



www.dailypioneer.com

facebook.com/dailypioneer | @TheDailyPioneer | instagram.com/dailypioneer/

PAPER WITH PASSION

In a quandary

The BJP's rivals hunt in packs but are still unable to throw up a strong challenge in terms of candidates

The political landscape of Uttar Pradesh, which sends the highest number of MPs to the Lok Sabha, is undergoing an intense upheaval in the run-up to the general elections, which has taken the centre stage as usual. What is depressing, though comical at the same time, is the frenetic activity in the Samajwadi Party and the inertia in the Congress regarding the naming of their poll nominees — but both to the same end.



Modi was quick to take a jibe at the SP over its last-minute distribution of tickets. Akhilesh must be knowing the importance of Uttar Pradesh in deciding the fate of the nation as well as his own party.

with Congress, but the BSP — going it alone — is likely to dent their vote share. The SP's candidate selection process reflects a nuanced understanding of caste equations, regional sentiments and grassroots dynamics, factors that often play a decisive role in UP's electoral outcome.

PICTALK



Participants during a half marathon themed on 'Run for cleaner tomorrow', in Guwahati

Harnessing the power of IT for nation building

India's journey towards becoming an IT-empowered nation is a testament to the transformative potential of IT in inclusive growth

In the contemporary landscape of the Indian economy, the infusion of disruptive technologies has ignited a digital revolution, propelling the nation into a global IT powerhouse. India is currently witnessing an unprecedented ubiquity of technology, with entrepreneurs leveraging cutting-edge technologies like AI, blockchain, Internet of Things (IoT), machine learning, and data analytics to tackle multifaceted challenges.



ing FY2022-23. This monumental contribution by India's IT industry on the world stage underscores the sector's pivotal role in weaving the nation's economic fabric. With the proliferation of low-cost data and increased system transparency, India's revolutionary digital initiatives like BHIM-UPI and e-RUPI have gained international recognition as pioneering steps towards digital transformation.

approach aligns with the government's vision of creating a holistic environment conducive to growth, exemplified by initiatives such as Make in India, Digital India, and Skill India to support schemes for Micro, Small, and Medium Enterprises (MSMEs). Currently, India boasts the world's third-largest IT startup ecosystem, a testament to the nation's prowess in leveraging technology for innovation and economic advancement.

workforce, combined with a deep pool of tech-savvy talent, has created a fertile ground for innovation and collaboration. The ecosystem's vibrancy is further accentuated by the government's supportive policies, encouraging indigenous entrepreneurship and establishing a level playing field for startups. Today, India's tech startups are not merely addressing age-old systemic challenges; they are also sowing the seeds for a brighter and more sustainable India.



ARVIND KUMAR

(The writer is Director General, Software Technology Parks of India; views are personal)

High on rhetoric, low on originality

The Indian National Congress unveils a manifesto that appears grandiose yet lacks innovative solutions, drawing criticism for its reactive stance towards current policies



SHIVAJI SARKAR

Indian National Congress has come out with a manifesto that looks pompous and well-intentioned but less original and more reactive to the present policies. The party is cautious even as it says it may replace NEP but is subbed on proposed novel path to deal with the sliding economy, eloquently silent on PSUs and unnecessary 4-year-BA degree modelled on the highly expensive US model.

It notes overall dissatisfaction over NEP but limits it to "will revisit and amend the New Education Policy (NEP) after consulting with the state governments". Does it mean the 4-year degree course to continue? Its scrapping could have highlighted deep concerns to instil confidence in the youth, each of whom would spend at least Rs 3 lakh a year extra and be delayed for job market.

It avoids a word on PSUs. The Nav Sankalp Economic Policy resets the button with "3-W"s — work, wealth and welfare for reviewing GST — hope of most small traders, promote manufacturing and make jobs the cornerstone, rejecting jobless growth. A new welfare orientation since 1991. Its definition of work is the same as in the present — self-employment and starting business.

It highlights that RBI finds 60 per cent of central projects stalled causing a cost escalation of Rs 5 lakh crore. It could have said these would be scrapped. On labour laws too the party is evasive on undoing the amendments denying them the rights. On corruption, it says, "will probe demonetisation, Rafale deal, Pegasus spyware, the Electoral Bonds scheme and bring to law those who made illegal gains through these measures".



pressure" on the corporates. Welcome move. It has also promised reversal of Agnipath army recruitment. In most such opposition promises, it was observed that once in government, the issues are shelved and some may even say these were "jumlas" as manifestos have turned out. The 1971 Congress manifesto is remembered to the day for its classic "Garibi Hatao" slogan. The slogan five "Nyaya", may be a good idea but are not inspiring. It calls for five pillars of justice — Justice for Youth, Justice for Women, Justice for Farmers, Justice for Workers, and Justice for Shareholders. What is so great about it, if it has to counter mumkin hai! The convenor P Chidambaram has been criticising government performances in his newspaper columns and even challenged the new statistics. It does not reflect in his document. It even does not question the figures of 3-trillion economy which has a high repayment of Rs 10 lakh crore and reduces Rs 47 lakh crore 2024-25 budget to Rs 37 lakh crore.



THE 1971 CONGRESS MANIFESTO IS REMEMBERED TO THE DAY FOR ITS CLASSIC 'GARIBI HATAO' SLOGAN. THE SLOGAN 'FIVE NYAYA' MAY BE A GOOD IDEA BUT IS NOT INSPIRING

of income situation. The middle class is promised stable income-tax. It does not promise that it would be at the level of 22 percent corporate taxes. To combat unemployment, Congress has guaranteed a one-year apprenticeship with a private or a public sector company to every diploma holder or college graduate below the age of 25 years. The wages of workers under the Mahatma Gandhi National Rural Employment Guarantee Act will also be increased to Rs 400 per day — the minimum national wages it announces. It seems to have forgotten that apprenticeship scheme was introduced by Indira Gandhi in 1970s. It was a cropper as the private sector never liked it and PSUs were lukewarm. All metros in the country except Kolkata are running in losses. Manifesto could have harped on it and suggested pocket and eco-friendly solutions. Caste-based census could help it politically to an extent but that cannot be road map for creating jobs. It has got into the trap of caste politics. It has spoken of high petrol prices, questioned "cess" raj but is silent on atrociously high petrol road cess toll of Rs 32.9 per litre introduced promising to abolish toll gates. The country needs freedom from extortionist toll collections of over Rs 10 lakh crore through cess and toll gates causing high

inflation. Similarly, it is silent on scrapping illicit law for car/tractor junking and high education fees. These cause enormous wealth loss to farmers and average families. With a bit of empathy it could have touched millions of hearts. It has done well to promise that job applications would not have any fee. The call for opening more Kendriya Vidyalayas and Navodaya Vidyalayas are reassuring. The move to introduce free education up to class ten is appropriate. Would it be so also in private public schools? It has a model in UP. In 1960s, the Congress government introduced the system of paying teachers' salaries even for private schools ushering in required changes in the education scenario. That brings the fundamental difference. It has decided to review the Telecommunications Act, 2023 and remove the provisions that restrict freedom of speech and expression that violate the right to privacy. It ignores the more draconian Bharat Samhita or other amendments to the Indian Penal Code and Criminal Procedure Code. The powers to misuse ED, CBI and other bodies emanate from it. Still the promise to have a fearless society may raise hopes. The nation aspires that with these new moves the political discourse would turn for the better. (The author is a senior journalist; views are personal)

