



## Human failure

The deaths of IAS aspirants in basement flooding were preventable

The tragic accident at an IAS coaching centre in New Delhi, where flooding led to three IAS aspirants dying, was a largely man-made, hence avoidable, disaster. Such incidents are an increasing feature of localised urban flooding in which human failures play a major role. Basements in buildings have limited access and often limited ventilation. Getting in and out can be a challenge and being trapped is a real possibility as the water will find its way there first. Special pumping arrangements would be required to mitigate flooding. In general, rules do not permit basements in buildings across the country to have habitation, while allowing storage, parking and utilities such as electric equipment and generators. Habitation would include offices and residents. Shops are sanctioned especially in malls or mixed-use buildings as they are seen as temporary habitation. A classroom or a study centre may well be considered habitation in such an interpretation of rules, which could mean classes or long hours of study should not be allowed in the basement. Building byelaws for Delhi (2016) consider the basement as a storage area but recognise mixed-use buildings that may use basements for other purposes. As India urbanises and land value and building value become increasingly expensive, it would be inevitable for buildings to be used for purposes other than mandated. In such mixed-use buildings, basements are also seen as income generators.

The Delhi Master Plan 2021 explicitly says that the use of a basement in coaching centres shall be subject to clearance from fire authorities and other statutory bodies as per the relevant laws. It is not known if the IAS coaching centre had the relevant permissions and if any changes made on basement use were notified to the authorities. In India, questions need to be asked whether a renewal of permits was done after inspections; users prefer not to notify the authorities since it causes hurdles and invites bribe demands. In what appears to be a case of poor civic infrastructure, a stormwater drain burst with the water entering the basement of the coaching centre. Big cities getting flooded has become routine and the flooding is as much due to natural topography as changes in land use and haphazard constructions. In 2015, for instance, in Chennai, flooding of basements damaged electric equipment in many buildings and disrupted businesses. It caused deaths in a hospital since the water damaged emergency power generators and lifesaving ICU equipment stopped functioning. Buildings can be made flood-resilient by ensuring that no water enters inside up to the one metre to 1.5 m level on the road. Concrete, non-porous compound walls, flood-barrier gates and non-return valves on plumbing lines can help achieve this resilience.

## Widening conflict

As long as the Gaza war drags on, peace will be elusive in West Asia

A rocket attack on a football ground in Majdal Shams in the Golan Heights, in which 12 young people were killed, has taken West Asia to the brink of a wider war. Israel and the U.S. have blamed Hezbollah, Lebanon's powerful Shia militia that is backed by Iran, for the attack. Hezbollah, which initially claimed rocket strikes on an Israeli military outpost in the nearby Mount Hermon, later denied any role in this incident. But Israel has not bought Hezbollah's claims and is preparing its response. From October 7, 2023, the day Hamas carried out a cross-border attack in Israel, killing an estimated 1,200 people, a slow-burning war has been raging on Israel's northern border with Hezbollah. When Israel launched the Gaza war following the Hamas attack, Hezbollah began rocket attacks from southern Lebanon, its stronghold, mostly targeting Israel's military outposts in the occupied Shebaa Farms or the Upper Galilee region of northern Israel. Hezbollah's attacks forced some 60,000 Israelis to flee from Upper Galilee, with Israeli forces carrying out air strikes inside Lebanon in retaliation. Hezbollah claimed that it was fighting Israel "in solidarity" with the Palestinians, while Israel's leadership said none of Hezbollah's attacks would go unpunished. However, both sides were, until recently, cautious not to let the conflict spiral into an all-out war. But the Majdal Shams attack seems to have broken those unwritten rules of the war.

Hezbollah's claim that it was not involved in the attack cannot be taken for granted. It is possible that the group targeted IDF outposts in the Golan Heights, under Israel's illegal occupation since 1967, and the rocket fell on the football field, but still the responsibility lies with the militia. Israel's hands are not clean either. The IDF, whose Gaza campaign has killed thousands of Palestinian civilians, has also carried out strikes in Lebanon's civilian neighbourhoods. Hezbollah and Israel last fought an all-out war in 2006, and it did not end well for the Jewish state. Hezbollah also takes credit in forcing Israel to withdraw from southern Lebanon after 18 years of occupation. And since 2006, Hezbollah has built a stronger army and a huge stockpile of weapons. A war could spiral out of control with a high risk of Iran's involvement. Hezbollah's rocket attacks in recent months have only provoked Israel; and Israeli strikes on Lebanon have done little in deterring the group. This cycle of violence is self-defeating and there will be peace only if both parties reset the current hostility and calm the borders. The obvious first step is to end the war which triggered this regional crisis – the war on Gaza.

# The problem with India's blocking of the Chinese



Ashoka Mody

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Indian authorities have promised more visas to Chinese technicians, whose help Indian businesses urgently need. Rajesh Kumar Singh, Secretary, Department for Promotion of Industry and Internal Trade, recently accepted claims by Indian companies that "a significant skill gap" exists between Chinese and Indian factory supervisors and workers. As a Vellore-based shoe manufacturer explained, Chinese professionals are "highly productive." They can "help you produce 150 items with the same resources with which we produce 100". The Engineering Export Promotion Council of India's chairman has joined the call for more visas for Chinese technicians.

From footwear and textiles to engineering and electronics, Indian businesses have purchased machines from China but cannot use them productively without the help of Chinese technicians. Leaders of Indian industry associations keep reminding officials that the machines are lying idle, and export orders unfulfilled. Gautam Adani's solar manufacturing facility is also awaiting visas for Chinese workers.

The official acknowledgement of India's huge skill deficit is important and impressive. Rarely is there such clarity that even "low-tech", labour-intensive production requires a deep well of expertise. China honed exactly this expertise over the past 40 years to become the world's manufacturing hub. Its experts are less expensive than those from elsewhere. Yet, while the government has few, if any, restrictions on international experts, it holds the Chinese back, citing national security concerns. This is a problem. The Chinese can help India secure a foothold on the lowest rungs of the global skills' ladder. Those rungs are rising: India must jump on now.

But especially since the government is already slow walking its promise of more visas to the Chinese, this moment must trigger action on the real culprit: woeful Indian education. For, despite the hype, the world is not waiting for India. Without foreign technical assistance and vastly upgraded domestic education (as also in China), job-rich prosperity will remain a cruel mirage.

### Discouraging visa prospects

In 2019, Chinese nationals received 2,00,000 visas, but the numbers fell sharply after deadly clashes between Indian and Chinese troops in 2020. Indian officials accused the Chinese of violating visa conditions and laundering money to evade India's tax laws. Last year, the number of visas to Chinese personnel was down to 2,000. A security-driven mindset has taken root. This year, even the meagre 1,000 visas for Chinese electronics professionals are stuck in a "pipeline", undergoing "intensive screening".

Despite positive noises by Commerce and Industry Ministry officials, a cabinet Minister, who chose to remain anonymous, tempered expectations. "Visas," the Minister said, "will be issued for Chinese technicians and businessmen only after screening with assurance that travel conditions will not be violated". Such "screening" might kill this initiative with a thousand cuts. The powerful national security argument is

India's economic growth increasingly depends on foreign expertise, particularly from China

easily cloaked in the rhetoric of "Atmanirbhar Bharat", a golden era of self-reliant Indian manufacturing. The breathtaking irony of invoking self-reliance is lost on Indian officials precisely when India's economic growth increasingly depends on foreign expertise, particularly from China.

### Integrating foreign knowledge

East Asian economic history teaches us that foreign knowledge is pivotal but spurs development only when combined with adequately educated domestic workers. Weak Indian education makes foreign expertise especially urgent. In the 1980s, Korean businesses bought foreign machines to dismantle and reverse engineer them. By then, Korea had nearly three decades of a solid educational foundation and needed minimal human assistance. They sourced foreign knowledge as was embodied in machines.

China began its explosive growth in the early 1980s with a weaker education base than Korea's. However, the breadth and the quality of Chinese primary education – achieved during the Communist era – had primed it for rapid development, as a World Bank report predicted in 1981. To enhance domestic capabilities, Deng Xiaoping – better known for special economic zones and Tiananmen Square – sent senior policymakers on international study tours and sought foreign investors willing to bring global knowledge to China. Once again, the interaction of domestic and foreign knowledge proved potent, propelling China to become the world's global manufacturing hub.

India, in the meantime, built more school buildings and enrolled more children in schools. But as the surveys of learning outcomes depressingly remind us, the schools have rarely educated the children. Stanford University's Eric Hanushek – the world's pre-eminent scholar on the tight relationship between education quality and growth – points out that only about 15% of Indian school students have the basic reading and arithmetic skills required for an international economy; 85% of Chinese children have those skills.

And China is not standing still. Since 2018, Chinese school students have bettered the world's best in the Programme for International Student Assessment (PISA) conducted by the Organisation for Economic Co-operation and Development (OECD). Successive PISA evaluations and internal Chinese assessments show ever-larger numbers of Chinese children achieving world-class levels of learning. India participated in a 2009 PISA evaluation, and dropped out after a cringe-worthy performance.

### The Red Queen race

China, for all its faults and problems, has learnt a fundamental lesson that the Red Queen imparted in Lewis Carroll's *Through the Looking Glass*. You must run twice as fast as you can to stay in the same place. You must run faster than that to get ahead. Chinese universities are among the world's best, especially in computer science and mathematics. Chinese scientists are making

advances in various applied sciences of relevance to industrial progress. A world leader in electric vehicles and solar technology, China is ready to breach the inner sanctums of artificial intelligence.

Put simply, China is at the frontiers of global technology, a fact that has captured the attention of western leaders, who – instead of remedying their atrophying education systems – are building trade barriers against Chinese imports with howls of unfair competition. Such protectionism, even if dignified as "industrial policy", will not fix the fundamental shortcomings in their education systems.

Indian and international elites seem unable to learn the lesson from China's example. The economists Rohit Lamba and Raghuram Rajan have mistakenly given up hope of generating Indian jobs for the, as yet, vast global market for labour-intensive products. Instead, they say that India must grow jobs in technology-enhanced service exports. This proposition ignores the tiny base of high-quality Indian university education. And as the historian Mukul Kesavan's poignant description of Delhi University's decay reminds us, Indian leadership is eviscerating some of its best institutions.

### The reality in India

India's spurt in technology-related service exports during the COVID-19 years has come to a grinding halt. Even graduates from the Indian Institutes of Technology are struggling to find jobs. Many formerly at the bottom rungs of Bengaluru's IT economy – in support, maintenance, and basic coding roles – are seeking opportunities in the gig economy. IT jobs have fallen off their peak of just above five million in 2023, which itself was minuscule in a working-age population of a billion people and a workforce of 600 million.

Undeterred by such evidence, Martin Wolf of the *Financial Times* predicts that India – a country that cannot educate its children and provide its vast millions with dignified jobs – is on course to be a global economic superpower. However, India has all-but-missed the China-plus-one window. Mexico (due to its strategic location) and Vietnam (well-located and possessing exceptional human capital) seized this opportunity when barriers descended on Chinese products. In fact, foreign investors are shying away from India, and India's labour-intensive manufactured exports (goods exports minus petrochemicals and chemicals) are stuck at a 1.3% share of global markets, below Vietnam's share.

Make no mistake, if national security and self-reliance mantras block even the baby step of visas for relevant foreign experts, India will miss another opportunity for a new beginning. With dysfunction in school and university education and an overvalued rupee, any prospect of labour-intensive manufactured exports will die again. India must address its severely deficient human capital rather than harbouring fanciful notions of its place in the world. The global Red Queen race is intensifying. More windows will close as increased millions helplessly await dignified jobs.

# Any further delay in Census taking is perilous



N. Rama Rao

Retired Deputy Registrar General (Census and Tabulation), and former United Nations Population Fund (UNFPA) Census Adviser for Cambodia and some other countries

When the Centre did not extend the deadline of June 30, 2024 to freeze administrative boundaries for the purpose of the Census, hopes were raised that the decennial Census operations, initially scheduled to begin in 2020 as a prelude to Census 2021, would at least commence in October 2024. It usually takes about three months after the boundaries are set, to make massive preparations for the field work. However, these expectations were belied when the Budget 2024-25 recently allocated ₹1,309.46 crore for the Census, a significant reduction from 2021-22 when ₹3,768 crore was allocated for the decadal exercise, thereby indicating that it may not be carried out even after the considerable delay. The next Census, therefore, continues to be on hold with the government yet to announce the new schedule.

### An absolute necessity

Conducting the Census on a priority basis is a must, as in the absence of a Census after 2011, a majority of our country's population is unable to access several schemes, benefits and services. Moreover, the implementation of the women's Reservation Act passed in the Parliament last year, reserving 33% of seats in Parliament and Assemblies for women, awaits the conduct of the Census.

It is imperative that sufficient provisions are made in the 2025-26 Census Budget so that the 2021 Census that has been postponed could be held at the earliest, in 2026, on completion of the first phase in 2025 that would include house listing and housing census and updating of the National Population Register (NPR). The preliminary arrangements for the Census, such as preparing updated maps and lists of

In the absence of a Census after 2011, welfare schemes continue to be out of reach for many

administrative areas, pre-testing draft Census questionnaires, training of officers and core staff, who would train the large number of field staff in collecting the Census data digitally, i.e., on mobile app, planning the field work, logistics, budgeting have all been taking place in the Census Directorates in States and Union Territories for the past few years in anticipation of putting through a Census.

My visit to the Census Directorate of Tamil Nadu in Chennai and talks with the officials there have revealed that they are ready to undertake the task once the new Census date is fixed. All that is required is quick refresher training for them. The amount of ₹1,309.46 crore allocated in the 2024-25 budget could be utilised by the Census department to carry out several preliminary activities such as firming up of the enumeration areas, questionnaire finalisation, refresher training of the core staff in the proposed digital census, and tabulation plan.

The Constitution (Eighty fourth Amendment) Act of 2001 was specifically made so as not to have delimitation of the constituencies till the first Census conducted after 2026. In the event of the Centre thinking in terms of having the Census in 2027 and utilising the population figures obtained from it for delimitation purposes, then the Census reference date should be announced soon, with the new deadline for the freezing of the boundaries of the administrative units by the State governments and Union Territory administration.

### Clarifications

To create a comprehensive database of usual residents in the country, the NPR with details of persons usually residing in villages and towns and other rural and urban areas was first prepared in

2010 during the Houselisting and Housing Census phase of Census 2011. It was updated in 2015 incorporating changes due to birth, death and migration. This process was put through under the Citizenship Act, 1955. The NPR would be updated again during the House listing and Housing Census Operations (Phase 1) of the forthcoming Census.

The draft form of the NPR for the next Census has questions such as "mother tongue, place of birth of father and mother and last place of residence" – which were not in the NPR of 2011 Census prepared in 2010. The inclusion of the new questions has been opposed by some States and citizen groups as the NPR is the first step toward compilation of the National Register of Citizens (NRC), according to the Citizenship Rules 2003. The Centre has however clarified that NPR data will not be used in the preparation of the NRC.

The Centre has to make a decision whether to retain or not the contentious questions in the NPR format to be updated in the first phase of the upcoming Census.

### On caste information

There is growing demand for a caste-based census to be conducted by the Centre to precisely understand the economic well-being of the marginalised communities. In an affidavit filed in the Supreme Court of India on September 23, 2021, the Union Government had stated that a caste census (except that for the Scheduled Castes and the Scheduled Tribes done traditionally) was unfeasible, and "administratively difficult and cumbersome".

The Centre has to take a call now on whether or not to collect caste information in the next Census.

## LETTERS TO THE EDITOR

### Accident in Delhi

The accident in the basement of a building in Delhi, where three IAS aspirants lost their lives, is really shocking ("Two arrested a day after three IAS aspirants drown in Delhi basement", July 29). No amount of compensation

will compensate for the loss and trauma the families are undergoing. There need to be safety audits of all buildings. A vigilant public and media must report any violation of norms.

Brij B. Goyal,  
Ludhiana, Punjab

The case is a serious matter as the unregulated growth of coaching centres is leading to the flouting of building rules and regulations. These centres also collect exorbitant amounts of money and offer aspirants minimal facilities in return. Aspirants

need safe facilities with a proper teacher-student ratio. There should be regular checks.

Cijo Joseph,  
Kozha, Kottayam, Kerala

The accident highlights the dangers unscrupulous businesses pose. One

wonders how many other unsafe buildings exist.

A.S. Thirumalai,  
Chennai

### NITI Aayog meet

The decision by the leaders of some Opposition-ruled States and Union Territories to boycott the NITI Aayog

meeting was undemocratic and a sign of their sheer political obduracy. Making insinuations about the functioning of the institution without attending its meeting is unfortunate.

Ravi Mathur,  
Noida, Uttar Pradesh



# Teaching computers to forget

**P**olicymakers have been grappling with the rising complexity of Machine Learning (ML) models that churn huge swathes of data through Large Language Models (LLMs) and deep neural networks. The complexity has made it difficult for data fiduciaries to effectively “correct, complete, update and erase” sensitive data from computer systems. Simultaneously, we are witnessing an increase in AI (Artificial Intelligence) bias, misinformation, and breach of privacy, which gets heightened during events such as elections.



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entire AI model. However, it will lead to inflated computational costs and undue delays for the data fiduciaries while simultaneously carrying the risk of losing substantial accuracy. Consequently, MUL is gaining traction as a viable option among data fiduciaries such as IBM where the models are being tested for enhanced unlearning accuracy, intelligibility, reduced unlearning time and cost efficiency.

### Three approaches

The question, however, remains how a MUL model can be implemented to effectively fulfil the obligation. There could be three approaches based on their viability for on-ground implementation: private, public, and international. In the private approach, data fiduciaries will be primarily responsible for testing MUL algorithms, which can then be applied across their training models for efficient deletion based on specific requirements. This voluntary approach gives companies much headroom to enhance their AI models and preserve users’ rights without undue government intervention. However, the problem occurs in expertise and affordability to execute these models, which might discourage smaller companies from testing the solutions. This is the model currently being followed, albeit at a preliminary stage.

In the public approach, the government has the responsibility to prepare the statutory blueprint, either through soft-law or hard-law approaches, to obligate data fiduciaries to fulfil their legal obligations. This approach has to be read with the context of rising mentions of AI in legislative proceedings (from 1,247 in 2022 to 2,175 in 2023) across 49 jurisdictions. The data reflect a high possibility of government intervention in the near future if a major breakthrough in a MUL model parallels the rising regulatory landscape. The government can issue guidelines

under the respective Data or AI Protection Regime mandating that data fiduciaries implement a plausible MUL model. For instance, the European Union’s AI Act has adopted a soft-law approach by adding a provision to tackle data poisoning. It considers data poisoning as a form of cyber attack and directs data fiduciaries to put security controls “to ensure a level of cybersecurity appropriate to the risks.”

On the contrary, the government can itself prepare a MUL model as part of its Digital Public Infrastructure for the perusal of data fiduciaries to implement across platforms uniformly. This is especially useful in developing countries where the state has substantive stakes in the DPI for the country’s overall development. Moreover, it addresses the problem of affordability and expertise for smaller companies.

The international approach emphasises the role of nation states in coming together and preparing a framework to be adopted uniformly at a domestic level. The rationale flows from the idea that any innovation in AI has trans-boundary implications, and it is preferable to follow uniform standards across jurisdictions as a step ahead towards global governance of AI. As the efficacy of this approach is not clear amid geopolitical frictions, the onus effectively shifts to the role of international standard-setting organisations such as the International Electrotechnical Commission to come up with MUL standards that can be applied across jurisdictions.

These approaches represent a formal blueprint for one of the solutions that can be utilised to subdue the menace of Generative AI and preserve the user’s right to be forgotten. The MUL is still in the preliminary stages. Therefore, stakeholders must address technical and regulatory considerations to ensure its effective implementation in this evolving landscape of AI.

Machine Unlearning ponders upon the question of how we can make machines forget data from trained AI models

### The antithesis of ML

In order to deal with this problem, a possible solution that has ignited interest among researchers and companies alike is the idea of Machine Unlearning (MUL). First mooted by Cao and Yang in “Towards Making Systems Forget with Machine Unlearning”, MUL ponders upon the question of how we can make machines forget data from trained AI models. It is the antithesis of ML. An algorithm is added to the AI model for the purpose of identifying and deleting false, incorrect, discriminatory, outdated, and sensitive information.

The concept builds on the challenge of removing information due to the constant churning of data by these LLMs. So much so that it gets difficult to keep track of the data as it can be utilised for multiple objectives, creating a complex web of algorithms, also known as data lineage, that adversely affect its quality, leading to manipulation, adversarial outputs, and difficulty in locating and removing sensitive information. Moreover, as there is no sandbox approach for choosing and processing data in these models, there is also a proven possibility of hackers inserting manipulated data to produce biased results (data poisoning).

One might argue for simply deleting the entire data set, i.e. data pruning, and re-training the

# Target drug producers, not users

The fight against drugs in Telangana requires smart thinking and policing

### STATE OF PLAY

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**T**elangana is battling a drug problem. Hyderabad has emerged as a transit hub for drugs, with marijuana being ferried through the city to be supplied to neighbouring Maharashtra and Karnataka. Konark Express, which runs between Bhubaneswar and Mumbai through Hyderabad, is used to transport drugs, according to the police. During the recent meeting between the Chief Ministers of Andhra Pradesh and Telangana, tackling this problem was an important item on the agenda.

The arrests of drug peddlers and the seizure of contraband shows the gravity of the problem. Between 2020 and 2022, the number of people charge-sheeted for possession and peddling of drugs went up from 735 to 3,052 in the State. In the first six months of this year, nearly 1,900 cases were lodged by State officials against peddlers and users. It is not just natural psychedelic drugs that are flooding Hyderabad. In February, Telangana busted an international ring which was being run from a prison in Goa: ₹8 crore worth of synthetic psychedelics including OG Kush or Ocean Grown Weed and Ecstasy pills were seized.

