called "Returns", like the first one. "The legend of Kabul begins with a bridge, a road appearing on water," she writes. "The same bridge is the path to departing from the island. Returning to Kabul and leaving it are not endings but states of movement, of travel." Ms Khan's travels in the Afghan capital ended in 2013; since then she has continued to meet expatriate or refugee Afghans all over the world. Memories and old friends are now her bridges to Kabul.

The reviewer's novel, Ritual, will be out in February