LETTERS TO THE EDITOR

CORRUPTION IN HIGH PLACES

Madam — Apropos the news article "Modi knocks hard on Mamata's door in Bengal" published on April 5, this is my response. If India has indeed seen the horror of Sandeshkhali revolving around atrocities upon women folk; surely it must be asked whether the country had acted "blind" revolving around spine-chilling gangrapes/murder/naked parade of women folks in Uttar Pradesh Gujarat Kathua or Manipur to cite a few! Persons pointing accusing fingers towards one and only TMC dispensation of West Bengal must also deliver their verdict upon "exemplary" pro-women environment in saffron states around the country also! After all among the 25 Opposition leaders, who have chosen to cross over to the BJP at various points in time, as many as 23 have managed to earn a reprieve with cases against them either closed or put in the "cold storage"! It proves that BJP is nothing but a "saffron-coloured washing machine" which can turn even the "blackest" leader to absolutely "pristine white"! So naturally, the BJP acts as the "social detergent" helping public life get rid of all stains of corruption! So let the sleeping dogs lie as far as the Vyapam scam (Madhya Pradesh), Ventilator scam (Gujarat), Electoral bond or public Fund opened during the onset of the pandemic are concerned!

Kajal Chatterjee | Kolkata

CONGRESS PRESENTS ITS MANIFESTO

Madam — Apropos the editorial "At Crossroads" published on April 6, this is my response. Switching sides during elections is a common feature in Indian politics and it is not surprising to see so many deserting Congress ships in the last few days. But what is worrying is when one of your former CM, sitting MP leaves you, then it sends a signal that Congress leadership and Gandhi are not able to manage and hold their leaders into their fold. We have seen how tall leaders like Himanta Biswa Sarma, and Jyotiraditya Scindia left Congress and are now well-settled in BJP.

Cinema rediscovers Savarkar



Apropos the news article "Cinema Rediscovers Savarkar" published on April 5, this is my response. Veer Savarkar, a revered figure in India's struggle for independence, epitomised unwavering dedication and commitment to the nation's cause. His visionary leadership and courageous activism were instrumental in shaping the course of India's fight for freedom. A prolific writer, poet, and revolutionary thinker, Savarkar's literary works, notably "The First War of Indian Independence,"

stirred a sense of nationalism among countless Indians. Despite enduring years of incarceration and facing formidable challenges, Savarkar remained resolute in his quest for liberty for his beloved motherland. Savarkar's contributions to the freedom movement were profound and far-reaching. Randeep Hooda's recent directorial debut, Swatantra Veer Savarkar, delves into the life of Vinayak Damodar Savarkar, a pivotal figure in India's fight for independence. Hooda's portrayal of Savarkar is lauded for its historical accuracy and his remarkable physical transformation. The film sheds light on Savarkar's ideology and incarceration in the Kaala Paani jail, sparking meaningful discussions about his legacy — a must-watch for those intrigued by this significant period in Indian history.

Amarjeet Kumar | Hazaribagh

Gandhis are unable to digest the fact that they are no longer the glue around which party revolved once upon a time, they have lost that Midas touch. As far as the election manifesto is concerned, leaders and grassroots workers need to be there to share the promise with voters right at the booth level, but with a flurry of desertions in the grand old party, it will not be a surprise if most of the voters would not even have a clue of what Congress has promised in its manifesto. With these desertions, the gulf between the grassroots level and the top leadership of Gandhi has further increased.

Bal Govind | Noida

REALITIES IN NCERT TEXTBOOKS

Madam — The recent update exercise undertaken by the NCERT to revise references in textbooks has sparked discussions about the portrayal of historical events and political narratives in educational materials. NCERT clarified that these updates are not a syllabus revision but

rather an effort to reflect contemporary realities and correct factual errors in textbooks. One notable change involves the references to the demolition of the disputed structure at Ayodhya. NCERT adjusted the language to align with the latest developments in politics, highlighting the importance of presenting accurate and updated information to students. NCERT emphasized the need to acknowledge the complexity of such events, ensuring that all communities affected are represented accurately. Overall, efforts to update educational textbooks reflect a commitment to providing students with accurate, relevant, and inclusive learning materials. As education continues to evolve, it is essential to adapt educational materials to reflect the changing socio-political landscape and promote a deeper understanding of history, politics, and society.

Shruti Sagar | Ludhiana

Send your feedback to: letterstopioneer@gmail.com

WORDLY WISE WHO CONTROLS THE PAST CONTROLS THE FUTURE. WHO CONTROLS THE PRESENT CONTROLS THE PAST. — GEORGE ORWELL

The Indian EXPRESS FOUNDED BY RAMNATH GOENKA BECAUSE THE TRUTH INVOLVES US ALL

Security and transparency



Investigation into alleged army atrocities at Rajouri comes at a critical juncture

AMONG THE MANY types of operations that the Indian Army has conducted in Jammu and Kashmir over the years, the most difficult are rarely those at the LoC and the LAC. There, the context is clear and the rules of engagement do not pose many restrictions on Indian soldiers or place them at a disadvantage. Military craft, a high degree of physicality, passion, energy, leadership and, of course, sometimes, negotiation skills, make the difference. Not so much in the case of hinterland operations which are of a hybrid nature and internal security and proxy war conditions place severe restrictions on troops and their manner of conduct. Restrictions also stem from political, social and demographic considerations. The context here is the incident of December 21, 2023, on Mughal Road near Bafliaz town in Poonch district. In this area, a number of encounters between the Army and terrorist groups have taken place in the past 18 months or so. The troops have suffered numerous casualties without sufficient compensatory gains. The last incident allegedly became a trigger for some officers and other soldiers to interrogate a few local villagers whom they suspected of giving support to terrorists. Three civilians from Top Pir village in nearby Rajouri district died, allegedly due to torture, while several others suffered injuries. The Raksha Mantri visited the area and told the troops, "You are the country's protectors. But I want to request that besides ensuring the country's security, you also have the responsibility to win the hearts of the people. There should be no mistake that hurts an Indian," he said. It was a fine statement and timed appropriately. He also asked the Army to inquire into the matter transparently. That inquiry has concluded with reports of serious lapses by seven to eight personnel, including some officers.

Several cases continue to be invoked for the purposes of propaganda by indiscreet elements, even though these cases have long been solved. Yet, nothing can be above the law. Investigation and prosecution must follow all due processes. The findings in the Rajouri case, the well-timed visit of the Raksha Mantri and his appropriate statements clearly indicate that the current establishment — like its predecessors — will uphold the processes of justice because the people remain the centre of gravity.