Prior to becoming Chief Minister, A. Revanth Reddy had dared the then IT Minister K.T. Rama Rao to undergo a drug test. Calling it the ‘White Challenge’, he suggested that politicians and celebrities in the State undergo drug analysis tests to create awareness among the youth. An angry Mr. Rao filed a defamation case against him. As Chief Mi-

nister and Home Minister, Mr. Reddy clearly wants results. Recently, when officials checked 50 attendees of an Electronic Dance Music party in Hyderabad with drug detection kits, they found that 24 of them had traces of narcotics in their body. A few days prior to this, students at the city’s top medical college and of a private management college were caught using marijuana. Catching drug users and peddlers creates a buzz in the media, but it does little to solve the problem. Home Minister Amit Shah said as much when he asked the Narco Coordination Centre to focus on the trade and not the users. “The goal of all agencies should be not just to catch those who use drugs, but to dismantle its entire network,” he said.

The drug problem is complicated in Hyderabad as there is a large influx of people into the city in search of jobs and education; in this stream of humanity, the drug smugglers blend in. The police have deployed the latest technology, including the 12-panel drug test, which tests for 12 drugs, including the most popular ones, for instant identification of drug abuse. The State is likely to get more expensive and accurate multi-panel metabolite test kits for identifying drug users. Sniffer dogs have been pressed into service and are being take to pubs and transit hubs to find the

contraband. The signs of this problem have been there for years. In 2017, during a high-profile drug bust, the names of well-known film stars and elite schools from where students were buying drugs were revealed. The Enforcement Directorate conducted a probe into money laundering in 2021. Finally, a Special Investigation Team of the Excise Department gave a clean chit in September 2021. Prior to this, the official who brought to light the case was transferred out. The case thus died a slow death. If it had been taken to its logical conclusion, at least it would have given the message that the State is taking the problem seriously.

During the 2017 drug abuse case, the dark web was used to procure drugs. Seven years later, the police say e-commerce apps are being used for bulk delivery. The Telangana Anti-Narcotics Bureau has sent cease and desist notices to eight firms in Uttar Pradesh and Madhya Pradesh which are manufacturing ganja-laced chocolates, which were being shipped using e-commerce platforms.

Showing political will to fight the drug menace is an encouraging sign. But this fight should be about the drugs and should not turn into a witch hunt with specific localities being targeted, parks being shut down, and institutions being shamed publicly. Many worry that the shutting down of pubs, cafes, and restaurants before midnight will lead to the death of night life in the city. This will hurt the economy in the short run and affect the business environment in the long run. The fight against the drug menace requires smart policing. It should be targeted at the producers and suppliers and not users.

# In 2024, newer districts are affected by militancy in Jammu

Also, the share of civilian deaths this year in militancy-related incidents in Jammu and Kashmir is the highest since 2005

### DATA POINT

**Nitika Francis**

**I**n 2023, four years after the dilution of Article 370 and soon after the COVID-19 pandemic subsided, there were sharp spikes in deaths in militancy-related incidents in the relatively peaceful districts of the Jammu region. This continued in the first half of 2024 as well. While in 2023, militancy-related incidents were mostly confined to the Poonch and Rajouri districts of Jammu, in 2024 they have spread to newer districts such as Doda, Kathua, and Reasi.

There is also another worrying trend this year: the share of civilian deaths in such incidents across Jammu and Kashmir (J&K) has been disproportionately high – in fact, the highest in about two decades (till July 27). Overall, militancy-related fatalities have also been rising every month this year. The number of militancy-related deaths recorded in July 2024 was the highest for any month in the last two years.

**Chart 1** shows the year-wise share of militancy-related civilian deaths in J&K between 2000 and 2024 (till July 27, 2024). This year, the share of civilian deaths in the total number of deaths due to militancy stands at 26%, the highest since 2005.

Civilians are either caught in the crossfire between militants and the security forces or are being deliberately targeted by terrorists. In the last two years, there has been an increase in the targeted killings of Kashmiri Pandits and minorities in the Valley. Last year, civilians detained by the Army died following a deadly ambush on their convoy. Civilians were allegedly tortured by the security forces last year too, as per various reports.

**Chart 2** shows the absolute number of militant deaths each month in J&K since August 2019. This year, the number of such fatalities has been increasing – from

less than three deaths each in the first three months of the year, it rose to seven deaths each in the next two, and more than 20 deaths each in June and July. In fact, July recorded the highest number of such deaths (26) for any month in the past two years. June recorded the second highest number (21).

In August 2019, Article 370 was diluted, thus effectively stripping J&K of its special status. A stringent lockdown was imposed in the new Union Territory. When the lockdown was eased, there was a spurt in the number of militancy-related deaths. The numbers came down again with the pandemic outbreak and the imposition of a lockdown to contain the spread of the virus. The numbers went up after the pandemic-related restrictions were eased and the threat of COVID-19 ended. In 2024, the region is once again on the boil.

**Table 3** shows the district-wise share of fatalities between 2001 and 2024. While some districts in northern and southern Kashmir continue to be affected by a higher share of deaths, the attacks in Doda, Reasi, and Kathua this year, followed by incidents in Poonch and Rajouri last year, confirm a shift in focus to the Jammu region. Reports show that more Army troops and special forces have been deployed in the Jammu region, in addition to the Central Armed Police Forces. As shown in the table, the share of districts falling under the Jammu region made up 40% of the total number of militancy-related deaths in J&K this year. Last year, the share of the Jammu region was 44%. The share crossed the 40% mark in these two years for the first time since 2009.

In June this year, in Reasi, a 53-seater bus was attacked and nine pilgrims who were on their way to the Mata Vaishno Devi shrine in Katra were killed.

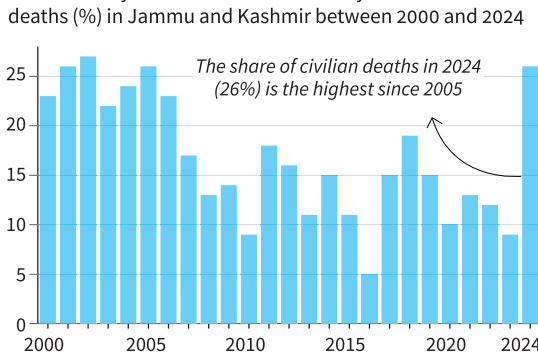
Thirteen per cent of the total militancy-related casualties in J&K took place in Reasi this year, followed by 10% each in the Kathua and Doda districts.

## Newer districts, softer targets

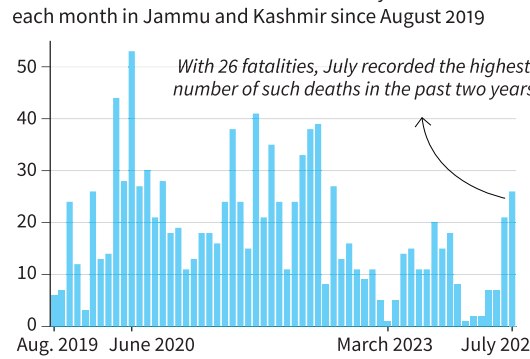
The data for the charts and table were sourced from the South Asian Terrorism Portal



**Chart 1:** The year-wise share of militancy-related civilian deaths (%) in Jammu and Kashmir between 2000 and 2024



**Chart 2:** The absolute number of militancy-related deaths each month in Jammu and Kashmir since August 2019



**Table 3:** The district-wise share of fatalities between 2001 and 2024 (till July 27). In the table, the districts from Poonch to Udhampur are in the Jammu region, followed by those in the northern, central and southern parts of the Kashmir region

	2001	2005	2010	2015	2020	2024
<b>Jammu</b>						
Poonch	22	18	18	14	10	6
Rajouri	9	12	12	9	8	3
Doda	10	10	11	12	10	15
Jammu	3	4	3	1	0	2
Kathua	1	0	1	0	0	0
<b>Kashmir</b>						
Kishtwar	0	0	0	0	2	5
Ramban	0	0	0	0	0	3
Reasi	0	0	0	0	0	1
Samba	0	0	0	0	0	2
Udhampur	3	7	7	5	7	6
Bandipore	0	0	1	0	0	4
<b>North</b>						
Baramulla	12	11	9	13	16	20
Kupwara	15	14	13	11	12	11
<b>Central</b>						
Budgam	5	4	2	5	3	1
Ganderbal	0	0	0	0	0	1
Srinagar	6	5	4	6	8	10
Anantnag	8	9	7	13	12	10
<b>South</b>						
Kulgam	0	0	1	1	0	1
Pulwama	5	5	11	9	11	14
Shopian	0	0	0	0	0	1

### FROM THE ARCHIVES

## The Hindu

FIFTY YEARS AGO JULY 30, 1974

# Two large bank accounts impounded in Bombay

Bombay, July 29: The Income Tax authorities in Bombay have impounded two large bank accounts of Rs. 28 lakhs and Rs. 14 lakhs in a city bank on suspicion that it is black money and is part of a foreign exchange racket involving remittances abroad of about \$2 millions (Rs. 1.50 crores).

The action by the Income Tax authorities, it was officially learnt to-day, followed the suspension from service two days ago of two junior officers of the Exchange Control Department of the Reserve Bank of India here for their suspected involvement in this remittance racket.

The Reserve Bank’s suspicions about the two officers indulging in malpractices in issuing remittance memos were aroused when the Regional Manager of the Vijaya Bank in Bombay raised a query about the authenticity of a particular exchange permit.

Top officers of the Enforcement Directorate of the Union Government were immediately called in and after a preliminary enquiry, the officers were suspended.

The bursting of the racket has now become a combined operation of the Reserve Bank, the Enforcement Directorate and the Income Tax authorities, with the CBI being pressed into service for related investigations.

It is suspected that the racket was mainly organised for arranging remittances of foreign currency to Hong Kong, Dubai, Switzerland and the U.S. to well-guarded secret accounts kept in fictitious names in banks in these countries.

A HUNDRED YEARS AGO JULY 30, 1924

# In Travancore

Alleppey, July 23: The whole Kuttanad area is under water. Kuttanad, a very fertile, wealthy and thickly populated area in Central Travancore, though subjected to floods a few days in July every year, is now under a very heavy flood which was never heard of in the history of Travancore. It is said that the flood that occurred some 42 years ago was the heaviest on record. The present flood has gone a foot and a half higher than that. For the past ten days there has been continuous rain throughout day and night with heavy storms at intervals and as result of which water began to rise in all the rivers from 17th July.



# Text & Context

THE HINDU

## NEWS IN NUMBERS

### The growth in India's power generation capacity

**4.46** In GW. The Minister of State for Power informed the Rajya Sabha that India's total installed power generation capacity has grown around 80% in the last decade. The installed capacity of renewable sector rose to 1,95,013 MW. PTI

### Deaths due to Israeli drone strike near south Lebanon

**2** Israel had accused Hezbollah for the death of 12 children in the Israeli-occupied Golan Heights. Hezbollah has denied any involvement in the strike. Lebanese civil defence said that the Israeli strike on Shaqra had also wounded three other civilians. REUTERS

### Number of elephants that died due to electrocution

**392** Responding to a Lok Sabha question, Minister of State for Environment Kirti Vardhan Singh said that India lost 528 elephants in the last five years due to unnatural causes, including poaching, poisoning, and electrocution. PTI

### Number of people detained by Russia in occupied Ukraine

**25** Russian forces have detained people in occupied areas of southern Ukraine for allegedly supporting Kyiv. The arrests were made in Ukraine's Kherson and Zaporizhzhia regions, large swathes of which Moscow captured in February 2022. AFP

### The growth in employment in power and energy sector

**9** In per cent. According to the 'Employment Outlook Report' for H1FY25, hiring activity in the power and energy sector increased in the first half of this financial year (H1FY25) compared to the same period last year. PTI

COMPILED BY THE HINDU DATA TEAM

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## Can States tax mining activities?

Why was an earlier judgment on the matter by a seven-judge Bench called into question? What are the provisions of the Mines and Minerals (Development and Regulation) Act, 1957? Are royalties the same as tax? What did the latest verdict on the issue state?

### EXPLAINER

Aaratrika Bhaumik

#### The story so far:

In a landmark ruling on July 25, the Supreme Court affirmed that States have the legislative authority to impose taxes on minerals in addition to the royalty levied by the Centre. Upholding the principles of federalism, the verdict clarified that the power of State legislatures to tax mineral activities within their respective territories is not constrained by Parliament's Mines and Minerals (Development and Regulation) Act, 1957 (1957 Act). The case which has been pending for more than a quarter century was decided by an 8:1 ruling with Chief Justice of India (CJI) D.Y. Chandrachud authoring the majority opinion. Justice B.V. Nagarathna gave a dissenting opinion where she cautioned that allowing States to impose additional levies could hinder the development of the nation's mineral resources and disproportionately advantage mineral-rich States.

#### What was the case?

Section 9 of the 1957 Act requires those who obtain leases to conduct mining activities to "pay royalty in respect of any mineral removed" to the individual or corporation who leased the land to them. The key question for consideration was whether the royalties paid by mine leaseholders to State governments under the 1957 Act should be classified as "tax." Additionally, the court needed to determine whether the Centre could impose such charges or if the States possessed the sole authority to levy them within their jurisdictions.

The case has its genesis in a dispute between India Cement Ltd and the Tamil Nadu government which arose after the company secured a mining lease in Tamil Nadu. Although India Cement was already paying royalties, the government imposed a cess — an additional tax on land revenues, including royalties. The company challenged this in the Madras High Court contending that the cess on royalties effectively constituted a tax on royalties, the imposition of which exceeded the State's legislative authority. In 1989, a seven-judge Bench of the Supreme Court in *India Cement Ltd. v. State of Tamil Nadu* decided in favour of India Cement by reasoning that States only have the power to collect royalties and not impose taxes on mining activities. It pointed out that the Union government exercises overriding authority over the "regulation of mines and mineral development" under Entry 54 of the Union List, as specified by law (in this case, the 1957 Act). Thus, States are not empowered to levy additional taxes on this subject.

Over a decade later, a five-judge Bench in 2004, while hearing a similar dispute between West Bengal and Kesoram Industries Ltd held that there was a typographical error in the *India Cement* decision and that the phrase "royalty is a tax" should be read as "cess on royalty is a tax". However, since the Bench was smaller than the one in the *India Cement* case, it was unable to overrule or amend the previous ruling.

In 2011, a three-judge Bench led by former Chief Justice S.H. Kapadia, while examining a challenge to a Bihar law imposing a cess on land revenue from mineral-bearing lands, recognised the conflicting precedents set by *Kesoram Industries* and *India Cement*. It accordingly referred the issue to a nine-judge Bench to definitively settle the



Tug of war: A goods train transporting mining materials from Odisha on July 23. BISWARANJAN ROUT

legal position.

#### What is the difference between royalty and tax?

The majority ruling clarified the distinction between royalty and tax. It defined royalty as the "contractual consideration" paid by the mining lessee to the lessor (who may also be a private party) for the right to extract minerals. In contrast, a tax was characterised as an "imposition by a sovereign authority." The judges underscored that taxes are determined by law and can only be levied by public authorities to fund welfare schemes and public services. Meanwhile, royalties are paid to a lessor in exchange "for parting with their exclusive privileges in the minerals".

#### Can States tax mining activities?

Entry 50 of the State List under the seventh Schedule of the Constitution gives States the exclusive authority to make laws regarding "taxes on mineral rights", but this power is limited by any laws Parliament may pass concerning mineral development. On the other hand, Entry 54 of the Union List gives the Centre the power to regulate "mines and mineral development," especially when Parliament decides it is necessary in public interest. During the proceedings, the Centre argued that Entry 50 in the State List had allowed Parliament to impose "any limitations" on taxes on mineral rights through the promulgation of laws relating to mineral development — in this case, the 1957 Act.

However, the majority reasoned that since royalties could not be classified as a tax, they do not fall within the category of "taxes on mineral rights" as defined in Entry 50 of the State List. As a result, it was held that the 1957 Act merely provided States with another source of revenue through royalties, without interfering with their authority to levy taxes on mineral rights under Entry 50.

While the Centre is empowered to regulate mining development under Entry 54 of the Union List, the court clarified that this authority does not include the power to impose taxes, which is exclusively under the jurisdiction of the State legislatures. However, this express power, it said, is subject to "any limitations" that may be imposed by Parliament which could even include a "prohibition" against imposing taxes. This implies that if the Centre wanted to modify the existing legislative framework under the 1957 Act to divest States of their power to levy a tax, it could do so.

The majority also held that States have the power to tax the land where mines and quarries are located by virtue of Article 246 read with Entry 49 (taxes on lands and buildings) of the State List. "In other words, mineral-bearing lands also fall within the description of lands under Entry 49 of List 2," the CJI declared, adding that the income of the land yield can be adopted as a measure of tax.

**Why did Justice Nagarathna dissent?** Disagreeing with the majority, Justice Nagarathna held that royalties paid under

the 1957 Act should be considered as tax for developing the country's mineral resources.

She pointed out that a central legislation, like the 1957 Act, was intended to promote mineral development and this objective could be severely undermined if States were allowed to impose levies and cesses (additional taxes) on top of the royalties they collect. The passage of the 1957 Act thus "denuded" States' powers to levy taxes by entrusting the Centre with complete control over mineral development and limiting States to generating revenue solely through royalties, she underscored.

Elucidating upon the likely consequences of allowing States to tax mineral rights, the judge highlighted that this would lead to an "unhealthy competition between the States to derive additional revenue" resulting in a steep, uncoordinated, and uneven increase in the cost of minerals. Such a scenario, she warned, might exploit the national market for arbitrage, where differences in pricing could be manipulated for profit, disrupting the market's stability.

#### What happens next?

On July 31, the court will consider whether the verdict should be applied retroactively or prospectively.

If applied retroactively, it could result in significant financial benefits for mineral-rich States such as West Bengal, Odisha, and Jharkhand, which have enacted local laws to impose additional taxes on mining lessees.

### THE GIST

▼ The Supreme Court affirmed that States have the legislative authority to impose taxes on minerals in addition to the royalty levied by the Centre.

▼ The majority ruling clarified the distinction between royalty and tax. It defined royalty as the "contractual consideration" paid by the mining lessee to the lessor for the right to extract minerals. In contrast, a tax was characterised as an "imposition by a sovereign authority."

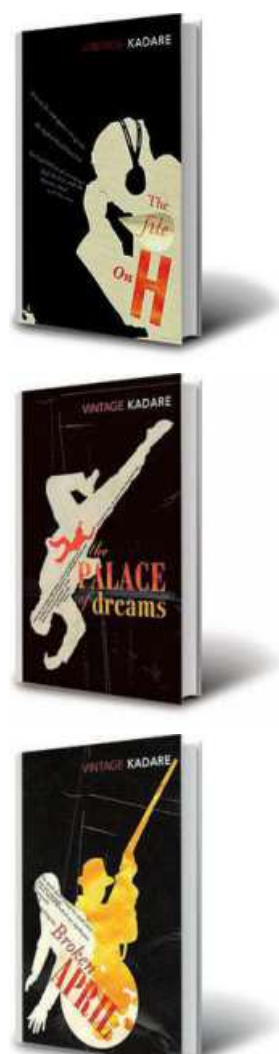
▼ On July 31, the court will consider whether the verdict should be applied retroactively or prospectively.



BIBLIOGRAPHY



**Legendary life:** Ismail Kadare in the Playfair library before accepting the Man Booker International literary prize in Edinburgh, on June 27, 2005. REUTERS



KNOW YOUR ENGLISH

He went, cap in hand, to ask for tickets

At that moment, he got a call from his friend who said the entire event was cancelled

S. Upendran

“Where have you been? Haven’t seen you in a while. Busy with a project?”

“Harini was here with her husband. So, I was busy showing them the...”

“Why didn’t you bring them over? Haven’t seen Harini in a while.”

“They didn’t really want to meet anyone. Wanted to see the city.”

“Did you take them to the beach and all the fancy malls we have?”

“Luckily, I didn’t have to do that! The husband was only interested in visiting our museums.”

“Really? Nice to know he’s a bit of a culture vulture.”

“Culture vulture? Never heard that expression before. What does it mean?”

“Someone who is interested in the arts – like music, painting, etc. – can be called a culture vulture.”

“My friend is interested in the theatre. Can he be called a culture vulture?”

“Most certainly! The term ‘culture vulture’ can be used to suggest disapproval as well. Nowadays, it is mostly used in this sense. You can use it to suggest that the interest that the individual shows is only a pretence.”

“I see! Harini’s husband spent hours in the three museums he visited.”

“I’m sure that didn’t make you happy.”

“Luckily for me, they didn’t insist on my coming to any of the places they visited. I was planning to take them to the science museum. We got into the car, and in that moment, I got a call from my boss saying I was needed at the office.”

“I see. By the way, it’s ‘at that moment’ and not ‘in that moment’.”

“Does ‘at that moment’ mean ‘at that particular time’?”

“Exactly! Here’s an example. I was taking off my shoes. At that moment, the dog started barking loudly.”

“I had switched off the lights. At that moment, I heard the doorbell ring.”

“That’s a good example. Heard Priya is in town. Any idea how her new business is doing?”

“Not too well, I’m afraid. She might have to ask her father for help.”

“I can’t see Priya going to her father, cap in hand, and asking...”

“Cap in hand? What are you talking about? She doesn’t wear a cap!”

“When you ‘go cap in hand’ to someone, you’re asking in a very polite and humble way for their help. Especially for money. Sashi asked the bank manager, cap in hand, for a loan.”

“How about this? When he started his company, my father used to go, cap in hand, to banks begging for a loan.”

“Now things are different. Now, it’s the bank managers who stand before your father, cap in hand, for deposits. In American English, it’s ‘hat in hand’. By the way, asking for help or money is just one of the meanings of this expression.”

upendrankye@gmail.com

# An orphanage for fallen stars: the rich and complex world of Ismail Kadare

The Albanian great, who passed away recently, wrote primarily about authoritarianism, the disruption of the outsider’s gaze, and much more. Kadare came of age in a climate of Cold War censorship and was keenly aware of the power of myth in constructing nationalism

Gautam Bhatia

In the mid-1930s, two Harvard scholars – Milman Parry and Albert Lord – travelled to Yugoslavia to record the Balkan guslar poets, some of the last practitioners of the central European oral epic tradition. Two and a half decades later, in a book called *The Singer of Tales*, Lord systematised their findings into a set of theories about oral epic poetry, and formulated the famous Parry-Lord hypothesis: that Homer’s *The Iliad* had begun life as an oral poem. Homer himself was not an individual person, but a collective of bards working within a fluid tradition of oral poetry, where every performance of *The Iliad* was akin to a fresh composition. Through their work, Parry and Lord displaced some of the most long-standing assumptions about written and oral forms and the origins of epic poetry.

In 1981, the Albanian writer Ismail Kadare wrote a novel called *The File on H*. In *The File on H*, two Irish-American scholars from Harvard journey to the Albanian Highlands, seeking to solve “the Homeric Question” by recording some of the last surviving Albanian epic poets. They carry with them newly-invented recording technology. But their quest proves to be anything but simple. It turns out that the two scholars have landed right into the heart of a long-standing dispute between the Albanians and the Serbs. “They had quarrelled over everything,” Kadare writes, in the style so typical of him. “Over land, over boundaries, over pastures and watering holes, and it would have been entirely unsurprising had they also disputed the ownership of local rainbows. And as if that were not enough, they were also squabbling over the ancient epics which

existed, just to make things completely intractable, in both languages, Albanian and Serbo-Croatian. Each of the two people asserted that it had created the epic, leaving the other nation the choice of being considered either a thief or a mere imitator.”

**Walling up voices**

But that is not all: as they find themselves beset by incompetent spies, intractable government officials, and sceptical locals, the scholars begin to have doubts about their own project.

While they begin with a triumphalist belief that they are helping salvage a dying tradition for posterity, they soon start wondering if the very act of recording is, in one sense, an act of mutilation. “This machine walls up the ancient songs,” they’re told, “imprisons them within itself, and you know as well as I do what happens to a song when you wall up its voice.” After all, if oral epics “could only ever exist in the scattered form in which they found it ... they there were betraying and altering their material by trying to put its pieces together.” *The File on H* does not answer the many questions it raises, although its final, shattering denouement hints at their unanswerability.

*The File on H* is one outstanding example of the work of Ismail Kadare, who passed away on July 1 at 88.

It takes as its basis a real-life narrative – Milman Parry and Albert Lord’s actual trip to the Balkans – and weaves out of it a story about epic poetry and the construction of nationalism, the many faces of authoritarianism, the disruption of the outsider’s gaze, the pathologies of modernity, and so much more. These are themes that occur and recur in Kadare’s work.

**Blood feuds and ‘kanun’**

Perhaps his most famous novel, *Broken April*, also features two outsiders chancing upon a world whose rhythms and norms they are unprepared for – and which is unprepared for them: the generational blood-feuds of the Albanian highlands. The characters of *Broken April* act out the rules of the blood feud in accordance with the kanun, a law that permits neither dissent nor questioning, but also structures and gives meaning to collective life. To outsiders, the kanun is either a romantic throwback to a purer past, a stubborn and anachronistic hold-out against modernity, or – to someone who comes to know one of its victims – a visceral horror: but each of these perspectives reveal more about the limited horizons of outsiders, rather than any immutable truth about the kanun.

In all of his work, Kadare – who came of age in the climate of Cold War censorship – was keenly aware of the power of myth in constructing an idea of nationhood, for better and for worse. *The Siege* portrays an Ottoman siege of an unnamed Albanian fortress, told from the alternating perspective of the Turks and (in brief, one-page interludes) of the besieged soldiers. *The Siege* features a stark – almost jarring – contrast between the brutality of war, and its deployment in building national narratives. A commander dies wanting “to have thought a sublime thought, but he could not.” A doctor bitterly reminds the Turkish chronicler to include the rats in his chronicle. But amidst the blood, stench, and ruin, even as he is engaged in a futile resistance, the Albanian leader Skanderberg, we are told, “is trying to create a second Albania, outside anyone’s reach, a kind of immaterial Albania. So that when one day this Albania, the

terrestrial one, falls to the Empire, that other, ghostly Albania, its shadow-self, will go on wandering among the clouds.”

A similar contrast between national myths and the violence that underlies them is offered in *The Pyramid*, an allegory set in ancient Egypt, about the construction of the great Pyramid of Cheops, and the human labour that went into it.

**Intersecting strands**

All these strands intersect and together constitute the theme that Kadare is perhaps most well-known for: the lucid and uncompromising anti-authoritarianism and anti-totalitarianism that defines his stories. The most obvious example is *The Palace of Dreams*. Set in the 19th century Ottoman Empire, at the heart of the novel is the Tabir Sarraïl, the Palace of Dreams, a mysterious, impenetrable and vitally important organ of the state, housed in a labyrinthine, inaccessible building, that is responsible for collecting, categorising and interpreting every dream that is dreamt by the inhabitants of the Empire. But when an interpretation of a dream gives the Empire a chance to finally attack a prominent once-Albanian clan that has long been a thorn in the Ottoman side, the stage is set for a complex, tragic reflection on national myths, political power, and language and dreaming.

These are only some of the examples of the rich and complex oeuvre that Kadare has left us. In a world that is beset by struggles over history, over mythic pasts, and over nationhood, in a world that Kadare memorably called “an orphanage for fallen stars,” his work has an ageless quality that every generation will have the privilege to discover and rediscover.

Gautam Bhatia is a Delhi-based lawyer.

THE DAILY QUIZ

## Here is a quiz on the all-time legends of the Olympics as the 33rd Summer Olympic Games gets underway in Paris, France

Please send in your answers to [dailyquiz@thehindu.co.in](mailto:dailyquiz@thehindu.co.in)

Soorya Prakash. N

**QUESTION 1**

Who is this multiple gold medal winner who later made a successful career for himself in Hollywood, which earned him a star on the Hollywood Walk of Fame?

**QUESTION 2**

Who created an Olympic first by winning the gold medal in 5,000 metres, 10,000 metres and the marathon at the 1952 Helsinki Games?

**QUESTION 3**

Who did the “double double” by winning the 5,000 and 10,000 metres gold medals both at the 1972 Munich and 1976 Montreal

Olympic Games?

**QUESTION 4**

Who won back-to-back gold medals in both diving events at the 1984 Los Angeles and 1988 Seoul Games?

**QUESTION 5**

Who is the only athlete to win a gold medal in 100 metres and 200 metres in three consecutive Olympic Games?

**QUESTION 6**

Who holds the Olympic record of having won the most gold medals in Women’s Field Hockey competition?

**QUESTION 7**

Identify the most decorated athlete in Olympics history with 23 Gold medals and 28 overall medals.



**Visual question:** Identify the athlete. What historic moment is she known for? THE HINDU ARCHIVES

**Questions and Answers to the previous day’s daily quiz:**

- These two former Prime Ministers of these two countries were born on this day. **Ans: John Howard of Australia and Jacinda Ardern of New Zealand**
  - This American actor born on July 26 is known for a show called *House of Cards*. **Ans: Kevin Spacey**
  - This Irish singer-songwriter died on this day last year. **Ans: Sinéad O’Connor**
  - This is celebrated every year to observe India’s victory over Pakistan, in a war that ended on July 26, 1999. **Ans: Kargil Vijay Diwas**
  - This English writer was born on this day in 1894. **Ans: Aldous Huxley**
  - Identify this American sportsperson and the sport she was known for. **Ans: Dorothy Hamill, figure skating**
- Early Birds:** Animesh Mohan| K.N. Viswanathan| Jyot Prakash| Jharna Kamdar| Vasanthi Ayyappan

## Word of the day

**Hoary:** showing characteristics of age, especially having grey or white hair; ancient

**Synonyms:** grey, grey-haired, grizzly, white-haired, rusty

**Usage:** His hair was a hoary white.

**Pronunciation:** bit.ly/hoarypro

**International Phonetic Alphabet:** /hɔː.i/

For feedback and suggestions for Text & Context, please write to [letters@thehindu.co.in](mailto:letters@thehindu.co.in) with the subject ‘Text & Context’



the hindu **businessline.**

TUESDAY - JULY 30, 2024

## Significant verdict

States score major win on financial freedom

**I**t's only in India that concepts and practices that are well settled elsewhere become matters of prolix interpretation and debate. The latest instance of this proclivity is the 8:1 judgment last week by the Supreme Court on whether a royalty is a tax. This is on par with the debate in Orthodox Judaism on whether electricity is fire.



The current judgment was the result of a long running dispute between some States, which wanted to tax minerals, and the Centre said they couldn't because it said so. The matter went back and forth for decades. Different issues arising out of some provisions of the Constitution — for example, does a law enacted by Parliament supersede a provision of the Constitution — and the difference between royalty and tax came up for examination. Finally, last week, the Court said in a majority judgment that the difference between royalty and tax is that while the former is a voluntary payment made as a contractual obligation, the latter is quite simply a sovereign imposition and that there is nothing voluntary about the transfer of money that takes place. Done by anyone else other than the sovereign it would be extortion.

The Central government was able to insist that the States could not tax minerals under their boundaries because a 1957 Act of Parliament denied them this right, regardless of what the Constitution says. No, said eight of the nine judges who heard the case; the States had a perfect right to tax their minerals. One said no because this would amount to eroding the "constitutional intent". Thankfully the matter is settled now. But the question of whether a law made by Parliament supersedes a constitutional issue is still alive and will doubtless crop up again. This is inherent in the constitutional design, which has a concurrent list on which there are items over which both the Centre and the States have jurisdiction. This case once again shows that the logic of a concurrent list needs to be re-examined. The India of 2024 is not the India of 1947-50.

Two consequences could follow as a result of this judgment. One is positive, the other negative. The positive consequence is that there is now an additional source of revenue for the States who have very few such sources. The negative consequence is the possibility, as the dissenting judge pointed out, of tax competition between the States. Only time will tell which of these will have a greater impact on future outcomes. The larger question of State revenues remains. These have continued to be hostage to the political need to ensure the integrity of India. The original constitutional design had a legitimate concern in this regard. Those conditions are no longer there. Hence, the need is for the Centre to delink politics from economics and allow the States greater freedom in matters of revenue.

## POCKET

RAVIKANTH



## Rethinking the Congress party

If it wishes to be a European style social democratic party, it must repudiate the dozen or so restrictive constitutional amendments made by it between 1951 and 1989

## LINE &amp; LENGTH.



TCA SRINIVASA RAGHAVAN

**F**or more than two decades now I have been arguing that the European terms Left, Right and Liberal make zero sense in India except to a small minority who don't know India at all. These terms have imprisoned the new Congress into a system of thought that has relevance in Europe but not India.

But 70 years ago Nehru refused to fall into the trap. He was quick to realise its unsuitability and brought in the first amendment as early as 1951 to restrict free speech. He then brought in the fourth amendment in 1956 to restrict the judiciary. His daughter went several steps further. Her understanding of India was, in many ways, superior to her father's. She governed accordingly and coercively. Her son Rajiv was clueless about India and paid the electoral price for it.

Here's the circle that Rahul Gandhi's advisers have to square: if they want the Congress to be like a western European social democratic organisation, what are they going to do with all the restrictive constitutional amendments that Nehru,

Indira and Rajiv brought in?

If they retain them, the party is very far removed from the western European model. If they remove them, or try to, how are they different from the BJP?

## PEAS OF A POD

I don't think Rahul Gandhi and his advisers have thought through this paradox. Their real problem is, therefore, convergence with the BJP disguised by electoral and governance compulsions.

Rahul Gandhi simply doesn't understand the exigencies of the two and his party's consequent vulnerability to whataboutery. That's what happened to his father also. It's worth recalling that it was during Rajiv Gandhi's term that the Congress started disintegrating as a party and became an agglomeration of buccaneers.

Another huge problem for the party is the confusion between individual rights and group rights. There's a vast amount of literature on these subjects but very little about the conflicts between them,

**Whether speaking through Rahul Gandhi or official communications like a party manifesto, there is zero clarity on what the party stands for**

except in very technical terms. The main thing, however, is that there is no resolution, at any level, between these conflicts. So what we have had, in all democracies, are policies based on one position or the other.

Indeed very few of Rahul Gandhi's advisers can even tell you whether it's a political, economic or philosophical tussle. Barring one or two, the apostles themselves lack clarity.

The BJP, for its part, has come down heavily on the side of group rights. The Congress, however, is unable to decide and, beyond an amorphous feeling that individual rights should take precedence, is unable to articulate its preferences clearly.

Rahul Gandhi has been given some rudimentary tutorials on justice and fairness but his confusion is embarrassingly visible. The intellectual differences between John Rawls and Amartya Sen aren't his strong points but he talks about them all the time in the same way as ignorant BJP leaders talk about Hindu philosophy. The talk grates.

And this is yet another problem. Whether speaking through him or official communications like a party manifesto, there is zero clarity on what the party stands for. *Mohabbat ki dukan* just doesn't cut it even as a slogan.

## WHAT SHOULD BE DONE

So what should the Congress do if, like

the Cheshire cat, it's not to be left with only Rahul Gandhi's undoubtedly fetching smile?

First and foremost, if it wishes to be a European style social democratic party, it must repudiate the dozen or so restrictive constitutional amendments made by it between 1951 and 1989. That is, it must walk the talk.

Second, it must fully endorse the world-views of Narasimha Rao and Manmohan Singh. The many political disasters of their governments were just that: disasters. They happen. But their approaches weren't. Both understood India way better than Rahul Gandhi can ever hope to. That led to a complete change in the economic paradigm, away from distribution to growth. Rahul Gandhi wants to reverse that emphasis.

Third, it needs to separate its electoral tactics from its intellectual strategies. The failure to do this is a very powerful reason why it's lost so much ground to the BJP.

It's interesting to note here that in the 2024 election, the BJP also made this mistake and paid for it. The most telling — but least talked about — consequence was the 4.5 lakh vote fall in Narendra Modi's margin of victory.

The BJP seems to have learnt its lesson and gone back to its ideological knitting. The Congress, the poor dear, doesn't have a knitting at all. It should get one quickly.

## A holistic Budget that will foster sustained growth

It also promotes inclusivity, thanks to the thrust on job creation, education, women's empowerment and sustainability

Harsh Pati Singhania

**B**udget 2024 lays down a marker for India's march towards Viksit Bharat, emphasising the government's commitment to fostering high growth, and balanced job creation through innovation, business facilitation, and ongoing infrastructure enhancements. A big part of this vision is building Atmanirbharta and ushering in a simpler tax/duty regime as well as enabling MSMEs to prosper.

The Budget is noteworthy for remaining steadfast on the path of fiscal consolidation while maintaining a growth-oriented approach. This delicate balancing act was adeptly handled by the Finance Minister without compromising on growth and development objectives — she addressed the priority areas, ensured the capex thrust, and provided tax relief to the salaried class. The attempt to reduce tax litigation is particularly welcome as it would improve ease of doing business.

Capex thrust continued in the Budget, with an allocation of ₹11.11 lakh crore towards enhancing the country's infrastructure, pushing for investments primarily in highways, railways, ports, and urban infrastructure. This is expected to create jobs, boost economic activity and improve connectivity nationwide.

Public-private partnerships (PPPs)

will play a crucial role in mobilising private investment and the expertise to accelerate these projects.

The reworking of the tax slabs under the new tax regime introduced in the Budget seeks to provide significant relief to middle-class taxpayers with the aim to increase purchasing power, particularly among the lower-income class. This move is expected to stimulate consumption and align with the broader goal of economic inclusivity.

One of the standout features of this Budget is the focus on job creation in the manufacturing sector, evident through increased allocations and incentives for industries to encourage employment. By building a robust manufacturing sector, the government aims to create a greater number of jobs and boost economic growth. This approach is aligned with the larger goal of economic resilience and sustainability.

## PRIORITY FOR SKILLING

Addressing the education and employment gap through skilling is another important aspect of the Budget. With an allocation of ₹1.12 lakh crore for education and skill development, the government is committed to preparing the workforce for future demands. Investments in education, particularly in STEM fields, and the promotion of vocational training and digital literacy will equip individuals with the necessary skills to face the challenges of a rapidly



SKILLING. Bridging the employment gap

evolving job market.

The Budget's commitment to digital transformation is commendable, with substantial funds allocated for developing digital infrastructure, including high-speed internet, data centres, and cybersecurity.

These investments will create a robust digital ecosystem that supports innovation, entrepreneurship, and job creation.

The focus on women empowerment is evident as the Budget promotes their participation in the workforce, offering incentives for female entrepreneurs and support for women-led businesses as well as partnerships to organise women-specific skilling programmes.

Signalling the government's commitment for enhancing women's role in economic development, the Budget has earmarked more than ₹3 lakh

crore for schemes benefiting women and girls.

The government's pledge to sustainable development is reflected in increased allocation of ₹35,000 crore for renewable energy projects in the Budget. By promoting clean energy and reducing carbon emissions, the Budget aims to create a more sustainable and resilient economy. The emphasis on environmental conservation and sustainable agriculture, with initiatives like making agriculture more resilient and improving agricultural productivity on an outlay of ₹1.52 lakh crore, will significantly boost farmers' welfare.

In conclusion, Budget 2024 is a visionary blueprint for India's future, reflecting the government's commitment to fostering inclusive growth. By focusing on infrastructure, tax relief, job creation, education, digital transformation, financial sector reforms, women's empowerment, and sustainability, the Budget addresses immediate economic needs while laying the foundation for long-term prosperity. This Budget is a testament to India's resilience, innovation, and entrepreneurial spirit, setting the stage for a new era of growth and development.

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## Capital gains tax

This refers to "Capital gains growth deserves higher taxes: Finance Secretary" (July 29). While there is no doubt that capital gains growth requires higher taxes, the key issue is the exclusion of the indexation benefit from its calculation. The central bank's continuous efforts to combat inflation and its management of interest rates underscore the significance of inflation. It is primarily the middle class, often without pension support, that engages in trading securities and mutual fund units to earn some profit. Denying them the indexation benefit on real estate deals and on debt mutual funds taxing them at higher rates could not be construed as a move in the right direction. Targeting the middle class for

revenue generation under the guise of fiscal consolidation appears unjustified. Not mandating a fiscal deficit control to 3 per cent of GDP, as seen in EU countries, while comparing capital gains tax increases to those in developed economies, seems like cherry-picking. The removal of the indexation benefit from the real estate sector raises questions about how this measure would be revenue-neutral rather than leading to government revenue gains.

**Srinivasan Velamuri**  
Chennai

## Railways' revenues

Apropos the editorial 'Amber signal' (July 29), the Railways' thrust of capital investment in recent years has been directed mostly towards

high speed passenger trains and improvement of railway stations, which by itself is an admirable move. But to improve its revenues there is a need to substantially revamp and improve its freight services. The scope for increasing freight volumes is enormous, if the Railways modernises its operations in this sector. Assurance of timely and safe delivery and competitive freight rates are crucial factors that would make a difference. Development of more dedicated freight corridors on the high freight volume routes, prompt and timely strengthening and re-laying of existing tracks, wherever necessary, transforming the communication facilities to ensure faster movement of goods trains, rationalising the freight charges to attract greater volumes

and a better PR system would be necessary to increase revenues on the freight front.

**Kosaraju Chandramouli**  
Hyderabad

## Farm productivity

Apropos 'Preparing agriculture for a richer harvest' (July 29), the government has already taken positive initiatives such as higher MSP, creating a nationwide online platform for marketing, and improving logistics and cold storage facilities. Budget 2024 accords more emphasis on agriculture research, natural farming, creating a well-balanced vegetable supply chain, and increasing the production of pulses and edible oilseeds. While these measures are laudable, Indian agriculture has to overcome

monsoon vagaries and climate change constraints to ensure improved production and productivity.

**NR Nagarajan**  
Sivakasi, TN

## Celebrating JRD Tata

'JRD: A team builder exemplar' (July 29) was a good read and a befitting tribute to the colossus of Indian industry. The excerpted brief urges one to go through the whole book. The painstaking nurturing of steel and many other industries by JRD Tata, achieved against great odds, needs to be etched in golden letters. The talent spotting, mentoring those talents, taking calculated risks all deserve special mention.

**Jose Abraham**  
Vaikom, Kerala



# AIDS response waning

Globally, there's a spike in new infection rates

JVR Prasada Rao

The global report of UNAIDS, 'The Urgency of now: AIDS at crossroads', released on the eve of the International AIDS Conference (IAC) in Munich, concluded that "the global AIDS response is currently off track". At the current rate of progress, it is highly unlikely that the ambitious targets set for either 2025 or 2030 will be achieved. The UNAIDS highlighted two conditionalities for turning the tide and achieving the goals — countries must scale up resources for AIDS programmes substantially and protect human rights of people infected with and vulnerable to HIV. But the data provided by UNAIDS did not give rise to such optimism.

World over, 1.3 million people still get newly infected, 50 per cent of them in Africa. Global deaths at 6,30,000 account for 50 per cent of the new infections. The glaring failure was on prevention of new infections with a coverage of a lowly 39-50 per cent against the goal to cover 95 per cent of those who are vulnerable. Eastern Europe and Central Asia, Middle East and Northern Africa and Latin America still report increasing rates of new infections. Africa performed better where new infections registered a decline of 50 per cent. In Asia-Pacific, new infections declined by 14 per cent but the decline virtually plateaued in the last 10 years. The tap of new infections is still leaking profusely all over the globe.

## COLLECTIVE FAILURE

It is not difficult to understand the reasons for this collective failure of countries to rein in the AIDS pandemic. Logically, prevention programmes should saturate the key populations (KPs) — such as sex workers, gay populations, people who inject drugs, transgenders and those who practice high risk behaviour — with proven strategies of prevention. On the contrary, the report states that proportion of new infections among KPs has increased from 45 per cent in 2010 to 55 per cent in 2023. In Asia-Pacific, 79 per cent of new infections occurred among KPs in 2023. Normatively, prevention programmes should get an allocation of 20 per cent of total resources but got a measly 2.6 per cent of the spending.