The inquiry will no doubt go through all the due processes. The public must be aware of three things: First, countering proxy war operations demands a high sense of balance on the part of security forces at every stage. There will be several successes to celebrate but there will also be setbacks involving casualties and other losses. The operating environment demands a very high level of decentralisation, going down to tactical and sub-tactical levels because quick decisions are required on actionable intelligence. At the operational level, all the support is provided — technology, higher intelligence analyses, information warfare, programmes to win hearts and minds. But the sub-tactical level is the cutting edge of operations. There may be hundreds of operations going on at a time, especially when the strength of terrorists is high. For instance, as a senior operations staff officer 25 years ago, I had to coordinate 11-12 operations a day simultaneously in just South Kashmir. Soldiers will make genuine mistakes from time to time — only a thorough investigation will establish or negate culpability. An act of indiscretion amounting to a wilful breach of orders laid down for the conduct of operations will always invite the strongest response from the Army. The Indian Army is extremely careful of its reputation for fair play and human rights. The second thing for public knowledge is the fact that the Army will always be vulnerable to its reputation being targeted — this is done to undermine its ability to keep the people of the region on its side. People are the "centre of gravity" in such operations. Terrorists and separatists would always try to tarnish the image of the Army and compromise its relationship with the people. Their intent is to reduce intelligence flow and garner public backing and legis-

tics for the terrorists. The third imperative in this environment is that allegations against the Army's probity must be correctly judged at the highest levels. Investigating every allegation levelled by vested interests will demoralise soldiers. However, those considered serious enough must be probed within an appropriate time-frame and the process of justice taken to its logical conclusion in a fair manner. Several cases continue to be invoked for the purposes of propaganda by indiscreet elements, even though these cases have long been solved. Yet, nothing can be above the law. Investigation and prosecution must follow all due processes. The findings in the Rajouri case, the well-timed visit of the Raksha Mantri and his appropriate statements clearly indicate that the current establishment — like its predecessors — will uphold the processes of justice because the people remain the centre of gravity. The investigation of the Rajouri case is taking place at a very critical juncture. There are indications of a possible removal of AFSPA from all or some segments of J&K. It's early to speculate on such an important issue. One of the major provisions of AFSPA is the protection it affords to Army personnel from prosecution without the Centre's sanction, for an act committed on duty. However, when the Army and the establishment continue to demonstrate a high level of transparency in investigation and prosecution of all cases, the need for AFSPA-like protection will itself be diluted. That is how we need to view due processes in such cases of alleged misdemeanour while countering terror operations in a challenging environment. The writer is a former corps commander of the Srinagar-based 15 Corps

GOAL WORTH SETTING

World No 3 sounds good. But what matters is not aggregate size of economy as much as population's general standard of living. In 2013-14, the year before the Narendra Modi government came to power, India was the world's 10th largest economy. At the end of its second term, the country's ranking has improved to fifth, behind the US, China, Japan and Germany. The Prime Minister has "guaranteed" it would further go up to third, should he get a third term. A closer scrutiny, however, shows that the progress from No 10 to No 5 came on the back of an average annual GDP growth of 5.9 per cent between 2014-15 and 2023-24, below even the 6.8 per cent during the 10 years of the previous Congress-led dispensation. Given India's present GDP of about \$3.5 trillion (as against Germany's \$4.4 trillion and Japan's \$4.2 trillion), it needs to grow by hardly 6 per cent annually (and the latter two at their current sub-2 per cent rates) for emerging as the world's No 3 by 2028. Becoming the world's No 3 sounds good; it adds to the country's geopolitical heft and ability to exert influence at a global scale. But from a developmental perspective, what matters really is not the aggregate size of the economy as much as its population's general standard of living. That, in turn, is reflected by the per capita GDP. At just over \$2,500, it's way below China's \$13,000. Considering that, in 1990, India's per capita GDP of \$369 was actually higher than China's \$348, it only shows how much distance the latter has traveled over the last three decades. If the current and the coming two decades are to be India's decades, the least it must do is target a quadrupling of the per capita GDP to \$10,000 in today's prices. This is consistent with the Modi government's own vision of a Viksit Bharat or "developed India" by 2047. Going by the World Bank's definition, India is now a "lower-middle income" and China an "upper-middle income" country, with the threshold for "high income" — roughly corresponding to "developed" — at \$13,845. China is, in fact, almost there. Quadrupling an average Indian's income in real terms by 2047 is an aspirational target most would more easily relate to, than a \$30-trillion GDP. When Prime Minister Modi, in February 2016, gave a call for "doubling farmers' income by 2022", it led to more focused policy-making from all concerned departments towards achieving the stated goal. A similar target, to raise the standard of living of ordinary Indians, would be worth aiming for — more so when evidence points to headline poverty rates under successive governments coming down significantly. Per capita GDP targets, both near and far term, would be good gauges for policymakers seeking to move beyond eliminating poverty.

NARROWING THE VIEW

NCERT's textbook revisions pose question mark against its mandate to enable critical thinking. IN ITS FOURTH round of revisions, the NCERT has announced significant changes in the history, sociology and political science textbooks of classes VI to XII. Revision of learning material should be par for the course in a robust education system. But school curricula in India — especially social science textbooks — have not always kept pace with the latest research. History textbooks, for instance, haven't done adequate justice to the archaeological findings that have changed understandings of the Indus Valley Civilisation (IVC). Recent historiography on understudied areas, such as the country's Northeast, is yet to find a way into the school curriculum. Political science textbooks have very little on the new forms of mobilisation enabled by social media. It's also time that the student is apprised of climate change politics. The NCERT's latest revisions do not address such knowledge-related imperatives either. Instead, they appear burdened by the ruling dispensation's anxiety to paper over fraught political moments in the country's recent history — the demolition of the Babri Masjid, for instance. They underplay social faultlines such as those related to caste. Even the changes that take note of new research on the IVC, seem of a piece with the deeply contested and politically loaded narrative that harps on continuity between the Harappan and Rig Vedic epochs. Last year, an investigation by this newspaper on NCERT textbooks had shone a light on the deletion of key passages on Mahatma Gandhi's assassination, the Emergency, Gujarat 2002 and protest movements. Of course, social sciences have always been an arena of ideological and political contestation and textbook committees have a long history of being fettered by government interventions. However, the recent revisions belie the hopes raised by the NEP — they go against the policy's ideologically agnostic approach to education reform. Some of the changes described as "minor editing" — the deletion of the reference on the poverty and powerlessness of Scheduled Caste and Scheduled Tribe communities in the Class XII Sociology textbook, for instance — seem to tie in with a political agenda of playing up the notion of a cohesive Hindu society. Similarly, the removal of a sentence linking big dam projects to the destitution of tribal groups — also in the Class XII Sociology textbook — betrays an unease with argumentative engagements with developmental processes. Young minds today are exposed to a glut of information on culture, history and politics from a variety of sources, including social media. Veracity is often a casualty. Classrooms must, therefore, provide a grounding in objectivity while alerting students to social complexities, with all their diversities, conflicts and inequities. The country's foremost textbook framing body should be an enabler of this process, not a hurdle in it.