The global report, however, except for providing generic statements like optimisation of



OFF TRACK. AIDS control

resources and protecting human rights, does not dig deep into what went wrong. The first 10 years after the UN General Assembly Special Session, 2001, on AIDS witnessed an unprecedented response, both in prevention and treatment. And several countries could halt and reverse the epidemic in that decade of action, especially in the Asia-Pacific region. But the response stalled in its tracks, with political leadership losing interest in AIDS programmes. Success had given rise to complacency.

In Asian countries such as India, Thailand and Bangladesh, social contracting of community-based organisations and NGOs was adopted as a strategy to directly reach resources for prevention programmes. But over the years, interest in such programmes has waned and funds got stuck in bureaucratic muddle.

The report has also not gone into the reasons for failed implementation of programmes even with the limited resources made available. In the earlier decade, governance of AIDS programmes followed the Three Ones principle with national AIDS committees pivoting focused AIDS programmes. This strategy was later watered down trying to bring the AIDS response out of isolation. The present report advocates main-streaming of AIDS responses without trying to identify the key elements of the programmes, such as treatment which can be integrated and maintaining that KP-related prevention programmes still needing focused implementation.

The global AIDS response partially succeeded in preventing AIDS-related deaths but is failing on many other fronts. Implementation failure is the most important of them and often goes missing in global reports on AIDS, such as the present one.

The writer is former Special Envoy of the UN Secretary General on AIDS, and former Health Secretary, Government of India. Views are personal



NIKHIL RAHANDALE  
SUGANDHA HURIA  
AISHWARYA HARICHANDAN

The Economic Survey 2024 states that India should focus on getting more FDI from China to boost exports to the US and other Western countries. This would help India keep its growing trade deficit with Beijing under manageable levels. Taking this as the context, let's dive into the reasons and the ways in which India can attain this objective.

China and the US are the two main global powerhouses of the present era. The evolution in their relationship has been catalysed by geopolitical and geo-economics factors. In the 20 years following China's admission to the WTO in 2001, trade between the US and China has surged. Although Chinese and American businesses have profited from this trade, Washington grew more concerned about the dangers Beijing's state-led development poses. This finally culminated in the 'Trump Tariff-War' between the countries in 2019. It was upheld by President Biden, who added new 'sanctions'. The situation was further aggravated by supply chain disruptions during the Covid-19 pandemic, which led to increased support for the China Plus One strategy.

Meanwhile, India has emerged as a prominent player in the global scene, acting as the leader of the Global South. While the India-US relationship has evolved post the 2008 nuclear agreement to being strategic partners now, the Sino-Indian relationship has seen a downward trend, especially post the Galwan clash in 2020. In response to this and the Covid-19 pandemic, India mandated government approval for investments from countries that it shares a land border with, such as China. This was done to prevent opportunistic takeovers during the pandemic.

Even after taking this into account, it is irrefutable that complete decoupling from China at this point is nearly impossible. It holds the comparative advantage in auxiliary technologies and production know-how to manufacture for US-based companies in the information technology industry. However, under the China+1 strategy, American multinational corporations that rely on Chinese intermediaries for their upstream activities have been looking to diversify their operations. At the same time, it's undeniable that India can't quite shake off its craving for Chinese products, much like its addiction to spicy street food. In fact, India's manufacturing sector seems to thrive on a steady diet of Chinese companies setting up shop on its soil.

The prevalence of the China+1



# Indian, Chinese firms teaming up will pay-off

JOIN HANDS. While India will get FDI and a supply chain boost, China will have easier access to Western markets and can hedge against possible trade barriers

strategy, friendly ties between India and the US and the present undeniable dependence of the US and India on China provides scope for the formation of international joint ventures (IJVs) between Indian and Chinese companies. IJV refers to the coming together of two or more business partners from different jurisdictions to exchange resources, share risks, and divide rewards from a joint enterprise. One of the partners is typically, though not always, situated physically within the joint venture's jurisdiction.

By the formation of IJVs, Chinese firms can mitigate the US restrictions and tariffs and export their products to the US with greater ease. This is due to the relatively softer geopolitical relationship between India and the US compared to that between the US and China. Chinese intermediary firms are looking to expand global supply chains and view India as a potential partner. At the same time, India is primarily focused on quadrupling its electronics hardware manufacturing industry under the

For India to shine as a manufacturing powerhouse and international joint venture partner, the government must streamline tariffs on crucial imports

Production Linked Incentive (PLI) scheme to attract more manufacturers to make in India.

## COLLABORATIONS PICKING UP

This collaboration, driven by a shared goal to expand technological capabilities and make supply chains more resilient, resulted in an interesting dynamic where Chinese multinationals and Indian firms are coming together to collaborate. For example, Apple intends to relocate 18-20 per cent of its iPhone production to India by FY 2025-26 while Chinese brands like Xiaomi have already started manufacturing in India. Let's call it a tripartite game between the US, India and China.

This became evident in January 2023 when India granted initial permission for Chinese intermediary firms that produce goods for Apple to establish joint ventures with Indian firms. India is expediting the approval process for Chinese investments in the electronics and automobile industries, which is contingent on Chinese partners holding minority stakes and not having Chinese nationals in key management roles.

However, a crucial point to note is that the production cost for IJVs would be relatively higher due to India's higher production costs compared to China's, as well as the costs associated with forming a joint venture. Incentives driving Chinese firms to form joint ventures with Indian counterparts, despite higher production costs, are to

access the US and Western markets with greater ease and hedge against the future risk of trade barriers.

Nevertheless, India faces a significant challenge in the form of high tariffs on components in the electronics manufacturing sector, which will increase IJVs' production costs, hinder their ability to expand electronics exports and undermine their global competitiveness. This leads to an inverted duty structure (another concerning issue for India, quite recognised in the Budget though).

The competitiveness and scale of industries are significantly impacted by tariffs. India's average tariffs stand at approximately 7.5 per cent, surpassing those of China (4 per cent), Malaysia (3.5 per cent) and Mexico (2.7 per cent). This tariff disparity translates to a cost disadvantage of 5-6 per cent for Indian electronics exports. To bridge this cost gap and enhance production efficiencies, India must overhaul its tariff structure.

Bottomline: For India to shine as a manufacturing powerhouse and IJV partner, the government must streamline tariffs on crucial imports. Pairing this with enhanced PLI support, business-friendly land acquisition, environmental clearances, and labour laws will set the stage for robust growth and global competitiveness.

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### TWENTY YEARS AGO TODAY.

July 30, 2004

#### IDBI Bank to merge with IDBI

In separate meetings held on Thursday, the boards of IDBI and IDBI Bank in principle approved the proposal to merge IDBI Bank with IDBI, thereby enabling the combined entity — the Industrial Development Bank of India — to become a universal bank. In a separate development, the setting up of a Stressed Assets Stabilisation Fund (SASF) was also approved to enable the purging of IDBI's legacy portfolio of NPAs.

#### We will take a re-look at free trade pact with Thailand: PM

India will take a hard re-look at the free trade agreement with Thailand which the Vajpayee Government initiated last year. Prime Minister Manmohan Singh explained that it was only two months since his Government took office, and therefore it needed more time to study the implications of the agreement.

#### Data Access to offload 30-35% equity

International long distance telephony company Data Access is close to selling 30-35 per cent equity to a large global investment fund for ₹100-150 crore. The move comes in the wake of the company's decision to scrap its plans to go for an Initial Public Offering following objections raised by SEBI.

# Sports budgeting needs to be more diversified

Anjana PV

Budget 2024-25 marks a milestone for Indian sports, which got its highest-ever allocation of ₹3,442 crore, a slight increase from last year's ₹3,396 crore. This reflects the government's ongoing commitment to promoting sports in the country.

A substantial portion of this allocation is directed towards the Khelo India initiative, which received ₹900 crore. This flagship programme aims to nurture sporting talent at the grassroots level and has expanded to include various sub-programmes such as the Khelo India Youth Games, the University Games and the Para Games.

The Sports Ministry's budget, which saw a minor increase of ₹45.36 crore, will largely go towards maintaining and enhancing India's sports infrastructure. Priority has been given

to boosting cricket infrastructure in Bihar, a State that has historically lagged in sporting facilities.

The Sports Authority of India (SAI), crucial for organising national camps and providing essential equipment to athletes, received allocation of ₹822 crores. Additionally, the National Sports Federations (NSFs), responsible for the development of various sports disciplines, are set to receive close to ₹340 crore this year.

In a significant move to ensure the integrity of sports, the government's contribution to the National Anti-Doping Agency increased from ₹21.73 crore to ₹22.30 crore. Additionally, the National Dope Testing Laboratory saw its allocation rise from ₹19.50 crore to ₹22 crore. These steps are crucial in maintaining fair play and building a robust anti-doping infrastructure.

Despite the comprehensive support



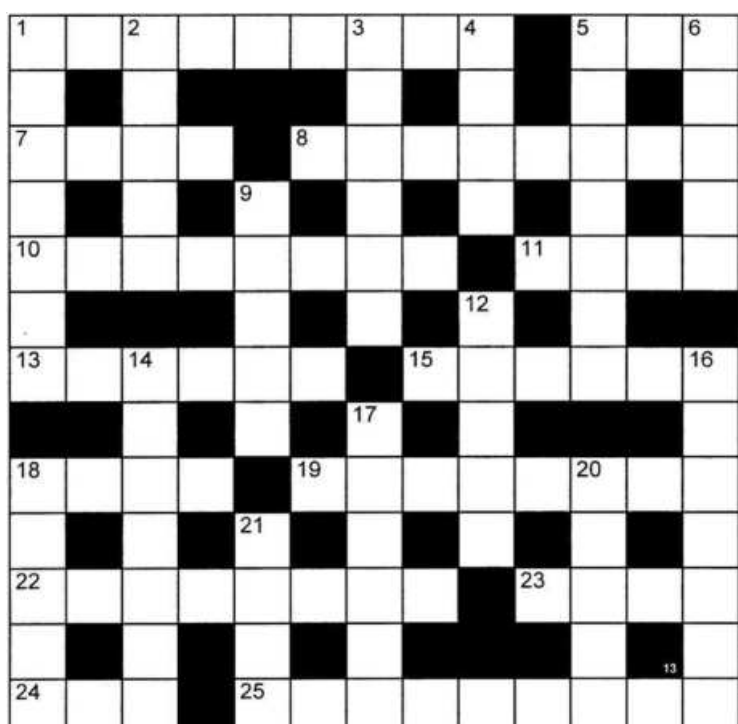
GAMING. Not getting attention

for traditional sports, the Budget has overlooked the gaming industry. With India's young, tech-savvy population driving the rapid expansion of this sector, gaming has transformed into a mainstream phenomenon with significant economic contributions through game development, streaming, and professional tournaments. The absence of tax incentives, regulatory frameworks, and increased funding for esports is a missed opportunity for the

government to capitalise on this growing industry. A consortium of 70 Indian gaming companies had petitioned for a reduction in GST on video games from 18 per cent to 12 per cent, aiming to improve cash flow and sustainability for developers but these requests were not addressed.

While the Khelo India initiative received substantial support, other sports like football still require significant government intervention and funding. The focus remains on traditional sports but for India to truly become a sports superpower, it is crucial that the Budget also addresses the needs of emerging sports. A more inclusive and diversified approach to sports budgeting is essential. The steady increase in sports funding is promising but a broader focus will ensure comprehensive growth and development across all sectors of Indian sports.

## BL TWO-WAY CROSSWORD 2492



### EASY

#### ACROSS

- Not willing to wait (9)
- Night-flier (3)
- Meat (4)
- In a ridiculous way (8)
- Does away with (8)
- Untruthful person (4)
- Relative; nun (6)
- Rely on (6)
- Be changeable (4)
- Ingredients (8)
- Iterated (8)
- End of musical movement (4)
- Blue (3)
- Area not for development (5,4)

#### DOWN

- Overruns another's territory (7)
- Is engaged in sport (5)
- Unborn child (6)
- 'Do the provinces' (4)
- From the past (3-4)
- Stratum (5)
- Statement of belief (5)
- Burglar's short crowbar (5)
- With chevrons (7)
- Vocal accompaniment above the air (7)
- Arm-part (6)
- Source of infection (5)
- Hanging loop (5)
- Vocalised (4)

### NOT SO EASY

#### ACROSS

- Can't wait for time paint takes to be mixed (9)
- Some wise old bird or woman lecturing beginners (3)
- Have a limited intake of calf as meat (4)
- Rating, sullen about destroyer prow in such a silly way (8)
- Ruins Ilium in craft, having half made a start (8)
- Story-teller looks intently at romantic openings (4)
- One who takes the veil is among the others in upset (6)
- Have to have the writer among the dead, after a loss (6)
- Ring the changes, and take the Virginia railway (4)
- Fire, water etc for steel construction involving soldiers (8)
- Again did find fuel in the water-grass (8)
- Paid for at the door with a conclusion at end of movement (4)
- Wasn't happy to have said one quitted (3)
- Without experience drive fast where land is not developed (5,4)

#### DOWN

- Gains victory in overturning Sedan one overruns (7)
- Examples of drama showing one is a sportsman (5)
- First stage of development got by more juggling (6)
- Round journey has turn forbidden in rubbish-tip (4)
- What used to be told by hourglass is out of the past (3-4)
- Sort of cake for a domestic fowl (5)
- Academic reeducation involves this system of belief (5)
- In France I start making my short crowbar (5)
- Like a tiger, tear it instead following a loss (7)
- Half the brides are unable to supply vocal accompaniment (7)
- What to put hand through that may have record in it (6)
- Ancient Roman man, American cause of infection (5)
- Nothing in front of aircraft is provided by a lynch-mob (5)
- Played one's part in opera and squealed (4)

### SOLUTION: BL TWO-WAY CROSSWORD 2491

ACROSS 1. Cornet 4. Shrink 9. Notable 10. Shako 11. Emit 12. Dale 13. Elk 15. Song 16. Drop 19. Apt 21. Envy 22. True 24. Idiot 25. Dogfish 26. Extend 27. Ostler

DOWN 1. Contemplative 2. Retains 3. Ebbs 5. Hostely 6. Irate 7. Knock together 8. Penal 14. Unbeaten 17. Partial 18. Evade 20. Twist 23. Ages



## Waiting for takeoff

India needs a clear road map for development

After the ninth meeting last week of the governing body of the NITI Aayog, an “approach paper” that purported to detail a “vision for Viksit Bharat” by 2047 was released. This is, of course, a buzzword and target that has been repeated several times by Prime Minister Narendra Modi. It is important, therefore, to evaluate what the government’s think tank believes is necessary to make this vision a reality. A tone of great confidence pervades the document, born of the belief that “India has made visible strides in its transformation journey and is now ready for take-off”. But many argue that India has been taxiing on the runway for at least two decades; takeoff still seems some distance away.

Much of the paper talks about the record of the past decade, and shows that India “has demonstrated quantum leap capabilities”. This is in the context of the expansion of Jan Dhan accounts, the achievements of Chandrayaan, and even the medal tally at the Asian Games. While all these are worthy of pride, they and other examples do not necessarily add up to a game plan for economic development. Much of the rest of the paper examines what a “Viksit Bharat” could possibly mean; it claims that a “national level ... consultative process, involving almost 15 lakh contributors, has led to the preparation of a template for a Vision for Viksit Bharat@2047”. However, these attributes and aspirations probably did not require such deep consultation, as they include such popular demands as clean drinking water, skills for all, and a vibrant rural economy. If anything, the section on “internal challenges” is most relevant; these include fixing the energy sector, rural-urban inequality, and industrial competitiveness. However, suggestions on how these should be addressed need to be worked out.

In the end, it is economic targets that are most important, since it is growth that will provide the resources to address the other “Viksit Bharat” aspirations. Here the paper says “we need to strive to be a US\$30 trillion economy by 2047 with a per capita income of US\$18,000 per annum”. However, growth will need to approach double digits and stay high for this to be a reality. The examples of such growth provided in the paper — which include Japan, Germany, Singapore, and South Korea but, interestingly, not China — all had decades of high growth, catalysed by dramatic institutional and societal changes. Singapore reformed its bureaucracy; South Korea pioneered new forms of private-public partnership; Japan completely adopted Western liberal norms in its public sphere, regulation, and judiciary. China, after the 1970s, also had a similar process in that its governance was opened up, private profit was permitted, and decisions were decentralised.

Without comparable shifts to Indian institutions, it is hard to achieve similar sustained growth. India’s ossified bureaucratic structure, for example, delays decision-making and does not prioritise expertise or experience. Clearly, administrative reform is overdue. Multiple institutions need transformation. The judicial process takes too long; law enforcement is erratic and arbitrary; the third level of government is underfunded and lacks accountability. Social shifts — such as a greater willingness to see females in the workforce — might be even more difficult to implement. All these will need political and social consensus that the NITI Aayog should work harder to build up.

## Built to last

Infra spend must focus on climate change

The death by drowning of three civil services aspirants in the basement of a coaching centre in New Delhi last week is a tragic reminder of the gross corruption and negligence of urban bodies and money-making educational institutes in allowing an area marked for parking and storage to be used as a library. But beyond this depressing evidence of negligence, this disaster offers governments at the Centre and states a wakeup call when it comes to infrastructure planning and spending. Basements are common in the National Capital Region with its low water table and relatively dry climate. But as the rapid flood caused by heavy rain demonstrates, they may no longer be viable additions to building plans even for parking purposes. The truth is, climate change is altering the nature of the monsoon all over India, and infrastructure plans urgently need to adapt and be made more sustainable to cope with it.

The current monsoon season has demonstrated the troubling link between climate change and infrastructure planning like never before. In this season alone, the outer canopy of Terminal 1 of Delhi airport collapsed under the weight of unexpectedly heavy showers, killing one person. In riverine Bihar, 12 bridges collapsed over a period of 17 days. In the past decade, the emergence of the phenomenon of glacial lake outburst floods and flash floods, which have resulted in landslides and caused many deaths in the hilly states of Uttarakhand, Sikkim, and Himachal Pradesh, is another manifestation of the new climate paradigm. These serial accidents highlight two points. First, changing climate patterns will expose shoddy construction standards in new and expected ways. Second, they point to the urgent need for India to recalibrate its infrastructure spending in line with the exigencies of increasingly unpredictable weather patterns brought on by climate change. Global warming is altering rainfall patterns across the world, and the monsoons are no exception. The steady and predictable pace of monsoon precipitation through June and July has been replaced by erratic patterns of extended dry spells followed by short, unprecedented heavy showers, which impose new pressures on infrastructure.

As the basement tragedy in Delhi demonstrated, urban drainage systems built to old specifications no longer suffice — wider, deeper drains are needed to cope with the larger volumes of rainwater from a sudden deluge. This is as true of older cities (such as Delhi and Kolkata) where colonial-era drainage systems have not been augmented or upgraded. In newer cities, such as Bengaluru and Gurugram, the destruction of natural drainage systems such as lakes and water bodies and the construction of sewers built to old specifications highlight the problems. In Bihar, some of the bridges that collapsed had not even been completed and others are just 15 years old, raising suspicions of poor construction standards to begin with. Others are of British-era vintage calibrated to dated climate patterns. As a result, many of them have shallow foundations, which make them vulnerable during floods, which have increased in frequency. In the Budget for 2024-25, the Union government has allocated a record ₹11 trillion for infrastructure. This provides it a unique opportunity to reorient the quality of spending on enforcing better standards and building sustainable infrastructure that stands the test of global warming-induced climate change.



ILLUSTRATION: BINAY SINHA

## Throwing the baby out with the bathwater

Policy on derivatives needs to be informed by the evolution of these markets in India and the benefits of risk management

A sophisticated and efficient market economy is ruled by prices. Prices fluctuate and send signals that generate a demand and supply response. These fluctuations can be painful in the short run. The financial derivative markets create tools through which, in exchange for a payment, protection from price fluctuations can be obtained in the short and medium term.

The establishment of gross domestic product (GDP)-scale, deep and liquid markets for financial derivatives runs alongside the establishment of a market economy. Over a generation, progress has been made in India on these fronts, albeit at a great cost. There is undoubtedly room for doing better on the problem of mis-selling of some derivatives. For the rest, reversing the basic direction will be costly.

In socialist India, the government controlled many prices. Sometimes, the law defined a fixed price and inflicted punishments for violations. Other times, the law restricted who could transact (e.g. only banks and primary dealers permitted) or where transactions could take place (e.g. at Agricultural Produce Marketing Committees only), and punished transgressors. The state built up a large arsenal of controls upon the economy, which were used to influence prices, such as export and import bans, regulatory requirements, etc.

A market economy is one in which the actions of myriad uncoordinated actors make the supply and the demand, which determine the price. On the path from socialism to prosperity, we move from prices controlled by the government to prices controlled by nobody — prices made by everybody.

Reforms essentially mean freeing both quantity and price restrictions. This is a world in which prices and output fluctuate. Price fluctuations are a good thing as they send out signals into the economy that trigger adjustments. When the rupee depreciates, imports become more expensive, exports become cheaper, and Indian financial assets become more attractive to foreigners.

The market economy delivers a great bounty of prosperity in return for the ceaseless process of adjustment in response to fluctuating prices. But this comes with pain. Some people would like their tomorrow to be exactly the same as their today. But the world keeps changing, and adjustments are required — adjustments that are efficiently induced by the price system.

Is there a middle road through which the full gain from the price system is obtained, but the full pain of fluctuating prices is partly avoided? Yes, this can be done, using financial derivatives. Financial derivatives help their users buy time. When the rupee depreciates, an importer faces higher prices, and ultimately will have to reconsider business strategy. But in the short run, for a certain number of months or quarters, protection can be obtained through financial derivatives.