ROAD TO PEACE IN MYANMAR

For reconciliation between warring groups, neighbours must mediate, including India

MYANMAR HAS BEEN at war with itself for the past three years. The military coup in February 2021 unleashed a chain of violent conflicts in many parts of the country, resulting in its de facto division into a section where the military government called the State Administration Council (SAC) still rules and another where the Resistance is in charge. The latter projects that the tide is now turning in its favour. What is the ground reality? On a recent visit to Bangkok, this writer interacted with a group of regional experts on Myanmar. The starting point is the assessment by UN Secretary-General Antonio Guterres who, on March 18, expressed deep concern about "the deteriorating situation and escalation of conflict" that has put civilians at serious risk. He highlighted two alarming trends. First, the expansion of conflict in the Rakhine State known for its "pre-existing vulnerabilities and discrimination" creates the danger of further incitement of communal tensions. Second, the forcible recruitment of youth into the military under the new conscription law in various regions and states is bound to aggravate the crisis. Another reality check was provided by Tom Andrews, UN special rapporteur on the human rights situation in Myanmar. He spoke of a fivefold increase in air strikes by the military on its people in the past five months. He estimated that 2.7 million people stand displaced, with another 1 million likely to enter this category by the end of 2024 and asserted that 18.6 million people, including six million children, need humanitarian assistance. As against these vast needs, the flow of aid is minimal, with aid donors facing logistical challenges in a na-

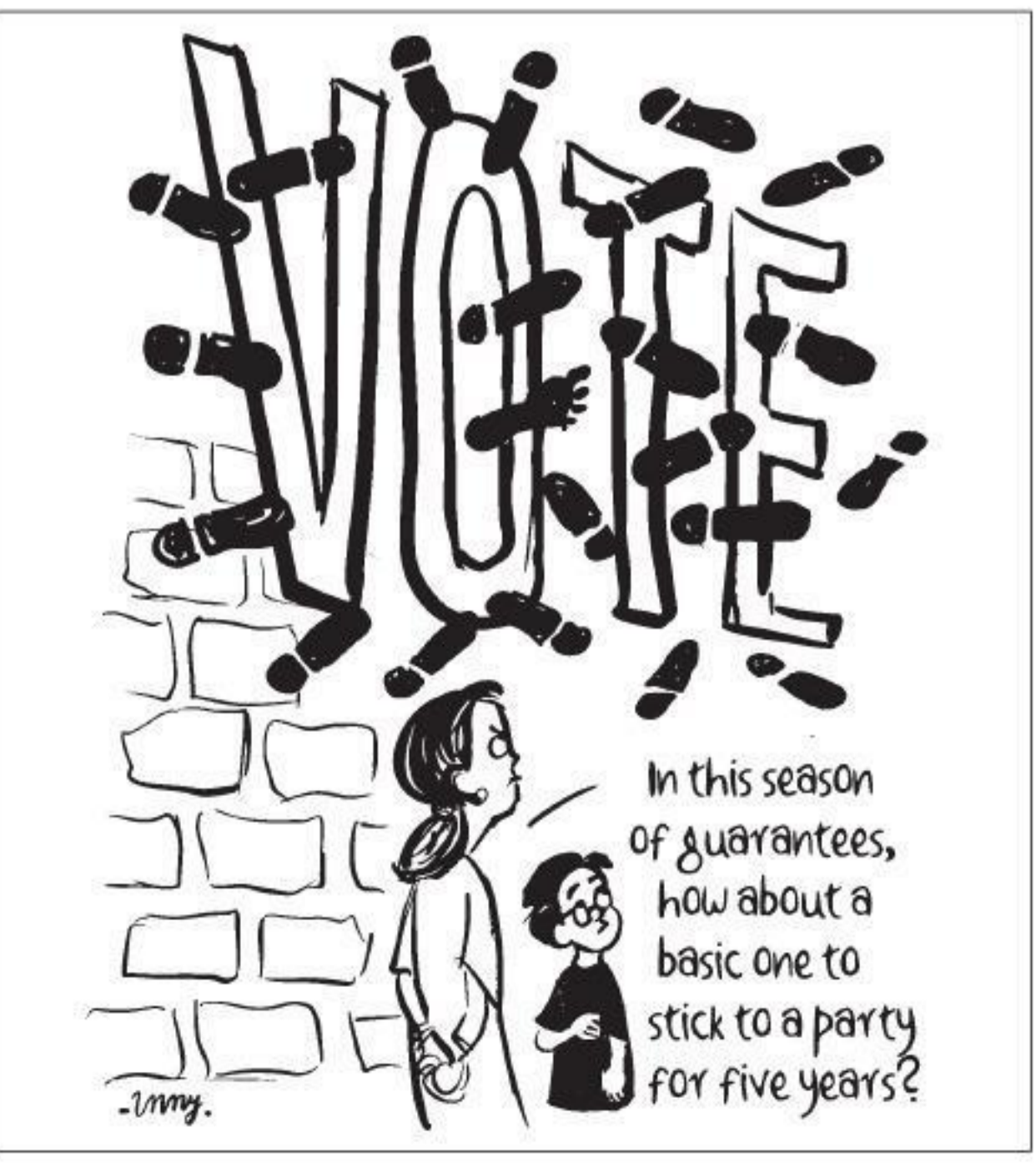
The SAC and the Resistance are much too locked into a hostile frame to agree on a modus operandi to relieve people's suffering. They need external help which can only come from Myanmar's ASEAN partners and willing neighbours such as China, India, and possibly Bangladesh. The internal and external players, therefore, need to create a mechanism for crafting a programme that helps alleviate people's hardship.

tion ravaged by conflict. Experts agree that given the prevailing animosities, Myanmar's stakeholders are incapable of finding ways through which de-escalation of violence and delivery and distribution of humanitarian assistance may take place smoothly. The SAC and the Resistance are much too locked into a hostile frame to agree on a modus operandi to relieve people's suffering. They need external help which can only come from Myanmar's ASEAN partners and willing neighbours such as China, India, and possibly Bangladesh. The internal and external players, therefore, need to create a mechanism for crafting a programme that helps alleviate people's hardship. Going beyond the imperative need for an early cessation of the fighting, Myanmar's friends should also suggest a pathway to the nation's return to normalcy. For this purpose, they need to discover a via media between two contrasting positions — the SAC's insistence on retaining the 2008 constitution and restoration of limited democracy after "controlled" elections, and the Resistance's vision of a fully federal democratic union with an apolitical military under a new constitution. Even before a peace formula is conceived, a pressing need exists to create an innovative mechanism for dialogue among all relevant players. ASEAN's Five Point Consensus (FPC), agreed in April 2021, has failed to deliver, despite its best endeavours. Some experts have argued that Myanmar presents "a regional problem." Indeed, it does so, but only in terms of its