At the high table of development strategy, then, there is a need for vibrant and liquid financial derivatives markets, alongside the emergence of India as a market economy. We should remove all barriers against prices that fluctuate. This would yield economic growth, but also impose the pain of continuously adjusting to a changing world, which would irritate some people who want an unchanging life. If policy-



AARTHIKAM CHINTANAM

K P KRISHNAN

## New fiscal policy questions

The first Union Budget of the third Narendra Modi government, presented last week by Union Finance Minister Nirmala Sitharaman, improved the fiscal deficit target for the ongoing financial year by 20 basis points to 4.9 per cent of gross domestic product (GDP), compared to the Interim Budget presented in February. This reflected the Union government’s commitment to fiscal consolidation. Even in the last financial year (2023-24), the government restricted the fiscal deficit to 5.6 per cent of GDP, compared to the Budget estimate of 5.9 per cent. Better than expected revenue collection, coupled with realistic Budget assumptions, has helped the government in recent years. It is on course to meet the medium-term target of reducing the fiscal deficit to below 4.5 per cent of GDP by 2025-26.

The government must be commended for adhering to the fiscal glide path, which looked difficult when it was first announced in 2021. Given the fiscal performance in recent years, the government was expected to announce a new medium-term path. Although the Budget did indicate how the government will approach fiscal management in coming years, it raised several questions, which must be debated. Ms Sitharaman in her Budget speech noted: “From 2026-27 onwards, our endeavour will be to keep the fiscal deficit each year such that the Central Government debt will be on a declining path as percentage of GDP.” Since India’s public debt increased significantly after the pandemic and remains a source of vulnerability, targeting a consistent reduction in the debt-to-GDP ratio is an apt fiscal goal.

However, what is not clear is the targeted pace of reduction in public debt. In the current fiscal year, for instance, the government expects central gov-

ernment debt to settle at 56.8 per cent of GDP, compared to 58.1 per cent in 2023-24. At this pace, it would take well over a decade to reach the debt target of 40 per cent as recommended by the Fiscal Responsibility and Budget Management (FRBM) Review Committee in 2017. This, too, would be possible if the economy continues to grow rapidly and there are no exogenous shocks requiring large fiscal interventions over the next decade. Besides, it is unclear whether the overall debt ceiling of 60 per cent of GDP — with central government debt at 40 per cent — as suggested by the FRBM Review Committee is relevant anymore. Both the Indian and global economy have changed significantly over the past decade.

To create more fiscal policy space, India will need a faster reduction in debt over the next several years. Therefore, the government would be well advised to chart a debt reduction path, outlining medium-term targets. A reasonable reduction in debt over a period will also need an operational target. Thus far, it has been the fiscal deficit. It will be critical to determine how much fiscal deficit the government can run to achieve the required level of debt reduction within the given time frame. One of the criticisms of hard fiscal targets is that it tends to be pro-cyclical. But it is partly because of the reluctance to make sufficient corrections in the good times.

Officials have argued the fiscal deficit that can be supported without expanding debt in a normal year is not 3 per cent of GDP — as enshrined in the FRBM Act — but probably higher. However, the objective at this stage should not be to keep the debt stable, but to reduce it at an accelerated pace. Also, it is unclear whether states will be allowed to follow the same principle of keeping public debt



REAL TERMS

RAJESH KUMAR

makers enable the emergence of deep and liquid markets for financial derivatives, this would help reduce the cost of transitioning into a market economy.

To matter, these markets need to be very big. In 2023-24, about \$1 trillion came into the Indian economy from the rest of the world and a similar value left. Out of these \$2 trillion of activity, if half used currency derivatives for protection, then we would have end-users of currency derivatives amounting to \$1 trillion per annum. The actual market size has to be many times higher, where finance professionals (termed “speculators” and “arbitrageurs”) undertake enormous activity in order to produce this \$1 trillion of protection. All this is done by private people, with no requirement of government money.

These numbers — e.g. \$5 trillion to \$10 trillion a year of currency derivatives activity — look scary to the uninitiated. Development strategy thinkers in India understood these things by the 1990s. Enormous amounts of blood and sweat were invested to help make these things happen. Key milestones towards this journey included the launch of equity derivatives trading at BSE, followed by NSE in 2000, and the launch of currency futures trading in 2008. Gradually, private players learned how to operate on these markets, and they started acquiring liquidity and correct prices.

Commodity futures trading is equally important, and India can become a global maker of derivatives trading services in over 20 agricultural commodities where it is an important player. Former Finance Minister Yashwant Sinha wisely utilised one supportive sentence from the report of the Joint Parliamentary Committee (JPC) on the Ketan Parekh scandal when initiating commodity futures trading that had been shut down in the 1950s in the prevailing socialist environment. General B C Khanduri wrote a standing committee report that led to important amendments of the Securities Contract Regulation Act in 2007.

The Reserve Bank of India tried for years to block the emergence of some of these markets. However, this was important enough for the government to announce in the Budget speech of 2008 its intention to take measures to develop the bond, currency and derivatives markets, including launching exchange-traded currency and interest rate futures, and developing a transparent credit derivatives market with appropriate safeguards. All these got launched subsequently but not without intense policy and regulatory intellectual jousting and serious exercise of leadership qualities in the Union government.

Creating GDP-scale derivatives markets, then, is hallowed ground with hard-won gains. The recent actions to curb the scope and participation in derivatives are retrograde. They will push activity overseas, so foreigners will be able to get protection while residents will be deprived. Losing ground today makes the economy more backward and will increase the requirement of sweat and blood by policymakers in the future. The political and policy leadership of India is clearly envisioning India as an advanced economy and a major player in the affairs of the world. Bringing back ideas and actions prevalent in poor countries in the 1950s does not align with these dreams.

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on a declining trajectory without any other constraints. Further, economic growth in the post-pandemic period has been significantly driven by government capital expenditure, which is expected to reach 3.4 per cent of GDP this year. Does the government expect to maintain high spending to sustain growth over the medium term, which will keep the deficit elevated?

Moreover, medium-term fiscal targets have usually taken into account the economy’s ability to finance. If the optimal level of fiscal deficit is above 3 per cent of GDP, presumably the same will apply to states as well, has the availability of savings to finance it increased in the economy? The latest available number showed that net household financial savings dropped to a multi-decade low of 5.3 per cent of GDP. Even if it recovers, will it go significantly above trend to fulfil the financing needs of the economy? If corporate investment revives, which is an absolute necessity to sustain growth, where will the money come from? If the government continues to borrow at higher levels, the private sector will need to depend on imported savings, which can quickly create complications for external sector management.

Therefore, India’s need for a simple, transparent, and rule-based fiscal framework cannot be overemphasised at this stage of development. This becomes even more important at a time when both the government and the private sector will need global savings for investment. Government of India bonds, for the first time, have been included in a widely tracked global bond index, and more such inclusions are expected. India also expects a rating upgrade, and justifiably so. Overall, India’s fiscal stance after the pandemic has helped. It should build on those gains. India thus needs a comprehensive review of its fiscal position. It requires a clear road map consistent with the objectives of faster debt reduction, sustained economic growth, and the economy’s ability to finance these goals.

## The origins of India’s Islamophobia



### BOOK REVIEW

NILANJAN MUKHOPADHYAY

Forty years ago, it was mandatory to flag down every public bus several times as it made its way to the Indian capital from one of the northern states, especially if its originating point was anywhere in Punjab or Chandigarh. Police personnel would rush inside and ask all Sikhs (identifiable as men wearing turbans) to get down. They were then questioned — where were they coming from, what was the destination and the journey’s purpose — subjected to a pat-down search, and their luggage poked with rifle bayonets. The humiliating exercise over, the buses would resume its journey while cops at the barricade awaited the next bus. In time, such discriminatory treatment of Sikhs reached horrific

heights after Indira Gandhi’s assassination and they, chiefly men, were killed in thousands mainly in northern and western India, but even in some southern cities, Coimbatore most notably.

In a few years, the Punjab imbroglio began petering out even though terrorist violence lingered on till the mid-1990s. But innumerable Sikh men across north India did not wait for anti-Sikh sentiments to abate. Without anyone’s prodding, they forlornly headed to barber shops and emerged clean-shaven. Altering identity appeared to be the easiest way out of the trauma of being ceaselessly viewed with suspicion. Over time, such discrimination ceased and the several among the new generation of Sikhs began becoming comfortable with their distinct identity.

Around the time such targeting of Sikhs began to abate, angry Hindu youth found a new target — Muslims. Unlike discrimination against Sikhs, which has petered out, discrimination against Muslims has persisted and taken new forms. This is backed by organisations advocating an exclusionary ideology, which have grown from a marginal force

to India’s dominant political fraternity. In this time, the Sikhs have begun to be considered by these Hindu nationalist groups as “their own” and their religion is dubbed an “Indic” faith.

In his compelling book, Mujibur Rehman argues that the Hindu rightwing forces in India do not consider Muslims minorities in the same way they do the Sikhs, Jains and Buddhists. Instead they are seen as “colonialists”, descendants of those responsible for what — several Hindutva leaders assert — 1,200 (or 1,000) years of slavery of this nation and its people. This alone explains why the crude label of *Babur Ke Santan* applied to millions of India’s Muslims has found widespread resonance. If Muslims desire to be counted among the majority, Hindutva leaders argue, they must declare themselves Hindus; they may practise their faith of Islam in the privacy of their homes, but never in public. If they are unwilling to agree to these terms, they are considered aliens to this land, unworthy of equal rights.

Given this reality, the political future of India’s Muslims should be a top concern of at least those who do not

back the Hindu nationalistic idea. But for that they have to first accept the reality of their present — decades of wishy-washy advocacy of inclusive politics. True, several political parties, including some coalition partners of the Union government, recently condemned what was an undeniably majoritarian order. The Uttar Pradesh government directive that food stall owners on the route of the Kanwar Yatras must display the owner’s name was eventually stayed by the Supreme Court; but the order has been “voluntarily” heeded by most stall owners, mostly Hindus, while a large number of Muslim-owned eateries have shut shop for this period. Even if only this episode is factored in, there can be no disagreement with the author’s contention that the objective of the Hindu rightwing is to “de-Islamise” India. Despite this one-off response to

the order on eatery boards, the author’s contention is valid: The bigger challenge for the Muslims is not the hostility of the Hindu right, but confusion among the secular parties.

Quite often, Professor Rehman contends, the targeting of Muslims in India is set against the post-9/11 global rise in Islamophobia. He however, serves a reminder that in India this process

SHIKWA-E-HIND: The Political Future of Indian Muslims  
Author: Mujibur Rehman  
Publisher: Simon & Schuster  
Pages: 360  
Price: ₹999



began before this and sharpened in the course of the agitation for the Ram temple, waged from the mid-1980s and in the early-1990s, leading to the demolition of the Babri Masjid. After this, other developments, such as emerging militancy and separatism in Kashmir, fused with the Ayodhya movement and caused prejudice against Muslims to take the form of a pan-Indian sentiment. Over this almost three-decades long period, the situation has reached a stage at which Muslims in specific situations go through the same responses as the Sikhs did when they were physically identified because of their turbans. It is

not necessary to “look” Muslim — their name, or even the form of greeting they use is enough to draw looks of suspicion.

The book, with its six standalone chapters and the introduction and a concluding chapter, offers a comprehensive overview of the background, existence and dilemmas of being a Muslim and their situation in today’s India. The chapter on Indian Muslim women is particularly compelling, especially in the context of the Hindu rightwing presenting them as the “aggrieved” party within the community and making efforts to co-opt them politically. In recent years, in words but not in action, majoritarian leaders have reached out to the Pasmanda Muslims, but Professor Rehman argues that its prevalence among Muslims in India stems mainly from poor knowledge of Islam’s egalitarian beliefs. Even otherwise, he contends correctly, caste is not as water-tight as among Hindus and relations are more interactive. This timely book will add to the literature on an issue that requires more extensive exploration and analysis.

The writer is a NCR-based author and journalist. His books include The RSS: Icons of the Indian Right and Narendra Modi: The Man, The Times. @NilanjanUdwin





## OPINION

The  
**Hindustan Times**  
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{ OUR TAKE }

## No one really runs Delhi

The coaching centre tragedy highlights how multiple power centres are good for the blame game, little else

A freak set of events may have led to the tragic drowning of three civil services aspirants in the national Capital's Old Rajendra Nagar area on Saturday evening, but it was also a tragedy that was waiting to happen. Several lapses have surfaced in the matter. The basement, in which the three were trapped when surface drainage gushed in after a heavy localised downpour, had approval for use only as a parking or storage area. It shouldn't have been functioning as a library where a large number of people could regularly gather. The centre was run by Rau's IAS Study Circle, a fairly well-known coaching company of some vintage, but the basement didn't have the necessary permits and clearances to function as a commercial establishment. It isn't clear whether it was an error of omission or commission that made the local corporation turn a blind eye to the violation.

But the tragedy doesn't end there. It turns out that flooding and waterlogging is a recurrent problem in the area, suggesting inadequate drainage infrastructure or poor upkeep, or, as is very likely the case, both. Yet, none of the authorities responsible for this — typical of Delhi's complex governance machinery, there are several — did anything about it.

And even official apathy isn't fresh news: After last year's fire at a coaching centre in Mukherjee Nagar in the city, the Delhi Police informed the Delhi high court that just 67 of close to 600 coaching institutes in the city had relevant no-objection certificates from the authorities. A year on, the needle seems to have moved little in terms of ensuring safety at such establishments.

Not just the building housing the basement, but many such in the area and other pockets in Delhi have been functioning as coaching centres and other commercial establishments, with a heavy footfall, for decades now — many of them illegally, violating several building bylaws and without adequate safety and evacuation planning.

Saturday's tragedy has resulted in the obvious blame game, with the Lieutenant Governor and the Aam Aadmi Party pulling out a routine that reads like the storyboard of a very funny *Spy vs Spy* strip by Antonio Prohias. Only, in this case, the joke is on all of Delhi's residents. The punch line is that, in a Union territory with multiple governments, no one is really in charge. The Capital desperately needs a clean-up — one that can upgrade its crumbling infrastructure, and crack down on ineffective and inefficient bodies.

## Avoid a spillover of the Israel-Hamas war

A rocket attack in Israel-occupied Golan Heights blamed on Hezbollah and Israel's retaliatory air strikes on the Iran-aligned militant group's positions in Lebanon over the weekend have stoked concerns about an escalation of the Israel-Hamas war. Israel has contended that the attack on a football field that killed 12 young people was the work of Hezbollah, which fired a barrage of rockets from Lebanon on Saturday. Hezbollah, however, has denied any involvement in the incident and experts have concluded the strike on the football ground may not have been intentional. Israeli leaders have pledged retaliation like never before and said Hezbollah will pay the price, changing the context from the near-daily exchange of fire between Israeli forces and the Lebanese militant group. Though the US, Israel's staunchest ally, has said it doesn't want an escalation of the conflict, it has maintained that it supports Israel's right to defend itself. On the other hand, Iran has described the strike on the field a "fabricated scenario" aimed at drawing attention from the 39,000 Palestinians killed in Gaza, and warned Israel against any "new adventure".

An expanded war — which very likely could draw in Iran, given its stakes in propping up Hezbollah — would be devastating for West Asia and the rest of the world, especially at a time when the West and its allies have stepped up efforts to finalise a ceasefire between Israel and Hamas. The latest developments could also complicate ongoing negotiations for a truce. The West should do more to get Israel to stop its carnage in the Gaza Strip, which continues to feed anger in many parts of West Asia. Any escalation of the conflict will only complicate the policy options available to India, which has almost nine million expatriates spread across the region.

## K'taka Bill misses gig workers' primary ask

The Bill has important provisions for platform workers but fails to define their employment status, as a result of which they have little recourse to legal protection under the labour laws

The government of Karnataka recently introduced a Bill called the Karnataka Platform-based Gig Workers (Social Security and Welfare) Bill, 2024. The Karnataka government's Bill is the latest legislative attempt to regulate the relationship between gig, or platform, workers and the digital platforms they work for (such as Uber, Ola and Swiggy). Legislation has long been needed, as — for the moment — existing labour laws are not applied to platform workers. Platforms classify them as "partners," use this classification to avoid labour laws, and the terms and conditions of work are determined by contract. However, the vast disparity of power between platforms and their workers means that not only do workers have no meaningful bar-

gaining power in shaping the terms of these contracts, but also, the terms of work are frequently and unilaterally altered.

In some respects, the Karnataka Bill follows its predecessor law that was passed in Rajasthan last year. It envisions the setting up of a welfare board, which will be funded through cess-like contributions, as well as being funded by the state and central governments. It guarantees access to social security schemes for platform workers. And it introduces certain basic safeguards — such as a 14 days' notice before dismissal — that can help forestall arbitrary action by platforms.

Unfortunately, however, the Bill fails to address the rather significant elephant in the room: The employment status of gig workers, and the rights they can claim by virtue of that status. This is a legal battle that has been taking place in multiple countries across the world. Broadly, and at the risk of some simplification, many countries' labour laws are applicable to a class of workers commonly known as "employees", or those in an "employment relationship." In order to get around having to adhere to labour laws (which would include the payment of minimum wages, overtime and holiday pay, obligations of non-

discrimination and non-interference with unionisation, protections against dismissal and so on), platforms across the world have claimed that they do not actually "employ" anyone, but only serve as a conduit for people to offer services for consumers. For example, a company like Uber argues that it is not in the business of transport, but that it is a "digital service."

With a few exceptions, lawmakers and courts have been sceptical of these claims — and rightly so. Many of the platforms under discussion exert a significant amount of power and control over workers, through the device of the algorithm that underlies the so-called "digital service" (or, in common parlance, the "app").

They fix wages (and unilaterally alter them), exercise disciplinary powers (by kicking individuals off the app, especially if their ratings go down), and enjoy asymmetric control over information through their control over the proprietary software that runs the app. For this reason, even though modern-day digital platforms do not resemble the classic image of the factory and the workers on the shop floor, courts and legislators have frequently held that for the purposes of labour law, platform workers are employees and not



Many platforms exert a significant amount of power and control over workers through their algorithms

REUTERS

partners.

Such a finding is crucial because, as noted here, the employment relationship — or the legal status of employment — is the gateway for workers to access the basic labour rights that mitigate the imbalance of power between workers and corporations. In this context, the Karnataka Bill's silence on the issue of employment status appears to be by design and is a serious shortcoming. Mere access to social security schemes (which is also promised by the centrally-enacted new labour codes, which are yet to come into force) is not a sufficient substitute for employment status. Indeed, it is no substitute at all, as State largesse cannot substitute for labour rights.

As anyone who reads the newspapers knows, some of the most shocking stories of exploitation and workers' suffering in recent times have come from the gig, or platform industry. We hear of workers being

run into the ground, of having to perform deliveries in blazing heat or dangerous rains, of having no recourse against arbitrary downgrading of wages or against dismissal. The reason for this is simple: Platform workers, at present, do not have recourse to law and legal rights — in particular, the rights guaranteed by labour laws (although there are pending petitions in the Supreme Court seeking this status through judicial declaration).

Any new legislation that does not recognise and remedy this, for all its pious words, risks turning into a sham. One, therefore, hopes that the Karnataka government consider amending the Bill and clarifying that the default status (unless established otherwise) is that platform workers are employees and entitled to the rights and benefits under the nation's labour laws.

Gautam Bhatia is a Delhi-based advocate. The views expressed are personal

## Making apprenticeship vision work for the youth

To enhance our graduates' readiness for productive employment, the National Education Policy (NEP) 2020 recommends that the skills and expertise our students acquire in higher education institutions must be made to match those demanded by the emerging job market. Unfortunately, limited practical experience and the incapability to use theoretical learning in problem-solving situations have led to the impairment of graduates for future career opportunities. In addition, our graduates need to gain soft skills such as interpersonal communication, the ability to work in teams and work-life balance.

Higher education institutions (HEIs), industry and the government must work together to enhance graduate employability. A critical impetus to this arrived when Budget FY25 proactively announced providing internships to 10 million youth over the next five years, offering a monthly allowance of ₹5,000 and a one-time assistance of ₹6,000. The top 500 Indian firms will provide these internship openings.

For the first time in India, and as part of implementing NEP 2020, this partnership among HEIs, internship providers, and the government can enhance the number of employment-ready graduates through internships.

In NEP 2020, the most crucial and primary framework that enables students to take internships during their degree programmes is the Curriculum and Credit Framework for Undergraduate Programmes. HEIs can lay out numerous provisions to bridge the gap between theory and practice through internships, apprenticeships, projects, and field studies through this framework in the four-year undergraduate programmes.

We often associate internships with business, engineering, medicine and similar disciplines. However, students studying disciplines like science, commerce, sociology, history, political science, or psychology should also be provided with internships. For instance, a sociology student might work with an organisation involved in child immunisation to understand social dynamics. Likewise, a history student could intern at a museum, or a psychology student could work with organisations dealing with public health initiatives, policy development, and community mental health services. Such experiences help the student immerse themselves in the culture and norms of a profession and gain a deeper understanding of real-world situations, enhancing their employment opportunities.

Internships need not be confined to only technology firms. The University Grants Commission (UGC) internship guidelines encourage students to intern in research laboratories, social organisations, government offices, small-scale industries and a courthouse. However, internships must occur only at

**THERE IS MORE TO INTERNSHIP THAN MERELY PROVIDING EXPERIENTIAL LEARNING. IT IS AN OPPORTUNITY FOR A STUDENT TO UNDERSTAND RESPONSIBILITIES OF A PROFESSION AND THE ETHICAL OBLIGATIONS ONE MUST UPHOLD**

approved sites, under approved supervision so that the HEI can assess the learning during an internship, and the credits for the internship are credited through the Academic Bank of Credits platform.

The government's decision to ensure that only those at the margins will be eligible for this internship scheme is a welcome move. Internships are a critical pathway for developing a skilled workforce. By including marginalised groups, we can broaden the talent pool across the socio-economic spectrum, which is essential for meeting the diverse needs of the economy. Access to internships for students from the marginalised sections can reduce their unemployment rates by providing hands-on experience and networking opportunities. This increased economic participation boosts our country's overall economic activity and productivity.

While the details on how these internships will be operationalised for the students will unfold in the coming months, some factors must be considered. I assume that this internship programme will be implemented with the participation of HEIs and regulators such as the UGC, who can reach out to the HEIs to raise awareness about this scheme.

To begin with, HEIs must ensure that, depending on the organisation where the student will intern, learning objectives align with the student's career goals. HEIs must also provide pre-internship training sessions to the students to prepare them for internships outside the academic environment so that they have positive experiences.

Students must clearly understand the nature of the tasks they are expected to perform during their internship. They must refrain from ending up doing menial labour as a substitute to the regular employee of the organisation to the exclusion of doing primary meaningful internship work.

There is more to internship than merely providing experiential learning. The internship is an opportunity for a student to understand the societal responsibilities of a profession and the ethical obligations one must uphold. This experience can be invaluable in shaping a student's understanding and expectations of a future career. It is erroneous to believe that if a student is majoring, for example, in economics, an internship should be in an area related to economics. On the contrary, it will be beneficial if the student interned in a different area, e.g., media and entertainment.

What has to be in place for an internship programme to be successful? Two interconnected factors will decide: How much effort the organisation puts into the internship programme and the student's effort towards the internship. Organisations must ensure that the interns are helped in being able to harmonise within the organisation's culture and the prevailing team dynamics. They must know that the intern's academic training may not match operational needs and workflows and, therefore, must put extra effort into the programme to make the interns perform their best.

It is time for Indian firms to open their doors to interns and actively participate in the internship scheme. Their diligent participation can shape the future workforce and foster inclusive growth for a brighter and more prosperous India's future.

M Jagadeesh Kumar is chairman, UGC, chairman, and former V-C, JNU. The views expressed are personal

{ DHARMENDRA PRADHAN } UNION EDUCATION MINISTER

There should be no politics...  
Negligence has happened and  
someone has to take responsibility  
so that a solution can be found

On the tragic drowning of three civil services aspirants in the national Capital's Old Rajendra Nagar area

## Budget underscores India's foreign policy aspirations

The full budget for the current financial year that was presented last week — it is also the first budget in the third term of the government led by Prime Minister Narendra Modi — underlines some key trends in the trajectory of Indian foreign policy. It is no secret that despite India's growing global clout and ambitions, the budget allocated to the ministry of external affairs (MEA) has consistently remained below 1% of the overall budget. However, with a 23% growth in the budget estimate when compared to that of last year, this budget has seen the highest-ever allocation for the MEA worth ₹22,155 crore. With a significant focus on special diplomatic expenditure, guarantee redemption funds, embassies and missions, and assistance to neighbours, the budget places India's foreign policy on the right track. That said, several structural issues persist.

A significant chunk of the MEA budget is allocated to other central sector expenditures. This division has seen a significant increase in budget estimates of ₹5,256 crore from last year to ₹10,046 crore. Special diplomatic expenditure or discretionary expenditure accounts (₹4,659 crore) and guarantee redemption funds accounts (₹4,383 crore) entail most of the allocation. This higher allocation for discretionary spending will help India expand its influence, public perception, and bilateral relations, especially when China is emerging as a major challenge, and the world order is evolving in unpredictable ways.

Similarly, the guarantee redemption funds refer to guarantees provided to EXIM Bank by the Centre for loans that are doubtful debts. Such guarantees are required for India to enhance its image as a significant player in the Global South and the developing world, with many in these groupings struggling from recent multi-crises. To further its interests, the MEA has also made allocations to multilateral institutions like the United Nations, the South Asian Association for Regional Cooperation, and the Commonwealth Secretariat. It has also continued to strengthen its capacities and networks by funding the South Asian University and Nalanda International University, as well as other autonomous and non-autonomous research institutions and think tanks.

The second major component of the budget is the establishment expenditure of the Centre, which has seen a reduction from ₹6,945 crore to ₹6,441 crore. The allocation is for the secretariat, embassies/missions, passport and emigration, welfare schemes for women, and others like public diplomacy, evacuation projects, international conferences, entertainment of

dignitaries and high-level visits. More than half of the estimate (₹3,868 crore) is being allocated to expenditures for embassies and missions, an increase from last year's ₹3,529 crore. This allocation underscores India's willingness to strengthen its missions abroad and further its global presence and diplomatic activities.

The third and final component of the budget is schemes and projects with an allocation of ₹5,668 crore, which includes assistance to countries, international training programmes, and cultural aid. A significant part of assistance has been reserved for India's neighbourhood, reflecting the government's neighbourhood First policy and Security and Growth for All in the Region (SAGAR) vision. This is vital to expanding its influence, building leverage, and emerging as a credible alternative to China in the region.

Bhutan is the largest recipient with ₹2,069 crore, despite a reduction from last year's ₹2,400 crore. Nepal (₹700 crore), Sri Lanka (₹245 crore), and Seychelles (₹40 crore) have seen an increase from previous BEs, underscoring India's focus on faster implementation of its projects. In the Maldives and Afghanistan, the assistance has remained similar to last year's BE. Finally, Mauritius (₹370 crore), Myanmar (₹250 crore), and Bangladesh (₹120 crore) have seen a reduction in assistance compared to last year. This highlights the complexities inherent in dealing with the regimes in Kabul and Nappyyidaw, preference for commercial

assistance to Dhaka, slow implementation of projects in the Maldives, and fewer new commitments with Mauritius. Beyond the neighbourhood, India has increased its assistance to African and other developing countries. Its commitment to Chahbahar (₹100 crore) and Eurasia has remained the same, reinforcing New Delhi's stakes in these regions. However, there is a decline in assistance to Latin America, and disaster relief, potentially impacting India's role as a first responder.

Structural issues like partial utilisation of allocated funds, slow implementation of projects, and short-staffing pose a major challenge to the successful implementation of the budget. In fact, with a size of 4,500 personnel — of whom about only 1,000 are IFS officers — the MEA still needs significant reforms to cope with India's rising global profile.

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## OUR VIEW



## Let the UltraTech-Adani rivalry spur a green race

*UltraTech's acquisition of India Cements will boost its capacity lead over Adani, but no less critical are the arch-rivals' carbon reduction plans. Let competition heat up, not the planet*

Market leader UltraTech's India Cements deal springs it further ahead in its race with the Adani Group for cement production capacity. As industry consolidation proceeds, however, another race calls for attention—to decarbonize this hard-to-abate sector. Rivalry over containing carbon emissions is underway, thankfully, as businesses join the battle against climate change. The 32.7% stake purchase announced by the A.V. Birla group's cement-maker adds to the 22.8% ownership of India Cements it acquired barely a month ago. With its total stake headed above the halfway mark, UltraTech will make an open offer for another 26%. If that's fully subscribed, it would need to either take India Cements private or shed about 6.5% of its equity to comply with a rule that says a quarter of every listed firm's shares must be publicly held. That UltraTech is ready to go through all that speaks not just of its need to expand its coverage of south India, as the deal enables, but also to stay ahead of Adani, which has snapped up three companies since entering the field in 2022, including ACC and Ambuja Cement, and is said to be eyeing another target.

While UltraTech still has a big lead, Adani's quick inorganic expansion has left no doubt that it is aiming for market leadership. Given Adani's large financial war-chest, which took only a slight hit from the Hindenburg episode, it makes sense for the Kumar Mangalam Birla-led A.V. Birla Group to pre-empt its takeover trail. The India Cements deal will add 14.45 million tonnes per annum of cement capacity to its existing total of 154.86 million tonnes. In comparison, Adani's annual capacity is around 90 million tonnes, with its sights set on doubling

this number within three years. As India undergoes a phase of rapid construction, demand for cement is projected to grow robustly for years. The industry's challenge, however, is to minimize its carbon exhaust even as it keeps us well supplied. As far as industries go, cement emissions are particularly difficult to abate. A key input is limestone, which undergoes a process called calcination that converts it to clinker by releasing carbon dioxide. This accounts for over half the sector's emissions, globally. Since the making of clinker requires temperatures as high as 1,450° Celsius, it's also highly energy-intensive, which adds to the carbon footprint of a cement plant, unless clean sources are used. Like all processes, though, cement production must be decarbonized to the extent possible.

We don't need to wait for the dust to settle on the capacity race to track rivalry in the arena of climate action. The industry's arch-rivals both aim for clean-ups by 2050. UltraTech plans to use renewable energy and waste heat recovery systems as it targets a share of 85% green energy in its usage mix by 2030, aided by its partnership with Finland-based Coolbrook for modern tech enablers. The Adani Group has also been moving on clean fuels, even as it invests heavily in green hydrogen, on which many industrial hopes are pinned. Partial clinker substitutes like fly ash and slag are also being explored by both, although what's awaited is a chem-tech invention that can act as a clean binding agent. Innovative carbon-capture methods could open another pathway. Research and development will have to play a major role in any such climate innovation. Should mutual competition hasten their efforts to go green, the better it would be for everyone. Let's see the UltraTech-Adani rivalry heat up, not the environment.

## THEIR VIEW

## Leftist parties require new ideas to revive their appeal

DANI RODRIK



is a professor of international political economy at Harvard Kennedy School, and the author of 'Straight Talk on Trade: Ideas for a Sane World Economy'.

Recent elections in France and the UK, together with America's current presidential campaign, reflect the dilemmas left-leaning parties confront as they try to fashion new identities and present credible alternatives to the far right. It was the far right that first capitalized on the backlash to neoliberalism and hyper-globalization that grew in the aftermath of the 2008 global crisis. A decade ago, one could justifiably complain about the "abdication of the left."

To their credit, leftist parties are in a better position today. The Labour Party in Britain has just won by a landslide, ending 14 years of Conservative rule. The left-wing New Popular Front (NFP) coalition in France has a far better chance to stop the rise of the far right than the centrist forces allied with President Emmanuel Macron. US President Joe Biden has taken his country into uncharted territory with new industrial and green policies, though he lags behind Donald Trump in the opinion polls. As the Democrats' difficulties in the US indicate,

there is still considerable work to be done for the left. Biden's age and evident failure to convince the public of his mental fitness is a big part of the problem. But so is the mixed message Democrats have been sending about what they really stand for and who they represent. This is a problem that afflicts other parties of the left as well.

As Thomas Piketty has shown, leftist parties have become unmoored from their traditional working-class base and veered toward the educated elite.

The left has yet to forge an identity that is fit for current realities. How should they reposition themselves? Should they focus on redistribution, as the NFP in France appears to have done? Should they uphold fiscal responsibility, like the UK's Labour Party? Should they embrace industrial policies à la Biden, and to what purpose? How should they handle issues such as immigration, the environment, or transgender rights, on which the cultural elite hold very different views from the general public?

If the left is to regain political strength, it must return to its roots and represent the interests of working people. This means focusing squarely on good, secure and productive jobs for workers without a bachelor's degree. The rise in economic insecurity,

erosion of the middle class and disappearance of good jobs in lagging regions were at the heart of the rise of right-wing populism. Only by reversing these trends can the left present a credible alternative.

The difficulty is that old strategies will not work. Unionized workers in manufacturing formed the core of support for leftist parties. They were also the foundation of the middle class.

Today manufacturing employs an ever-smaller share of workers in the US and Europe. The bulk of the workforce is in services. When Biden took office in January 2021, the manufacturing share of US employment had already shrunk to 8.5%. Today it is below 8.2%, despite all his administration's efforts to revitalize manufacturing. Some European countries, such as Germany, have higher shares of manufacturing employment, but none has managed to avoid a decline.

Parties of the left have not yet fully faced this fact. None of their talk about re-shoring, competitiveness, digitalization and the

green transition sounds realistic when it comes to jobs. Nor does protectionism against China. Strategies that focus on manufacturing have less political appeal when most workers are not in manufacturing.

Redistributive policies also have problems. There is a strong argument for making

tax systems more progressive and increasing income tax rates for top earners. Higher social transfers and better social insurance would help, especially in the US, where social safety nets remain weak. But income transfers do not compensate workers for the loss of dignity and social recognition that accompany the disappearance of good jobs. Nor do they repair the breakdown in social and community life that ensues when factories close.

What the left needs, then, is a credible programme of creating good, productive jobs throughout the economy—especially in lagging regions and for workers with less than a university education. The representative target of such a programme is not an

auto or steel worker, but a care or retail worker. Moreover, labour-friendly innovation must be at the centre of the programme. Boosting wages and jobs at the same time requires organizational and technological innovations that enhance the productivity of less-educated workers. Unlike automation and other forms of labour-saving technologies, labour-friendly innovations help ordinary workers perform a greater range of more complicated tasks. Digital tools that confer expertise are an example.

Because innovation and productivity are central to this agenda, the requisite policies look like successful industrial policies of old. We could call them industrial policies for services or, better still, productive policies for labour. They build on existing local cross-sectoral partnerships and national innovation programmes, but with a focus on labour-absorbing services and technologies that are complementary to less-educated labour. My colleagues and I have sketched variants of such programmes for the US, France and Britain. A new left must confront both the new structure of the economy and the productivity imperative. Only then will it turn into the genuine political movement of the future and a credible alternative to the far right.

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## MY VIEW | A VISIBLE HAND

## Electrifying roads: Watch out for a bumpy ride and Pyrrhic gains

*The transition from fossil-fuel cars to electric vehicles isn't following the road-map we had expected*



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And just like that, the road for electric cars has become less smooth. It was not very long ago that streets full of only electric vehicles (EVs) a few decades hence seemed like a virtual certainty. Many countries, including the UK, Spain, France, South Korea and India, had announced their intention to ban the sale of internal combustion engine (ICE) vehicles at various points in time between 2030 and 2040.

First, some background. In 2023, about 73 million passenger cars were sold across the world, according to auto consultancy Jato Dynamics. The top five countries were China (30 million), the US (15 million), Japan (nearly 5 million) India (4 million) and Germany (nearly 3 million). In value terms, this global market is expected to grow at about 6.5% a year for the next decade.

In 2023, EV sales neared 14 million, meaning that 1 in 5 cars sold was electric. Of these, 60% were in China, 25% in Europe and 10% in the US, with three markets adding up to 95% of the total. According to Climate Action Tracker, an independent organization, EVs need to reach 75-95% of all passenger vehicle sales for consistency with international climate goals by 2030. On current trends, an EV share of four times today's level is unlikely. The only countries where EVs represent a significant share of all passenger car sales are Norway,

Iceland, Sweden and the Netherlands.

It is not all bad news for EVs. Dramatic acceleration is visible in countries with high per capita income, like in Scandinavia, and where government policy has been very purposeful, like China. As a general rule, EV adoption follows a broad 'S' curve. It remains slow for several years till the 1% sales mark is conquered, after which an exponential upshoot is observed until gradual market saturation at a high level.

India's EV sales crossed 1% in 2022 and are now approaching 2%. India's EV growth rate is about three times the global growth rate now. Similarly, Israel jumped from under 1% to over 8% in a span of just two years.

But a cross flow of traffic has begun. A decline in the cost curve of EVs and the widening of charging infrastructure are not happening fast enough for the required rapid adoption of EVs in more countries. At the very least, this will push forth the point at which EVs attain a significant market share by about 10 years. It seems more likely now that more than 50% of all cars on the road will be EVs not by 2035, but only by 2045 or beyond.

In December 2022, Toyota Motor Corp's president Akio Toyoda caused a stir when he openly questioned an EV-only strategy in the global quest for carbon-neutral automobiles. Toyoda argued that a sound strategy should include hybrids and hydrogen-powered vehicles. Identifying himself as among a "silent majority" within the auto industry, Toyoda was quoted by *The Wall Street Journal* as saying, "That silent majority is wondering whether EVs are really OK to have as a single option. But they think it's the trend so they can't speak out loudly."

More recently, the Saudi Arabian oil leviathan, Aramco, invested in a company called Horse, betting that ICE vehicles will be around for a very long time. *The Financial Times* reports that "the calculation by Saudi Aramco and the other shareholders in Horse, Chi-

ness carmaker Geely and its French peer Renault, is that as the industry stops designing and developing its own combustion engines, it will start buying them from third parties." The new \$7.9 billion company has 19,000 employees and 17 factories worldwide, and it is ramping up capacity to produce five million units a year.

Rapid electrification has also resulted in losses amounting to billions for big American carmakers, in turn putting pressure on the US government to relax the pace of change.

So, it seems likely that there will be a lengthy 'settling' period for EVs to gain ground, but other cleaner alternatives like hybrid, CNG and fuel-cell cars will make up a meaningful proportion. EV adoption for heavy commercial vehicles will take even longer and involve a longer transition.

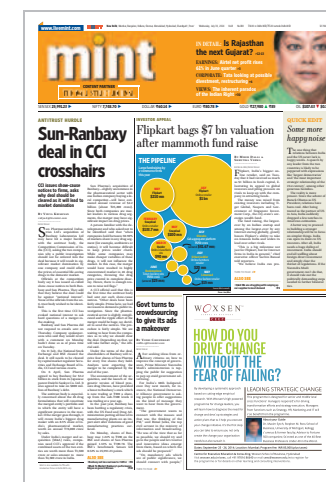
For India, this affords an opportunity to establish a more realistic policy of 50% EV adoption by 2040, while also accelerating the transformation of the electricity grid towards renewables. From a sustainability point of view, there is little point in forcing EV adoption if grid power remains substantially generated from fossil fuels. More EVs on such a grid will be a Pyrrhic victory.

India's current GST rate on battery-run EVs is only 5%, versus 28% on hybrids and ICE vehicles. States apply differential rates for registration as well. For instance, Uttar Pradesh exempts both hybrids and EVs from registration fee. In a controversial move, Karnataka has introduced a 10% registration fee on EVs that cost more than ₹25 lakh.

In recognition of a long transition period, taxes and registration fees will need to be made uniform, so that these charges do not distort the market's adoption of non-ICE vehicles. Prepare for a pothole-filled road ahead.

*P.S: King Pyrrhus of Epirus' army suffered irreplaceable casualties in defeating Romans during the Battle of Asculum in 279 BCE, leaving us with the term 'Pyrrhic victory.'*

## 10 YEARS AGO



## JUST A THOUGHT

The great hope for a quick and sweeping transition to renewable energy is wishful thinking.

VACLAV SMIL





MY VIEW | BEHAVIOUR BY BRAIN

MINT CURATOR

# Edtech businesses failed to take the teenage brain into account

Their technically superior education model seems to have run into the resistance of student behaviour in a learning context



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ISTOCKPHOTO

Until recently, the edtech business was the poster boy of India's startup ecosystem. The industry's core promise of anywhere anytime education was to revolutionize the knowledge sector. Several companies flocked into the field. Investment companies poured millions into these businesses. Some edtech entrepreneurs became millionaires in a short span of time. But for the past few months, things have been different. We hear very little positive news about edtech firms. At least one prominent edtech enterprise is on the verge of insolvency. How did this industry that promised so much so recently reach this level of despondency?

Edtech companies had several advantages over the traditional ways of imparting education in a classroom. They held the potential of huge scale. They could reach millions of learners around the world. Another superiority was their quality of content. While lessons in most classrooms were delivered by ordinary teachers, edtech lessons could be delivered by eminent teachers of each subject. And instead of concepts being explained by using chalk sketches on a blackboard, the audiovisual technology-aided content developed by edtech companies was superior.

Given the above, the present situation of the edtech business has caught many by surprise. But the irony of it is that the very factors that made the model a success have also contributed to its decline. Edtech industry leaders, basking in all the hype around their business prospects, did not take any steps to alleviate the weaknesses that were building up, alongside their successes.

Let us take the ease of accessibility of edtech content. These digital packages could be run in a smart classroom, on one's personal computer or even on one's smartphone. As compared to traditional education, where the student must travel a long distance to school and spend most of the day in a classroom, edtech provides access to learning anywhere, anytime. This freedom to learn is useful, even though it is supplementary to regular schooling towards a secondary certificate. Edtech, as an educational option, is alluring. But this very advantage provided by digital technology has also contributed to its post-pandemic undoing.

It is a basic principle of human behaviour that the effort one puts into any activity is directly proportional to the commitment one has towards its outcome. In the traditional educational system, the student endures a lot of pain to travel all the way to school, sit in an assigned spot in a classroom throughout the day, and then travel back home in the evening. But the truth is that these painful efforts that students are forced to undertake non-consciously increase their commitment to the learning they receive in a classroom.

With school unavoidable, a lack of commitment to online learning is evident in the huge number of students dropping out almost immediately after joining an online course. While edtech majors have clearly developed well-recognized brands, and saw waves of sign-ups in their boom phase, they seem to have paid little attention to what generates brand loyalty. Real-world points of convergence, for example, can make a substantial difference (as in the case of religious pilgrimage spots).

A physical classroom, however dilapidated it is, has an environment of learning. Benches, blackboards and all the rest form a shared experience for students who converge here in a learning context. This air is not easy to create even in the poshest study room of an individual learner. Edtech companies provide content even on smartphones, which are usually fun devices for teenagers that do not host a studious environment. Context is a big determinant of human behaviour. Edtech firms, while developing their products, seem to have wholly ignored the important role of context in generating particular behaviours.

Integral to learning is an authority figure who controls the process of imparting of knowledge. In the traditional education system, even the teacher in a village school can play this role. But edtech has no such figure who can nudge students to learn. In the edtech world, the onus to learn rests entirely on the shoulders of the individual learner. While the student has the freedom to learn as one

pleases, it does not always work out well. So here is another irony. The teenage brain has a fully active reward system, but the cortical areas that control important behaviours are not yet fully developed. The freedom to learn as and when one pleases can be a perfect recipe for learning little, if anything.

The present fate of edtech businesses holds many lessons for other technology companies. Achieving scale is a laudable business objective. But achieving scale should not be at the cost of sacrificing the core objective. Anywhere anytime effortless learning, which made edtech attractive, cannot match the painstaking learning processes of a regular school. As a supplementary aid, the dedicated-use levels it can achieve are also limited.