consequences, not causes which are essentially internal. The SAC, the initiator of conflict, is now in decline and faces "an existential threat", claim some observers. Others assert that despite its failures and setbacks, it remains a tenacious entity. The Resistance reveals a triumphant spirit, although internal divergences and lack of cohesion are viewed as its Achilles heel. An outright victory of one party against the other seems unlikely. Perhaps neither side can prevail over the other with the help of guns, planes and drones. Both need to internalise that they are part of a single nation, and it is their combined duty to work for reconciliation. Ironically enough, Aung San Suu Kyi, serving a 33-year long imprisonment, and the National League for Democracy, which secured a landslide victory in the last elections (November 2020), hardly figure in the current discourse. Yet, in many ways, she holds the key to a possible political solution. As a major, interested, and affected neighbour, India can and should certainly help. India's Myanmar experts need to develop a set of practical and pragmatic proposals, infused with an accurate reading of power dynamics, geopolitical play and the country's history. They have a role in advising policymakers in New Delhi as well as shaping the regional approach to resolving the crisis in Myanmar. Its aggravation will inevitably threaten regional peace and progress. India's eastern neighbourhood can ill afford that calamity. The writer is Distinguished Fellow, Gateway House and a former ambassador to Myanmar and the author of 'India-Myanmar Relations: Changing Contours'

FREEZE FRAME

EPUNNY



APRIL 8, 1984, FORTY YEARS AGO

PPP POLL BOYCOTT THE PAKISTAN PEOPLE'S Party (PPP) has decided on a total boycott of elections which the country's military ruler, Gen Ziaul Haq has promised to hold before March next year. In a major policy statement being drafted for release, the PPP will declare that Gen Zia has lost mandate to hold elections since his regime was illegal and unconstitutional. Gen Zia is accused by the party of destroying, de facto, the 1973 constitution of Pakistan which had the approval of the people. PM ON IRAN-IRAQ WAR PRIME MINISTER INDIRA Gandhi made an im-

passioned plea to Iran and Iraq to end their escalating war. She warned Israel to withdraw its troops from Lebanon immediately too. Mrs Gandhi regretted that the "tragic conflict between Iran and Iraq has defied our best efforts at finding a solution", and the Palestine problem remained unresolved. THE PUNJAB PROBLEM NOW THAT THE Government has offered to study Article 25 as demanded by the Akalis and the Akalis have withdrawn their proposed agitation on the issue, efforts are afoot to find a solution to the Punjab problem and end the present stalemate. The secret contact which the government had established with the

Akali leadership is being maintained. The government appears to be keen on an early solution to the Punjab problem. 15 DEAD IN NAGALAND FIFTEEN ACTIVISTS OF the pro-Beijing: National Socialist Council of Nagaland (NSCN) and five Burmese army men were killed in an encounter at a place between Shiplou and Punuw in northern Burma recently, according to a report from across the border. When a group of armed NSCN men was advancing towards Shiplou village to settle an old score, some villagers immediately alerted the nearby Burmese army post, the report said. Upon being challenged, the NSCN opened fire.


OUR VIEW
MY VIEW | THE INTERSECTION


RBI has a better handle on rupee management

RBI's restriction of rupee derivative trading to those who must hedge their forex risk looks like part of an external stability effort. This year's challenge is the rupee's internal firmness

After declaring a crackdown on rupee derivatives traded on exchanges without underlying exposure to foreign-exchange risk, the Reserve Bank of India (RBI) extended its deadline for compliance. Circulated in January and slated to take effect from 5 April, RBI's requirement for market position holders to affirm their need to hedge risk (and submit back-up proof above a point) has been pushed to 3 May. Transactions had crashed as brokers asked clients to comply, though the basic rule remains the same. Rupee options and futures are meant for globalized businesses to shield their finances from the blows of exchange-rate flux. So such positions can be held only by those with genuine forex exposure, a condition laid down all along by India's Foreign Exchange Management Act. Deputy governor Michael Patra has elaborated that RBI had in 2014 permitted participants to take positions of up to a level without providing evidence of exposure. That relaxation, however, was misinterpreted to conclude there's no need for underlying risk, "which is not the case," he said, calling it "a violation of the law."

Given signs of market turmoil in response to RBI's move to enforce that rule, we could expect a significant scale-back in trading. The shake-up so far suggests a large chunk of these derivatives were being used by punters as a way to place bets in search of profits. That some of these trades are done on margin money—as opposed to those for which full contract sums are paid upfront—could have acted as a lure. While wider participation in a market is usually an assurer of superior price discovery, this logic can get upended if an upsurge in trades is led by a mix of clever traders and rookies who know

little of what makes a key price move but are attracted by the market's casino-like appeal. The irony then would be of risk naïveté in a market meant for risk mitigation. A peculiarity of how the rupee's external value is determined also lends it a unique form of complexity. As RBI operates a managed float to ensure "orderly appreciation and depreciation of the rupee" against the US dollar, it intervenes in the forex market against sharp swings, but not to peg it at any level. Such a 'mixed economy' policy could tempt more price speculation than is healthy.

The last fiscal year was one of relative rupee stability. It dipped less than a percentage point against the dollar—less than its peer currencies, i.e., and also its long trend of a 3%+ average annual decline. This was cited on Friday by RBI as a sign of macro stability. After the volatility of 2022-23, last year saw our capital inflows recover, trade gap stabilize and forex reserves (a war-chest used in the rupee's defence) reach a new peak (of above \$645 billion). Barring an oil or other such shock, trends in 2024-25 may favour rupee strength. Foreign funds will flow into Indian bonds enrolled by global indices; business borrowings from abroad could rise too, should US rates of interest soften, which may also send more investment dollars our way (unless RBI eases rates to neutralize such a Fed-action effect). Given RBI's avowed focus on inflation, however, the liquidity released by bulky dollar purchases may need to be sterilized via bond sales, which would pressure yields up and tighten money. Even so, an abundance of dollars is better for our economy than capital outflows. It also grants RBI a firmer grip on the currency's external value. The bank's challenge for 2024-25, though, will be the balance struck with the rupee's internal stability.

India cannot solve its water crisis without pricing it appropriately

Only pricing will provide the incentives necessary for efficient and sustainable use of this resource



NITIN PAI
is co-founder and director of The Takshashila Institution, an independent centre for research and education in public policy.

A few years ago, the mayor of a Karnataka town asked me how she could prevent people from wastefully washing their yards, walls and vehicles with water from the municipal water supply. She told me she had organized awareness campaigns, promoted conservation efforts and even personally remonstrated with citizens, but to little avail. When I asked her how much they paid for the water, she replied that the monthly charge was a few tens of rupees per connection, but this was not strictly enforced. She was taken aback when I told her that was why her conservation efforts had been unsuccessful.

An underpriced resource is over-consumed. That is what is happening across the country, where underpriced water and electricity are causing people to consume more than the optimum. It is not a surprise that we are going from water scarcity to water crisis. The current approach of underpricing water is no longer tenable, for water crises will only get worse in the coming years. Water can only be conserved when it is priced at marginal cost, at the most expensive litre of water produced to satisfy a given demand.