There is a mistaken belief in the technology world that once a technologically superior product is created, its adoption is an automatic outcome. Human behaviour is often overlooked. While developing tech products, one should take into consideration not just the benefits of the technology for humans, but even the negative emotions of those affected by it. Tech leaders should not brush these aside as 'soft' or 'emotional' issues. Ideally, these concerns should be addressed at the very design stage of every technology.

The success of any technology product is partly determined by the understanding its creator has of all the human behaviours around that offering. That is the biggest lesson taught by the slide in the fortunes of edtech companies.

# LVMH's global woes indicate a slump in the luxury market

Posh labels have been losing their sparkle across major markets



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Luxury sales in China and the US have been disappointing. REUTERS

We're all drinking less champagne as the world becomes a scarier place. That was the message from LVMH Moët Hennessy Louis Vuitton. It underlines what is becoming the biggest bling bust for a decade. And even the world's largest luxury group isn't immune. The owner of Louis Vuitton and Dior has reported a 1% increase in sales excluding currency movements and mergers and acquisitions in the fiscal second quarter, below analysts' expectations of a 2.9% gain, and the lowest level of growth since 2009, excluding the pandemic dip.

Sales of fashion and leather goods, the engine of the group, also rose 1% in the three months to 30 June, about half of what analysts had been expecting. The shares fell as much as 6.5%. The first half operating margin fell to 25.6% from 27.4%. After three years of strong sales growth, cost bases will inevitably have expanded, while the company has rightly continued to invest. There has also been a 'violent' swing among Chinese customers to shopping in Japan, according to chief financial officer Jean-Jacques Guiony. A weak yen makes prices for handbags lower, while store rents are more likely to rise alongside sales, putting pressure on profitability.

The industry downturn is being felt because both major drivers of demand—the US and China—have slowed. The second quarter compares with the period a year ago, when China emerged from lockdowns and its consumers were revenge spending once more. Now shoppers are more cautious amid a deepening property slowdown, perhaps explaining why they are so keen to save for trips to Japan. Meanwhile, US middle-class spenders remain under pressure from inflation and higher borrowing costs.

Yet the pain from industry trends hasn't spread evenly. Winners need a top-notch customer base and red-hot brands. LVMH has both, but it is also exposed to wines and spirits, where there has been a "severe demand issue in champagne," and to middle-class customers, for example in the US, where the company is trying to elevate jeweller Tiffany at a time when shoppers are cutting back on engagement rings.

Consequently, its overall growth rate is lagging that of Italy's Brunello Cucinelli, which forecasts that its sales will increase by 10% this year. Hermes International, maker of \$10,000 Birkin bags, is also expected to be resilient. LVMH noted that demand for pricier items, such as designer clothes, was holding up better than its cheapest handbags.

By comparison, those selling to the simply comfortable appear more vulnerable. Britain's Burberry Group warned last week that it could have a loss for the first half of the year, suspended its dividend and parted ways with its CEO Jonathan Akeroyd. Kering is trying to take its flagship Gucci brand upmarket, but it's struggling to gain traction. Gucci organic sales fell 18% in the first quarter, and analysts don't expect the situation to have improved.

Finally, brand desirability matters. Burberry's and Gucci's woes have been exacerbated by the fact that they suffer from the double whammy of middle-class consumers plus brand turnarounds that have yet to bear fruit. Meanwhile, jewellery shone at Cie Financiere Richemont's Cartier and Van Cleef & Arpels, both revered right now. LVMH's Loewe fashion house is one of the hottest around, while Louis Vuitton is holding up, particularly in China. There is more worry about Dior after allegations of poor working conditions in its supply chain in Italy. Guiony said the brand would intensify its scrutiny of suppliers and would also invest in bringing more of Dior's production in-house.

One company that's expected to deliver a robust performance is Prada, whose namesake brand has retained its cool factor after its turnaround a few years ago. Even with these few bright spots, luxury stocks have lost all their gains since January, when LVMH's CEO Bernard Arnault said the industry was normalizing rather than falling off a cliff.

Comparisons get easier in the second half, as Chinese revenge spending slowed in the third and fourth quarters of 2023, and the US continued to decelerate. Guiony said demand from US consumers improved in the second quarter, in terms of both fashion and leather goods and cognac. But Chinese appetite weakened slightly.

While any meaningful recovery has been delayed until at least 2025, in the longer term the top end should continue to benefit from rising incomes around the world. And LVMH, being the most muscular, should win a disproportionate amount of sales when things do finally get better.

But until Chinese and US consumers regain their love of luxury, there will be little reason to crack open the bubbly anytime soon.

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THEIR VIEW

# A great convergence could drive India's AI revolution

ARVIND GUPTA & AAKASH GUGLANI



are, respectively, an adjunct professor of data and digital economy, and head, Digital India Foundation (DIF), and policy manager, DIF.

The artificial intelligence (AI) revolution is a talking point across board rooms, industry round-tables and policy circles, not only in India, but globally. India is forging two pivotal paths in its quest for AI leadership: first, by positioning itself as a leading use-case market, and second, by developing foundational AI models. The first approach emphasizes creating AI solutions tailored to local needs, driving immediate societal impact and economic growth. The second is long-drawn, as it requires investing in foundational models that can support a wide range of AI applications, ensuring long-term sustainability and global competitiveness.

To achieve progress on both AI tracks, one thing is clear. These ambitions require substantial domestic investment. To augment capital expenditure, India has a multifaceted strategy that combines robust policy frameworks, strategic manufacturing initiatives and innovative centres, thereby fostering a supportive environment for the growth of AI

enterprises and startups across sectors.

Central to this strategy is India's AI mission, which includes components focused on enhancing computational capacity, fostering innovation through dedicated AI centres, developing extensive open data-sets, supporting application development, upskilling the workforce, financing startups and ensuring safe and trusted AI practices. Each element is crucial for a thriving AI ecosystem. India has approached its AI mission in a way that is similar to its Digital Public Infrastructure (DPI) strategy. Initial funding for graphic processing units (GPUs), semi-conductors and international technology transfer partnerships is being facilitated by the public sector. However, the expertise and innovation driving this foundational infrastructure are primarily provided by private players, creating a dynamic environment for AI advancement.

These components of the AI mission work in tandem with India's broader policy frameworks, such as the Digital Personal Data Protection (DPDP) Act, which establishes a legal structure for data protection and privacy. The underlying architecture is the Data Empowerment and Protection Architecture (DEPA) that complements the DPDP Act by establishing a standardized and interoperable

framework for consent management. DEPA empowers individuals to control their personal data and manage consent preferences seamlessly across multiple platforms and services through a unified interface.

India's strategy does not solely rest on sound regulatory architecture; it also includes manufacturing and market interventions crucial for the AI hardware ecosystem. The country's production-linked incentive (PLI) schemes for telecom hardware, semiconductors and large-scale electronics manufacturing are pivotal in this context. For instance, the manufacturing of essential electronic components—such as batteries, chargers, camera modules and printed circuit boards—has been localized, with major players like the Tata Group entering the component manufacturing space. PLI beneficiaries, representing about 20% of the market, drove 82% of mobile phone exports in 2022-23, with production having risen over 125% and exports having gone up fourfold since 2020-21. For-

eign direct investment in the large-scale electronic manufacturing has surged 254% since the PLI scheme's inception, and the telecom sector has achieved 60% import substitution.

These successes lay a strong foundation for an expanding AI market, projected to grow from \$881 million in 2023 to \$7.8 billion by 2025, alongside the Indian GenAI industry, expected to reach \$17 billion by 2030. This market opportunity, when coupled with the objectives of India's AI mission and PLI schemes, can create a virtuous cycle that augments domestic capital. As AI capabilities expand and diversify, they drive increased economic output and create new business opportunities. The PLI schemes further bolster this growth by incentivizing the manufacturing of essential AI hardware components within the country, thereby reducing dependency on imports. As domestic AI enterprises grow, they attract more investment, both from within India and globally, enhancing

the capital available for research expenditure. This influx of capital supports the creation of advanced AI applications, which in turn drive productivity and efficiency gains in the economy.

Emerging AI enterprises are playing a crucial role in driving innovation. By 2025, four sectors—industrial and automotive, healthcare, retail and packaged consumer goods—are expected to drive 60% of the gross value added by AI to India's GDP. The likes of Sarvam and Krutrim are taking strides on foundational AI models, even as incumbent IT service firms explore AI use-cases in the banking, financial services and insurance sector, apart from agri-tech domains. New-age startups are working on conversational AI to solve high-impact enterprise problems, while others are pioneering AI-powered video and voiceover creation platforms.

The synergy between India's AI mission, policy certainty (through the DPDP Act and DEPA), market opportunities, the National AI Fund and PLI schemes can make the country a global AI leader. We have in place what's needed for a self-reinforcing cycle of domestic capital augmentation, startup innovation, effective data management and hardware production.

The country is in a sweet spot where public policy and private efforts can combine to yield success





## The Indian EXPRESS

FOUNDED BY

RAMNATH GOENKA

BECAUSE THE TRUTH INVOLVES US ALL

# The paralysed Capital

A government cannot be run from jail. In wake of coaching-centre tragedy, both AAP, BJP must answer



NAJEEB JUNG

## NEEDED: GUARDRAILS

In a federal polity, SC verdict granting states power to tax mining activities is significant. Now policy must step in, tread carefully

**L**AST WEEK, A nine-judge Constitution Bench of the Supreme Court ruled on a matter that has been pending in the courts for a quarter of a century, one that will have wide-ranging ramifications on the running of a federal polity. On Thursday, the apex court ruled that states in India have the power to tax mining activities, and that their collecting "royalties" from mining leaseholders is entirely separate from, and does not interfere with, the power to impose taxes. As a direct consequence of this judgment (*Mineral Area Development Authority v M/s Steel Authority of India*), state governments in India can now generate additional revenues from mining activities as well as the land used to conduct these activities. The latest judgment upends the 1989 judgment (*India Cement Ltd v State of Tamil Nadu*) by a seven-judge Bench of the Supreme Court that had ruled that "royalty is a tax" and that states only have the power to collect royalties, not to impose taxes on mining activities.

The heart of the matter before the court was whether royalty is a tax or not. This distinction matters because of the division of legislative powers between the Centre and state governments in the Seventh Schedule of the Constitution. On the one hand, Entry 50 of the State List of the Seventh Schedule gives the states the exclusive power to make laws relating to "Taxes on mineral rights subject to any limitations imposed by Parliament by law relating to mineral development", and on the other hand, Entry 54 of the Union List gives the Centre the power over "Regulation of mines and mineral development to the extent to which... is declared by Parliament by law to be expedient in the public interest". There is a central law — the Mines and Minerals (Development and Regulation) Act, 1957 (MMDRA) — and it requires those who obtain leases to conduct mining activities to "pay royalty in respect of any mineral removed" to the individual or corporation who leased the land to them. The question is: If a state government is the entity leasing the land to a leaseholder, do such royalties come under the MMDRA as a form of tax? The apex court has ruled that royalty, as envisaged under Section 9 of the 1957 MMDRA Act, "is not in the nature of tax".

However, the ruling was not unanimous — it was an 8-1 split — and the judicial ruling is unlikely to be the end of the matter when it comes to actual implementation. For instance, Justice BV Nagarathna, the sole dissenting voice, pointed out that the verdict could lead to an "unhealthy competition" between states to derive additional revenue and consequently lead to an uncoordinated and uneven increase in cost of minerals that will ultimately have an adverse impact on India's economy. Given the fractious nature of politics between the Centre and states, and among states, it is not hard to see why she cautioned that this verdict may lead to the "breakdown of the federal system" in the context of mineral development. What is needed now is for certain policy guardrails to obviate potentially adverse consequences of this verdict.

## AT A STANDSTILL

Excessive rainfall, as in parts of Maharashtra, is here to stay. Cities need to learn from global experience to check flooding

**F**OR MORE THAN 15 years now, Indian cities have been failing the monsoon test. This year, several parts of Delhi have been submerged on more than one day, Guwahati has faced a crippling flood, and last week, torrential rains brought lives to a standstill in several parts of Maharashtra, including Pune and Mumbai. All these cities have distinct geographical features. However, there are at least three things that are common to their flood-related woes: Outdated drainage systems that cannot take the stress of more than normal rainfall, planning that does not account for local hydrology and civic agencies whose role seems limited to organising relief and rescue. Maximum casualties are caused by overflowing nullahs, incidents of wall or building collapse and electrocution. In Pune, for instance, three people lost their lives after receiving an electric shock in a waterlogged part of the city. On July 22, a 26-year-old civil services aspirant was electrocuted in an inundated street in the national capital — the National Human Rights Commission has asked Delhi's chief secretary, Commissioner of Police and the head of the city's power distribution company to submit a detailed report on the incident.

Climate change, it's now well known, has increased the intensity of extreme weather events. Pune and Mumbai received nearly 45 per cent excess rainfall on Thursday and Friday, last week. Maharashtra's capital does have a Climate Action Plan and a similar project is reportedly underway in the state's second largest city. The problem is that there has been very little conversation on institutional mechanisms to make Indian cities climate resilient. Mumbai's Climate Action Plan does mention the need for a collaborative mechanism involving the industry, academia and civil society organisations. However, the Brihanmumbai Municipal Corporation — the plan's nodal agency — is yet to get its act going. The country's richest municipality, which administers a city whose climate vulnerabilities have been underlined by more than one IPCC report, has not had elections in the past two years.

Flood-related damage can be reduced if early alert systems are in place. Flood prone Buenos Aires, for example, has installed sensors in over 30,000 stormwater drains to issue flood warnings much in advance. Indian cities will, of course, need to have their own mix of natural and technological solutions. They will need to start with the basics: Stormwater drain improvement projects in most Indian cities, including Mumbai and Pune, have progressed in fits and starts. The country's latest monsoon woes are a signal that such projects cannot be put off.

## A WINNING SHOT

Manu Bhaker's Olympic success caps an inspirational story of pushback against odds

**M**ANU BHAKER WAS trolled for failing at the Tokyo Olympics, when she was just 19. Now at 22, her bronze medal which opened India's account at the Paris Olympics, completes the tale of inspirational push-back of a young woman against those who nearly drove her out of the sport. Considered a hot-headed teen who spoke her mind but couldn't walk the talk, by medalling at her first Olympics, Manu showed the world just how steely her nerves could be with India's first shooting medal in 12 years. She slotted in a commanding 10.5 and 10.4 on the crucial shots in the final — where male shooters have regularly choked and missed out on medals in previous editions. In the process, she became India's first female shooting medalist.

At Tokyo, there had been a televised meltdown as her pistol malfunctioned. Because she was hyped as a prodigy, the knives were sharpened even more. Compounding matters, the failure precipitated a public fallout with her coach, Jaspal Rana. Rana had heartbreakingly never had a chance to win his own Olympic medal, and funneled all his energy into training youngsters, keeping them on a tight leash with his stern methods. Manu let the dust settle and returned to a coach who with his harsh words but brilliant technical nous gave her a direction. Books, the Bhagavad Gita, playing the violin and painting calmed her down as she learnt to look failure in the eye.

Manu was inspired by the resilience of MC Mary Kom. In becoming India's first female medalist, the youthful bronze winner also paid homage to the journeys of predecessors and world champions Anjali Vedpathak, Suma Shirur, Tejaswini Sawant, Heena Sidhu and Rahi Sarnobat. As she inspires more youngsters to get into shooting, Manu Bhaker is also likely to become the face of responsible regulation of weapons, an essential for this sport.

THE TRAGIC DEATH of Shreya Yadav, Nevin Dalwin and Tanya Soni on July 27 after they were trapped in the basement of a civil services examination coaching centre in Delhi's Old Rajinder Nagar, comes on the heels of another incident of electrocution of a young man. It paints a grim tale of the malaise in administration that the Capital faces.

As always, knives are out and the blame game is on. The ruling Aam Aadmi Party, which also controls the civic body (Municipal Corporation of Delhi, MCD), has come out with standard excuses of being deprived of powers for effective administration. If newspaper reports are correct, local MLA Durgesh Pathak was himself a UPSC aspirant and has studied in such a coaching centre. The Delhi wing of the BJP has demanded the resignations of Education Minister Atishi and MLA Pathak. Delhi's Urban Development Minister Saurabh Bharadwaj, at a press meet, shared a video of a meeting last month on monsoon preparation, alleging that officers refused to cooperate with the government.

The truth of the matter is that the overall administration in Delhi is suffering and indeed has been suffering for a while. This has been exacerbated by the Chief Minister's (CM) incarceration. Virtually no one is at the helm of affairs or in a position of effective decision-making to guide ministers and officers. With the matter of the CM's arrest being argued in the highest court of the land, I daresay it cannot be anybody's case to deny him bail. Arvind Kejriwal is most certainly not a flight risk. He has roots in India, his family — aged parents in frail health, wife and two children — live here.

More than that, he has developed a life around his own style of politics. Many do not agree with this style — I had numerous disagreements with him (some unpleasant), but the system makes allowances for such disagreements. If the case of the prosecution is

that he can influence witnesses if he is out on bail, then this assumption is mislaid. Statements of witnesses have been recorded. In fact, some have turned approvers (as in the case against Manish Sisodia). Besides all of this, Kejriwal is sick.

Whatever jail doctors may say, there is no doubt that he is diabetic, as a consequence of which he has other ailments. The Supreme Court has also, in a recent pronouncement, underlined the need for a "sense of robust common sense" in looking at the nitty-gritty of each case. Chief Justice D Y Chandrachud has said that there is a tendency among lower courts to play safe. Therefore, as a sitting chief minister, Kejriwal's bail should be considered with the sympathy it deserves.

However good his case may be, his assumption that he can function as CM from jail is not correct. It is impossible to function from where he is. His lawyers are begging courts to be granted permission for more frequent online meetings with him (they have now been allowed two per week). How can he attend to the numerous files that a CM needs to see and pass instructions? How will officers meet him to discuss critical/pending issues? How can he have Cabinet meetings which are so necessary in a Cabinet system?

On the other hand, however good his case may be, his assumption that he can function as CM from jail is not correct. It is impossible to function from where he is. His lawyers are begging the courts for permission for more frequent online meetings with Kejriwal (they have now been allowed two per week). How can he attend to the numerous files that a CM needs to see and pass instructions? How will officers meet him to discuss critical/pending issues? How can he have Cabinet meetings which are so necessary in a Cabinet system?

Therefore, however good his stand may be on political or moral (if he perceives his incarceration as immoral) grounds, it is impractical, non-functional and incorrect. He must hand the charge of his office to another colleague till such time that he remains in jail. If not, then Delhi will continue to limp and be faced with incidents that should never happen.

It's in the BJP's interest that Kejriwal stays in prison. Kejriwal is the undisputed king in the conglomerate of people who got together to cleanse Indian politics and provide governance hitherto not seen before. In a fit of emotion, he declared himself an anarchist

and has often challenged systems that have stood the test of time. When offered any challenge, he has had no hesitation in showing the door to senior party colleagues. Prashant Bhushan, whose father the late Shanti Bhushan generously funded the fledgling party, and Yogendra Yadav, were publicly humiliated. Ashutosh (who fought a Lok Sabha election and wrote a book lauding Kejriwal), Ashish Khetan, Kumar Vishwas, now Swati Maliwal and many others were pushed out or left. The general grouse has been that one has to follow the boss.

With both Kejriwal and Sisodia in jail, the party runs the serious risk of breaking up. This is a group of young men and women who joined the AAP for different reasons — some with the genuine desire to fight the existing system, others for political ambitions or not having found space in other established parties, etc. The glue, apart from Kejriwal, is the smell of power. Kejriwal is aware of this and has pushed his wife to centre stage to keep the flock together. Her ability to do so has to be tested in the face of greed, ambition and the BJP's uncanny and undisputed ability to break parties. Nothing would please PM Narendra Modi or Amit Shah more than the eventuality of a broken AAP. Having won all seven Lok Sabha seats, the party smells the possibility of winning back Delhi after 25 years.

Amid these shenanigans, intrigues, politics, and power games, Delhi will struggle. It's time for the Union government to once again look at the administrative structure of Delhi, the Balkrishnan report of 1987, the provisions under Art 239 of the Constitution (roles of CM, Lt Governor and the Assembly), the functioning of the MCDs and their financial and administrative viability as three entities.

The writer is a former civil servant and former Lt Governor, Delhi

## AGAINST THE GRAIN

James C Scott's lifelong interest in resistance evolved into a profound critique of state



DIPESH CHAKRABARTY

A TIME COMES — sadly, but inevitably — when a global scholar we have grown up with leaves us with a rich legacy of their achievements. We handle our grief by historicising them, by trying to make sense of their oeuvre by setting it against their lives. A similar moment of reckoning arises for me with the passing of James C Scott, the Sterling Professor of Political Science Emeritus, Yale University, on July 19, at the age of 88, a giant of a scholar whose imagination, erudition, productivity and, above all, non-conformist writings on the politics, histories, and societies of modern Southeast Asia and ancient Mesopotamia reshaped the discipline he belonged to. They also influenced scholarship beyond his discipline, including later work on popular resistance, state-making, and environmental histories.

In paying this personal tribute to James Scott — or Jim, as he was known to his friends — I cannot separate my admiration for his work from my memory of the person I first met in the early 1980s at the Australian National University in Canberra when I was still completing my doctoral studies and where Jim came to visit for a few months while working on the book that became *Domination and the Arts of Resistance* (1990). It was no small privilege for me, a student, to be allowed into some of the conversations that took place between him and the founder of Subaltern Studies, Ranajit Guha, also in Canberra and working, like Jim, on peasant resistance to domination. When an edition of Guha's 1983 classic, *Elementary Aspects of Peasant Insurgency*, was released later in the US in 1999, it was Jim who wrote a foreword.

There was something about the warmth of Jim's intellectual personality and the open and evolving nature of his scholarship that ensured that, even though our contact became less frequent later, I never lost my feelings of friendship that were born in those months in Canberra.