In Bengaluru, residential piped water costs between ₹7 and ₹45 per 1,000 litres. Houses that do not have access to municipal water supply purchase water from tankers at around ₹150 during

normal times and up to ₹250 during shortages. Thus the marginal cost of water is 20 to 35 times what the fortunate people with access to municipal supply pay. If prices go up, people will adopt flow controllers, bucket showers, rainwater harvesting and other conservation measures with greater urgency.

So pricing water is a solution to the scarcity and sustainability problem. The question is how do we get there.

There is no doubt that water is a necessity of life and everyone should have access to a basic quantity of it for drinking and washing. The United Nations General Assembly has decreed that every human has a right to 50 to 100 litres of water per day from a source less than 1km and 30 minutes from home. In a country with many poor and low-income households, this water should be available regardless of one's ability to pay. There is a case to make available this basic quantity of water free of cost to poor households.

With the availability of a robust social welfare infrastructure in the form of the Jan Dhan, Aadhaar and Mobile (JAM) trinity, it is already possible to ensure water is properly priced and the poor are provided the money to purchase it. Indian cities must raise water prices over a period of a few years until they are close to its marginal cost, and entitle poor households to water vouchers. Vouchers can be financed through the state government's budget until municipal water corporations are able to cross-subsidize them from their own surpluses.

Today, municipal water supply is synonymous with piped water. There is no reason why this must be so. Indeed, municipal water companies should be mandated to provide at least 100 litres per person per day regardless of the means of delivery. It should be up to them to use pipes, bore wells, tankers or bottles, as long as they achieve the outcome.

Pricing can solve upstream problems as well. One reason the Kaveri water dis-

pute has persisted for decades is that there is no reason for the claimants to moderate their claims. The more they ask, the more the tribunal is likely to eventually assign them.

My colleagues at Takshashila have shown that a more efficient and less contentious allocation system is indeed possible. States that claim more than a low basic quota must pay for the excess into a Kaveri Water Fund. States that take below their quota can receive money instead. This would allow state governments the flexibility to choose a wider set of policies, and give them the financial resources to compensate farmers and others who have to change their water-use patterns. Pricing will create incentives to economise on the use of water and lead to a more efficient allocation.

The policy design is not tremendously difficult and the projects can be made financially viable. The biggest hurdle is a political system that is addicted to populism. Indian politicians know how to make paid things free. They are unfamiliar with the idea of making free things chargeable. Yet, there are examples—national highways, for instance—where pricing has created a bigger and better road network.

Water should be priced not because it will bring new sources of revenue to governments, but because it creates incentives for conservation. Tackling scarcity requires action on multiple fronts: increasing efficiency of use, promoting reuse, governing groundwater, harvesting rainwater, rehabilitating water bodies, building new infrastructure and so on. It is hard to implement these at the scale required because there are few incentives to do so. No government has the capacity to cajole or coerce everyone into action. Pricing provides a strong incentive for people to do the right things. There is no alternative.

Disclosure: The author is on the board of Jal Seva Charitable Foundation. These are the author's personal views.

10 YEARS AGO



JUST A THOUGHT

Although two-thirds of our planet is water, we face an acute water shortage. The water crisis is the most pervasive, most severe, and most invisible dimension of the ecological devastation of the earth.

VANDANA SHIVA

MY VIEW | MODERN TIMES

No, neuroscientists do not know much about the mind

MANU JOSEPH



is a journalist, novelist, and the creator of the Netflix series, 'Decoupled'

If you have 'neuro' in your bio, you can say just about anything about the mind, as though you know what it is. If you are situated in the West, and identify as male, you will be taken even more seriously. Andrew Huberman is one of several beneficiaries. He is also from Stanford, so conditions were perfect for him to begin a podcast about that thing people hyphenate with confidence: 'mind-body.' He used expressions like "peer reviewed" and it appeared to many that he spoke scientific truths. He attracted millions of listeners. He is so popular that even though you may not have heard his podcast or read him at all, a lot of advice that has come down to you from reformative types emerged from him. If you know people who have suddenly become morning antennas to "catch" sunlight or started buying products like *ashwagandha*, you indirectly know Huberman. His fame would suggest a world deeply interested in physical and mental fitness. You wouldn't be able to guess that by looking around.

Huberman says a lot of commonsensical things and uses the sacred theology of science to persuade people—sleep well (somehow); eat fruits, vegetables, proteins and healthy fats; remember to drink water; stress is bad; physical exercise is good; as much as possible, stay away from computer screens. Which sane person can disagree with any of this? But he also says a lot of abstract things, like, for instance, that practising gratitude "activates neural circuits." He offers some kind of "scientific" evidence, but some of us intuitively know, or "neurally" know, that you cannot say anything definite yet about a whole lot of human behaviour; just because somethings lit up on electroencephalogram.

Generally, Huberman says that decent behaviour leads to physical and mental health. A reason why he is now the subject of a controversy. Not because some scientist found contradictory evidence on an EEG screen, but because, according to an article in *New York* magazine, Huberman cheated on some women. By modern standards of male disgrace, this is almost funny. But the magazine's reasoning is that if Huberman is morally shady, he should not be taken so seriously as a 'wellness' guru.

What I find amusing is that what eventually diminished his aura somewhat was not

the discovery that he was no more qualified than the rest of humanity to speak of the mind, but that some of his ex-girlfriends did not consider him an ideal human being (like their other ex-boyfriends perhaps).

From what I have seen, people who are likely to have excessive faith in Huberman and other neuro-gurus are not famous for their cold logic. They are usually life-long seekers of advice on how to *be*, and how to be happy. Inside them was a reasonless sorrow, to which they attached reasons and villains, but the sorrow itself never went. Most of their lives, they were consumers of the wellness industry. Once it only meant reading J. Krishnamurthy. Then came the "right way" to breathe and the rediscovery of some stretching exercises with names hinting of deep spiritual stuff. Every five years or so, there would a dramatic breakthrough in the global pursuit of 'wellness,' which would arrive through a fascinating person who was, oddly, always a male. Like Huberman.

And another famous neuro-something, Sam Harris, who speaks about the nature of consciousness. Not that he should not; just that I do not see how he could know more about the mind than anyone else. The science of consciousness is not even in its infancy. Yet, people give Harris *et al* the first

right to define the nature of being and the meaning of "meditation."

Huberman says that we must be "mindful," which is to live in the present (as we did during covid—how was it?). And we must introspect and learn a lot, and, of course, be grateful. And build muscles. What he seems to be saying is, 'Be like me, why can't you be like me.' That is what many gurus often say.

When a man sets out to say 'be like me,' he usually knows what to say and how to say it. It is somehow useful for some wellness gurus to be narcissists. And, in my observation, there is frequently a bit of that in their ardent seekers too. They are so preoccupied with themselves, how they are feeling. A "wellness" session can look like

alpha narcissists talking to beta narcissists.

Many people have defended Huberman saying that it is silly to humiliate him using the comments of anonymous ex-lovers. British actor Russell Brand said that Huberman is being targeted by some women because he is a very manly man who appears to enjoy being a manly man.

But some scholars have used Huberman's disgrace to remind people that they always found his 'science,' too, dubious. Andrea Love, a biologist, argued on *Slate.com* that Huberman used scientific lingo to impress gullible people: "Huberman fills his podcast with confident displays of pseudoscience, topped with the appeal to authority he garners by regularly repeating his academic credentials to gain your trust."

But then, when it comes to "wellness," especially the part that involves the mind, there is not much of a difference between science and pseudoscience.

Once, only monks were taken seriously when they spoke of abstract matters, and only those monks who wore special robes or signalled in some other way that they were different from other humans, even as they said stuff like "I am you, you are me." Today, 'neuro' is the new robe of the modern monk.



THEIR VIEW

MINT CURATOR

RBI shows the dull but venerable art of batting with a straight bat

Its MPC had all the reason not to rock the boat, with growth faring well, inflation cooling and national elections looming



MYTHILI BHUSHNURMATH is a senior journalist and a former central banker.

If ever there was a case for the Reserve Bank of India's (RBI) Monetary Policy Committee (MPC) to present a straight bat, and not attempt any theatrics, Friday, 5 April 2024, was the day. With the economy doing well, inflation down, if not out, and general elections looming ahead, it made no sense to rock the boat. Not after the central bank had come in for lavish praise from both Prime Minister Narendra Modi ("RBI, with its success in managing inflation and growth, despite the pandemic and two wars, can be a role model for other central banks") and finance minister Nirmala Sitharaman ("RBI stands tall among its peers on several counts") at the celebrations held on 1 April to mark the 90th anniversary of RBI's commencement of operations on 1 April 1935.

So, in the last MPC meeting before the elections and the first in this fiscal year, the rate-setting committee did exactly what was expected—it kept rates on hold (for the seventh consecutive time) and said it remained focused (as before) on the withdrawal of liquidity. It cannot be faulted for inconsistency. If it felt growth was doing quite well and the inflation-growth dynamics did not warrant any change in policy rates at its meeting in February 2024, when National Statistical Office (NSO) estimates placed 2023-24 gross domestic product (GDP) growth at 7.3%, there was even less of a case for any rate action to support growth now that the economy is doing better (the latest official estimates place GDP growth higher at 7.6%).

Clearly, the MPC, like the US Federal Reserve, has a problem on its hands. Its 'higher for longer' policy doesn't seem to have impacted growth adversely. On the contrary, not only is growth, according to governor Shaktikanta Das's own admission, likely to touch 8% in 2023-24 but is likely to remain robust in 2024-25.

Prima facie, it might seem as if nothing has changed and the latest MPC resolution is merely a 'cut and paste' of its earlier one. Except that monetary policy statements are not only about what is stated in black and white, but also about what is left unsaid. And so it is with the latest one.

The biggest omission is the absence of any explanation of how or why the MPC and RBI misjudged the strength of the economic recovery in the year gone by. Remember, RBI had not raised its growth estimate in February, the governor contenting himself with saying the NSO estimate for growth in 2023-24 is 7.3% (RBI's own estimate then was 7%).

However, Friday's statement was completely silent on the slip-up, preferring instead to dwell on growth in the current fiscal (7%). Considering that the NSO's latest estimate for 2023-24 is 7.6%, considerably higher than RBI's estimate of 7%, one would have expected some explanation, if not a



mea culpa. But no. For whatever reason, neither the MPC nor RBI seems to have thought it necessary to offer any explanation.

Yet, their reading about the underlying strength of the economy is crucial to the future course of policy. Can we assume that what worked in the past will work in the future as well. Economics 101 would say that a scenario where growth is looking up but inflation is not yet beaten is tailor-made for a rate hike.

Remember, monetary policy acts with a long lag. As Governor Das admitted, "The last mile of disinflation is turning out to be challenging," adding that monetary policy transmission is "still a work in progress," a full 23 months after the first rate hike in May 2022. Logically, the slow pace of monetary transmission in India combined with a stronger-than-expected growth should have warranted some change—a more hawkish tone perhaps, if not the symmetric policy response of a (contrarian) rate hike.

Remember also that what started in April 2023 as a "tactical pause" in the words of Governor Das and not "a pivot or a change in policy direction," has continued now for a full 12 months. But condi-

tions in April 2023 were vastly different from today. Back then, real GDP growth was estimated at only 6.5%, and though inflation had "softened from its elevated levels a year ago," it "still remained above the upper tolerance band."

In contrast, today, growth seems to be robust. And while inflation, according to RBI's estimates, is expected to be just 4.5% in 2024-25 (and lower still at 3.8% in the July-September quarter, traditionally a bad quarter, given the tendency for prices to rise in the summer months), the upside risks to inflation—higher commodity prices, geopolitical conflict, strong foreign exchange inflows—seem higher than the downside risks to growth. In such a scenario, one can perhaps be pardoned for wondering if the monetary policy is "actively disinflationary," as the statement claims.

Sure, "balancing the economic see-saw," as Mervyn King, former governor, Bank of England, put it, is always a challenge. "Our ambition at the Bank of England is to be boring," he had famously added. Well, on Friday, RBI, which entered its 90th year on 1 April 2024, possibly took a leaf out of the book of its counterpart with a 240-year advantage. It tried to be boring!

Biden ought to tell Netanyahu that enough is enough in Gaza

The US should stop arming Israel in honour of the UN's resolution



ANDREAS KLUTH is a Bloomberg Opinion columnist covering US diplomacy, national security and geopolitics.

The White House described the recent phone call between US President Joe Biden and Israeli Prime Minister Benjamin Netanyahu as "tense and challenging." And what else could it have been? For the first time since Hamas attacked Israel on 7 October and Israel began retaliating massively against the whole Gaza Strip, Biden demanded an immediate ceasefire. He apparently added an or-else: "If there are no changes in their policy," said a spokesperson, "there will have to be changes in ours."

That still seems too little too late to lots of people, even and especially in Biden's own government. While Biden was on the phone with Netanyahu, I was talking to Annelie Sheline, who last week resigned very publicly from her mid-level job in the State Department in protest over what she regards as American failures to observe international and US laws in supplying Israel with weapons even as it commits humanitarian crimes in Gaza.

Take the ceasefire Biden has demanded. Wasn't that already the gist of a resolution by the United Nations Security Council? The US had let it pass by abstaining rather than exercising its veto. But then the White House went out of its way to emphasize that the resolution was "non-binding." Why, wonders Sheline, who has a PhD on political Islam and helped write human-rights reports on the Middle East before resigning. Security Council resolutions are meant to be binding; that's the whole point.

At the exact same time, moreover, the Biden administration was also readying previously agreed shipments to Israel of huge bombs—the kind that have been flattening much of the Gaza Strip—and even preparing future sales of fighter jets, missiles and other weapons. By mixing his signals, Biden is sending no signal at all.

To Sheline, these US arms sales are illegal. She points to two laws. One prohibits the US from arming foreign military units which "credible information" implicates in human-rights violations. The other bars support for governments that restrict humanitarian aid. By now, evidence of Israeli violations on both counts seems overwhelming—from blanket rather than precision bombing to blocking aid and causing starvation. Just this week, Israel struck well-marked trucks in an international aid convoy, killing seven.

Sheline represents a larger shift in US public opinion. Whereas about half of Americans still approved of Israel's Gazan campaign in November, when the shock of 7 October was fresh and the worst of



US foreign policy could get warped by its stance on the Gaza War

Israel's bombing yet to come, a majority now disapproves. Opinions are polarized, of course, with many older people and Republicans backing the Israeli government to the hilt while younger and left-leaning demographics turn against Israel. Among the electorate, as in Congress, the mood is in flux, and not in Israel's favour.

That turn is even further along within the government. Sheline is the third diplomat to resign over the Israel-Gaza conflict, and one of many who have signed onto cables in the internal dissent channel. Since she quit, many colleagues have shown support. Resistance is also building in other departments, and apparently even inside the White House: First Lady Jill Biden is said to be horrified by the suffering in Gaza and to have urged her husband to "stop it, stop it now."

Another tragedy, Sheline told me, is that Biden was supposed to be the good guy, and the US a good country. A Biden America, unlike the alternative version peddled by Donald Trump, was meant to stand up for democracy, law and human rights at home as abroad. That claim is looking more hollow by the day, and the US less credible and more hypocritical abroad to many people. The conflict in the Middle East is threatening to take hostage Biden's entire foreign policy.

Whenever the world calms down to think clearly, it must apportion blame for the immense misery of the past six months. Hamas deserves the most, but Netanyahu and his right-wing coalition partners are due their share, as are other parties in the Middle East. By contrast, Biden, I believe, genuinely tried to empathize with all sides and to find a balance between justified Israeli self-defence and humanitarian restraint. But in that attempt he has failed, as Netanyahu repeatedly and brazenly snubbed and ignored him.

UN resolutions and tense phone calls to Netanyahu are no longer enough. One of Biden's predecessors, Bill Clinton, allegedly emerged from a meeting with Netanyahu in 1996, venting in frustration: "Who's the... superpower here?"

If Netanyahu now ignores Biden and the Security Council and fails to cease fire, the US must vote to condemn Israel at the UN and immediately halt all shipments of arms to the country.

THEIR VIEW

RBI won't waver in its focus on taming retail inflation

RAJANI SINHA



is chief economist at CareEdge.

The decision of the Reserve Bank of India's (RBI) Monetary Policy Committee (MPC) to leave the policy rate unchanged in the last meeting was on expected lines. RBI also maintained its stance of 'withdrawal of accommodation,' as it is committed to bringing down consumer price index (CPI)-based inflation to its 4% target on a durable basis. RBI governor Shaktikanta Das highlighted that healthy economic growth has given RBI room to unwaveringly focus on price stability.

While CPI inflation has moderated to 5.1% in the last two months, it remains above RBI's 4% goal. Core inflation (excluding food and fuel) has slipped below 4%, with continued disinflation in the services sector. The main concern for the central bank is persistently high food inflation—7.4% in February. Specifically, very high inflation in items of daily consumption like vegetables (30%) and pulses (19%) could result in upward pressure on household inflationary expectations. As per the latest RBI survey, the household per-

ception of current inflation moderated to 8.1% in January 2024 from 8.9% in July 2023. But one-year-ahead inflation expectations remain high at 10%. With a normal monsoon expected this year, we can expect further moderation in food inflation. However, caution is warranted, given that in the last few years, we have seen increased climate risks, with an adverse impact of that on domestic and global food prices. India's Meteorological Department has warned of more heat waves than usual this year. This increases upside risks for food inflation, specifically for vegetables and fruits. Low water reservoir levels are another concern. Hence, a normal monsoon with good spatial distribution will be very critical for a moderation in food inflation. RBI has maintained its average CPI-based inflation projection of 4.5% for 2024-25, as against an estimated 5.4% in 2023-24.

Apart from food inflation, concerns stem from geopolitical rifts and the ensuing risks of supply-side bottlenecks. While overall global commodity prices are likely to remain benign due to weak global demand, one cannot ignore supply-side risks. We have seen global trade disrupted by the Red Sea crisis and Brent crude oil prices rise by a sharp 18% in the year so far.

On the global front, another risk that the governor aptly highlighted is rising levels of public debt. For advanced economies, public debt-to-gross domestic product (GDP) has risen sharply to 112% and for emerging economies to 67% in 2023, according to the International Monetary Fund. The backdrop of high public debt, high interest rates and low growth is making debt sustainability a challenge.

Advanced economies that have enjoyed low interest rates in the past are now facing a situation of higher for longer interest rates. This will have severe implications on their interest payment burden. For instance, for the US government, net interest payments are projected to cross 20% of revenue by 2032 from 9.7% in 2022, as per the US Congressional Budget Office. Similarly, for the UK, the government's interest expenses have already doubled from 5.4% of revenue in 2020 to 11% in 2022. Das has highlighted that the worsening debt situation in advanced economies can pose risks for

emerging economies by way of swings in capital flows and financial market volatility.

Even with a global slowdown, India's external situation remains comfortable. Merchandise exports, which had been hit by the global slowdown, are already showing improvement. Supported by healthy service exports and strong remittances, we are expecting India's current account deficit at a benign 0.7% of GDP in 2023-24 and around 1% in 2024-25. There have been strong foreign institutional investor inflows in the last fiscal year and the trend is likely to continue this year, with the inclusion of Indian government bonds in global indices. India's foreign exchange reserves are at a comfortable \$645 billion.

As far as domestic growth is concerned, RBI remains optimistic, with a GDP growth projection of 7% for 2024-25. High frequency economic indicators like the purchasing managers' index, GST collection, auto sales and bank credit growth indicate a healthy growth momentum. However, a

broad-based pick-up in consumption demand remains critical. Rural demand has been feeble but is showing signs of improvement, going by fast-moving consumer goods and two-wheeler sales data. Based on the assumption of normal monsoon rainfall, we can expect consumption growth to improve.

The other critical goal is a meaningful pick-up in private investment. It has increased in sectors like steel, cement, petrochemicals, automobiles, aluminium and renewable energy. The order books of capital goods companies have also grown sharply in the last fiscal year. Moreover, data from the Centre for Monitoring Indian Economy on project investment has been showing the private sector's growing intent to invest. Hence, we can expect the private capital expenditure cycle to accelerate.

This brings us to the question of whether RBI will cut policy interest rates this fiscal year. If CPI inflation continues to moderate and there is respite on food inflation, specifically, we can see rates being cut by a shallow 50 basis points in two tranches starting from the third quarter of 2024-25. RBI will be watching the actions of the US Federal Reserve. Given India's comfortable external position, however, the critical factor influencing its decision will be domestic inflation.

Signs of price stability, in food especially, may lead to shallow rate cuts from the second half of 2024-25