What I now find remarkable about those conversations of the early 1980s was the coming together of our shared interests in both "subaltern" resistance to domination and in a variety of anarchist positions that marked our endeavours. We all valued resistance, it seems, but not the idea of a "capital R" Revolution.

In one of his autobiographical texts, Jim mentions yet another foundational influence — the French anarchist Pierre Clastres' pathbreaking book, *Society Against the State* (1974). This outstanding text of French anarchism blended in Jim's thoughts with the lessons he had learned from the Quakers of his school years, his absorption in Civil Rights movements for which he was arrested a few times, the politics of the draft, his early interest in Asian politics, and, finally, his decades-long interest in farming and sheep-breeding.

For all his interest in the prospects of a peasant revolution in India, Guha never wanted a communist party to lead such a revolution. By the time we met Jim, he had already made popular his influential idea of the "everyday rebellion" of subaltern groups that he would soon introduce in his book, *Weapons of the Weak* (1985). He was now engaged in detailing how subaltern people create their own transcripts of resistant behaviour that are never fully transparent to the elites who dominate them. Jim's life-long intellectual interest in resisting domination, both in his own life and in the lives of those he studied, eventually developed into a profound critique of the state — and, naturally, of the nation-state form as well. He saw the state, its "ways of seeing," and theories of "civilisation" that were anchored in the idea of the state, as constituting an oppressive and exploitative denial of all that was mobile, unsettled, and nomadic in the history of human habitations. His last book *Against the Grain: A*

*Deep History of the Earliest States* (2017), a tour de force of academic courage that took him into the unfamiliar territories of archaeology and deep history, remains a powerful indictment of everything that Jim saw as morally wrong with the political idea and the form of the state.

The Vietnam War stands as the background to all those conversations of the 1980s, prompting a global interest in peasant rebellions. In one of his autobiographical texts, Jim mentions yet another foundational influence — the French anarchist Pierre Clastres' pathbreaking book, *Society Against the State* (1974). This outstanding text of French anarchism blended in Jim's thoughts with the lessons he had learned from the Quakers of his school years, his absorption in Civil Rights movements for which he was arrested a few times, the politics of the draft, his early interest in Asian politics, and, finally, his decades-long interest in farming and sheep-breeding (he even learnt the art of shearing sheep). The result of all this was a scholar of incomparable stature who taught us that modernisation was not the be-all and end-all of political life, that political scientists had much to learn from anthropology and history, that in the capacity to defy authority judiciously lay the source of all creativity — not only in human history, but in academic life as well.

The writer is Lawrence A Kimpton distinguished service professor of history, South Asian languages and civilisations, University of Chicago. He is also a founding member of Subaltern Studies

## JULY 30, 1984, FORTY YEARS AGO

### OLYMPICS COMMENCE

WITH BUGLES BLARING and athletes marching in national costumes, President Ronald Reagan opened the 23rd Olympic Games in Los Angeles. The three-and-a-half-hour extravaganza set the stage for a 16-day competition involving about 8,000 athletes from 140 countries. The 1984 Olympics is the first summer Games to be held in the US after 1932.

### FLOOR TEST IN J&K

TWO DAYS BEFORE the one-day session of the Jammu and Kashmir Assembly called by the Governor to test G M Shah's strength on the

floor of the House, the Chief Minister demonstrated his majority before the press. Led by Ali Mohammed Naik, an independent MLA nominated as leader of the legislature party, 42 MLAs and 18 MLCs, in their joint statement reiterated their "firm support to and confidence in the government."

### DEATHS IN AP

SIX PERSONS WERE killed and four injured in renewed communal clashes in the old city of Hyderabad. A fatal stabbing was reported from the Pahadi Sharif area. Five persons were killed in the morning in the Sultan Shahi area during the two-hour curfew relaxation pe-

riod. Four MLAs — A Narendra of the BJP, Amanullah Khan, Baquer Aga, Khaza Abu Sayed, all from the Majlis and a BJP functionary, C Hanumantha Rao were detained under the National Security Act.

### RESTORING AKAL TAKHT

THE RECONSTRUCTION OF the Akal Takht, the highest seat of Sikhs, will begin shortly. The restoration work has been given to a well-known Delhi firm headed by Tejwant Singh. The Union Parliamentary Affairs Minister, Buta Singh held an hour-long closed-door meeting with Buddha Dal Nihang chief, Baba Santa Singh.





# 11 THE IDEAS PAGE

## Clear goals, hazy roadmaps

Budget has done well to emphasise fiscal consolidation, highlight critical areas for growth. Its impact depends upon how effectively projects are implemented



C RANGARAJAN AND D K SRIVASTAVA

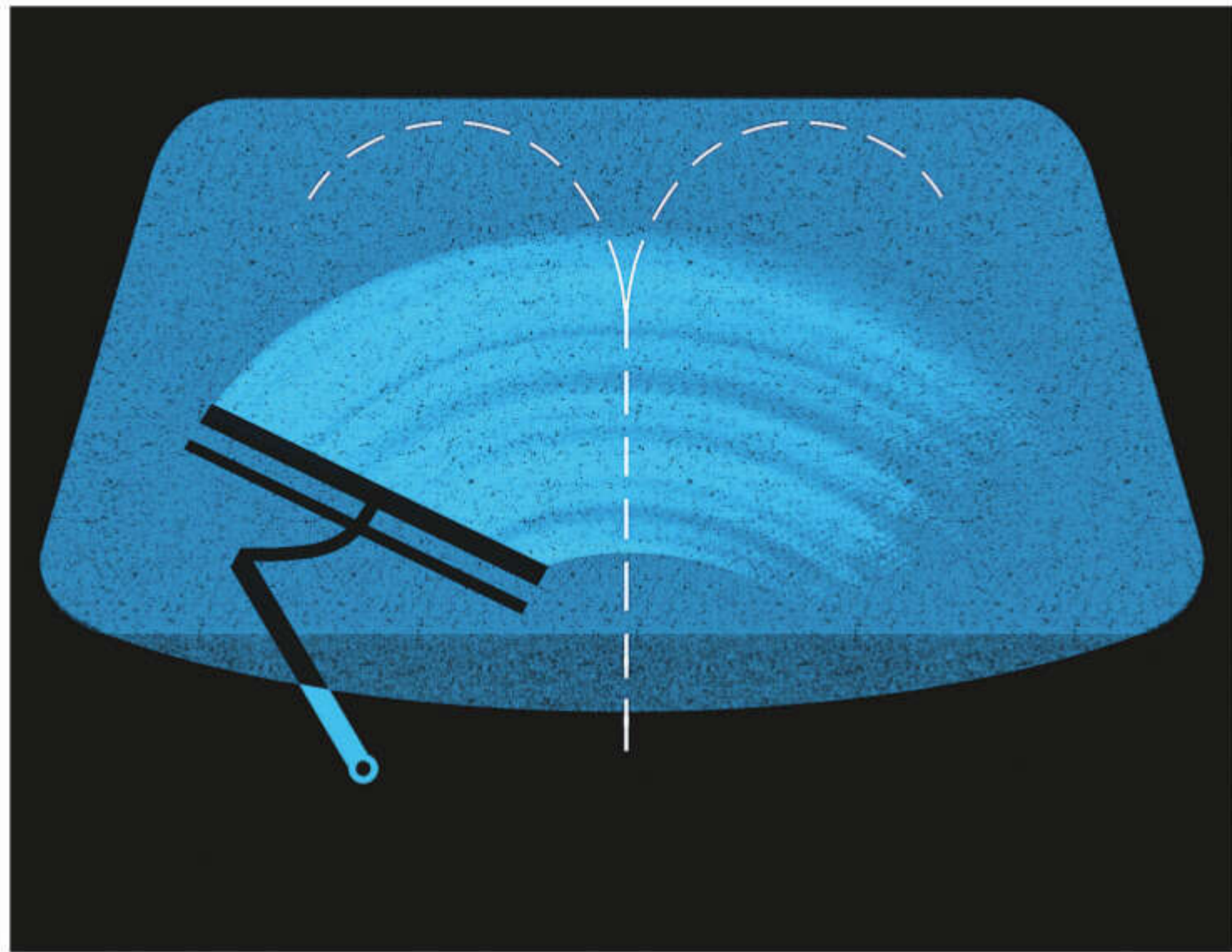
THE BUDGET HAS set out in detail its objectives and the action plans to achieve them. While the broad objectives are clear, the roadmaps to achieve the objectives, as spelt out in the Finance Minister's speech, are hazy. The impact of the Budget depends upon how effectively the projects are implemented. This is particularly so when its emphasis is on expenditures.

How much does the final Budget differ from the Interim Budget in terms of revenues and expenditures? There are only marginal differences on the expenditure side. On the revenue side, however, RBI's increased dividends made a relatively larger impact. As far as the government's gross and net tax revenues are concerned, there are only limited changes. Assuming a gross tax buoyancy of 1.03 and a nominal GDP growth of 10.5 per cent, the Budget has estimated a gross tax revenue of Rs 38.4 lakh crore. The underlying real GDP growth, stated in the Economic Survey in the range of 6.5 to 7 per cent, appears to be realistic given the previous year's high real GDP growth of 8.2 per cent.

As compared to the Interim Budget, the provision of tax devolution to the states has been increased by Rs 27,428 crore. The Govt's net tax revenues stand at Rs 25.83 lakh crore. Together with estimated non-tax revenues of Rs 5.46 lakh crore, total net revenue receipts amount to Rs 31.29 lakh crore. With a small provision for non-debt capital receipts and a fiscal deficit of Rs 16.13 lakh crore, the government's total expenditure is budgeted at Rs 48.20 lakh crore, involving an expenditure additionality of Rs 54,744 crore. All of this was allocated for increasing revenue expenditures as compared to the interim budget. The overall expenditure has been divided in the ratio of 77:23 between revenue and capital expenditures. This arithmetic means that revenue expenditure growth increased marginally from 4.6 per cent in the Interim Budget to 6.2 per cent in the final Budget over the provisional actuals of 2023-24.

Total additional non-debt receipts as compared to the Interim Budget amounted to Rs 1.27 lakh crore. This was facilitated by a sharp increase in the transfers from the RBI. Out of the additional revenue receipts, about Rs 72,000 crore was used for reducing fiscal deficit which has now been brought down to 4.9 per cent of GDP as compared to 5.1 per cent targeted in the interim budget. The process of fiscal consolidation must continue, and the goal should be to get to 3 per cent of GDP as early as possible. This is important given the decline in household savings in financial assets as a proportion of GDP. In 2022-23, household financial savings were estimated at 5.3 per cent of GDP, a historical low. If private investment has to pick up, there must be a reduction in the drawing of financial savings by the government. There must be a larger space for the private sector to draw on savings.

A number of revenue side measures have also been announced which appear to be in-



CR Sasikumar

terim in nature. The budget speech mentions setting up a comprehensive review of the Income Tax Act 1961, which is to be completed in six months. On the direct tax side, one major change relates to rationalisation and rate increases with respect to the capital gains tax. There is some debate regarding the rationale of discontinuation of indexing in the context of real estate assets. The proposed regime discriminates against older properties and the matter may be best re-examined in the upcoming review. Other measures appear to be in the right direction. In the case of personal income tax, we should move towards only one model namely the "new" model. It is not desirable to continue with two alternatives for too long. The removal of the angel tax is also a welcome step as it will facilitate a smoother flow of venture capital into startups.

As shown earlier, in the case of expenditures there is only a marginal increase in revenue expenditures as compared to the Interim Budget and there is no change in the budgeted amount of capital expenditures which remains at Rs 11.11 lakh crore. In fact, the non-defence capital outlay has been reduced by nearly Rs 21,000 crore which has been added to loans and advances. There is a provision for lending an interest free loan to the states to the tune of Rs 1.5 lakh crore. This scheme has been continuing since the Covid year of 2020-21. Available data shows that the offtake from this provision meant for capital spending has been quite limited and the full amount has not been utilised in any year by the states. It is also shown that some of the less developed states such as Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh have shown a higher percentage of utilisation.

Most of the expenditure schemes announced in the budget appear to pertain rel-

atively more to future years. There is a need to quantify the success of similar schemes announced in the past. For example, self-sufficiency in oilseeds has been talked about for a long time. However, an assessment of progress made so far has not been shared. In the case of employment, a new initiative under the title "Employment Linked Incentives" has now been introduced with three components. There is some doubt as to whether these proposed schemes will lead to an increase in relatively desirable employment which is formal, stable and long-term in nature. Most of these schemes may only add to some temporary employment for a few years.

Most of the expenditure schemes announced in the budget appear to pertain relatively more to future years. There is a need to quantify the success of similar schemes announced in the past. In the case of employment, a new initiative under the title 'Employment Linked Incentives' has now been introduced with three components. There is some doubt as to whether these proposed schemes will lead to an increase in relatively desirable employment which is formal, stable and long-term in nature. Most of these schemes may only add to some temporary employment for a few years.

All in all, the Budget has done well to highlight the critical areas for facilitating growth. It has done well to emphasise fiscal consolidation. But there is still some distance to travel. Performance budgeting is critical to ensure actual expenditures match the planned expenditures.

Rangarajan is former chairman, Prime Minister's Economic Advisory Council and former Governor, RBI and Srivastava is former director, Madras School of Economics and Member, Advisory Council to the Sixteenth Finance Commission. Views are personal

## WHAT THE OTHERS SAY

"What is most important is for Islamabad to formulate a foreign policy based on national interest, and not on the whims of others, no matter how powerful they may be. Proactive economic diplomacy is what is required to lift Pakistan out of the current bog of financial despair."  
— DAWN, PAKISTAN

## For profit, not learning

Deaths of three UPSC aspirants in Delhi coaching centre expose the pitfalls of an unregulated industry



SHAILAJA CHANDRA

ON JULY 27, three civil services aspirants drowned inside a coaching centre in Delhi. The incident has sent shock waves across the city because it shows the brazen manner in which the coaching centre had been flouting zoning regulations — they were using a basement for a commercial activity. It's also shocking that the Municipal Corporation of Delhi seems to have overlooked what was going on right under its nose.

The owner and the centre's coordinator have been arrested and Delhi's mayor stated that running a library in that space would be illegal, let alone a coaching centre. So, the first question is: How was this allowed? When urgent written complaints had been received, why did the authorities ignore them? One visit to the premises and the sealing of the basement would have saved three young lives. The failure to intervene at the right time and the lack of monitoring the disposal of public complaints call into question the role of the zonal engineer and his superiors.

Unfortunately, TV debates and social-media commentary are making light of the incident by diverting the conversation. The focus seems to be on whether the drains were clogged with silt, whether there was a deluge of water that inundated the basement, and whether all escape routes were blocked. Yet, what they should be asking is: How was a coaching centre being run in a basement?

The MCD building bylaws specify the activities permitted in basements, running a coaching centre is not one of them. This is a matter involving criminal culpability. Heads must roll — immediately. The zonal engineer and the staff responsible must be immediately suspended, and major penalty proceedings must be initiated and completed — including, if necessary, the dismissal of those responsible.

Simultaneously, the business of coaching centres must be addressed by all governments, central and state. Misleading advertisements, poor quality of teaching, exorbitant fees, poor and/or dangerous infrastructure — a huge sub-sector of the informal economy is running in a laissez-faire way.

Some basic statistics will clarify the magnitude of the mess. More than one million aspirants compete for just around 1,000 seats in the civil services examination. In 2024, more than two million students attempted the medical entrance examination, NEET: Medical colleges in the country have a little more than 1 lakh seats.

Three things are clear: First, the number of aspirants who seek coaching is expanding. Second, the percentage of students doing well enough to make the grade is less than 0.1 per cent of the total aspirants. Third, those running coaching centres have cashed on this as a business opportunity. Among the 99.9 per cent who will not make the grade, there will always

be sufficient buyers — harried parents — who will pay for coaching in the hope that it will enhance, if not ensure, placement of their ward in a professional institution.

Governments have a responsibility to build awareness, improve regular schooling and college education and reduce dependency on coaching. Early this year, the Ministry of Education tried to confront the situation. But it perhaps sat back after issuing a set of "model guidelines" for the regulation of coaching centres. In a letter dated January 16, the Ministry's Department of Higher Education issued a 13-page document recommending the registration and regulation of coaching centres. Since education is on the Constitution's Concurrent List, it was left to the states to act within the available legal framework. Well-intentioned as the advisory was, in one stroke, coaching centres got catapulted under the umbrella of education when the activity is nothing short of a business.

At least in Delhi, the Centre's guidelines seem not to have been heard of. They were sent to the University Grants Commission, All India Council for Technical Education, National Testing Agency, and NEET. They were even sent to the Ministry of Health and Family Welfare and all state agencies responsible for education. There is much confusion about whose responsibility coaching centres would be. They are ubiquitous — across schools, general, technical and professional education, each of which has its own hierarchies — sometimes even headed by different ministers. All this raises a fundamental question: Are coaching centres imparting education or conducting business? None of the education organisations to whom the guidelines have gone seem to have any authority or wherewithal to regulate coaching centres.

To be fair, the model guidelines are well-intentioned. Apart from the non-publication of misleading advertisements, they prescribe minimum space requirements per student, require the display of updated details of the qualification of the tutors, the courses run, the fees being charged, the success rate so far, along with a section on adherence to fire, building and safety codes. There is also a suggestion that in case of violation of the terms of registration, the coaching centre would be liable for penalties on a graded scale, even suggesting the quantum of (paltry) fines but backed by powers of a civil court. However, if policing coaching centres becomes the responsibility of the education department, one thing is certain: The MCD, which bears direct responsibility for regulating activities in residential and mixed land-use areas, can hang up its boots.

My suggestion: Without any delay, act against the officers and staff of the MCD who failed to check and stop the misuse of this basement. Second, do not bring coaching centres under the mantle of state education departments because that will legitimise what is clearly a business, and confer credibility to the idea that they are imparting education. Registration and licensing are needed but they should be administered exactly as is done for scores of activities that require oversight — gyms, swimming pools, theatres and cinema halls.

The writer is a former health secretary and former chief secretary of Delhi

## No islands in this land

Karnataka jobs quota bill ignores Bengaluru's cosmopolitan history, panders to fringe



PULPAPRE BALAKRISHNAN

THERE IS SOMETHING of an island mentality in the act of drawing up a bill that introduces an employment quota for domiciles of Karnataka. The Bill, proposing reservation for Kannadigas in employment and approved by the cabinet of the Siddaramaiah government, received immediate pushback, with some critics calling it unconstitutional. Whether the now-postponed Bill is so would be a matter for the courts, but it certainly goes against the idea of India — that this is a land of many peoples representing diverse cultures who live together peaceably. It also reflects a lack of understanding of India's recent history. Before I turn to explain why this is so, as someone who has lived happily in the city in the past, I believe that the Bill does not reflect the sentiment of the average Kannadiga who is mostly welcoming of outsiders. Rather, it is a reflection of the worst kind of appeasement of the cultural chauvinism of fringe groups by political parties in a bid to hold on to power.

This attempt to keep outsiders out of employment opportunities in Karnataka fails to acknowledge their role in contributing to its rise. It had started in the 1950s, when India launched a plan to industrialise. This was to be led by the central public sector. In the expansion of the public sector, Bangalore, as it was called then, had a very special place. A disproportionate number of the nation's public-sector units were located there. One reason was that an English-speaking technomanagerial elite was required to lead this

push, and southern India had a relatively large share of this cohort. The salubrious climate did not hurt either. Apart from the public-sector commercial entities, there was also the defence establishment, already a presence under the British but set to expand as the Indian Air Force grew. From an economic point of view, Bengaluru benefitted from the central government's spending on all its activities. Funding, of course, helps but it was the human capital that this created which was to play a larger role in the rise of today's Bengaluru. The concentration of engineers who arrived to work in public-sector units, ranging from Hindustan Aeronautics to Bharat Electronics, was exactly what the fledgling Indian information technology (IT) industry needed. The IT industry needs humans more than it needs machines and in Bengaluru, it found what it needed. The rest, as they say, is history.

This story — of the immense contribution of the Indian government to the rise of the IT industry — is completely glossed over. What is on offer is mostly a story of intrepid Indian entrepreneurs who succeeded because they slipped under the meddling radar of India's bureaucracy. Nothing can be further from the truth. While some of the pioneers of the Indian IT industry, of whom a significant section is from Karnataka, were impressive in combining intelligence, diligence and patience, the top bureaucrats of the Government of India were strongly committed to the project of making Bengaluru an IT

hub. Then, there were the software technology parks with their vital communications infrastructure which made possible the unique business model of providing software solutions to firms located in the Western Hemisphere while the engineer remained in India. Finally, there were the tax breaks. While all Indian firms were eligible for them, the almost hundred per cent export orientation of the software firms made it easier for them to take advantage of the tax provisions.

To cut a long story short, the IT industry in India did receive significant support in the form of spending from the Consolidated Fund of India. The allure of Bengaluru today stems mainly from the presence of a world-class IT industry. It may be said that many other states of India have received central funding, including the farmers of Punjab who receive minimum support prices for their crops, but that precisely is the point. India's regions have historically been supported by the rest of the country. This support has been paid for by Indians across the country via the central government budget. For the regions to demand, once they have risen, that the jobs will be reserved for locals is to refuse to recognise this.

Of course, the attempt to exclude non-locals from employment now playing out in Karnataka, is not new for India. The Shiv Sena had built its base in the Fifties entirely by fanning resentment against south Indians in Maharashtra. Now, we read of the efforts to keep Muslim traders out of temple festivals,

both in Karnataka under the erstwhile Bommai government, and in UP, under Yogi Adityanath. These attempts to exclude targeted social groups are the single most important danger for an India that is witnessing a slow but steady economic rise. Continuing tension stemming from manufactured animosities imperils the social climate, on which investment depends as much as it does on the economic climate.

It is particularly disappointing that the recent move in Karnataka was made by a Congress government. At least the ideology it professes has historically been one of inclusion, and when in governance at the Centre, it has mostly stayed away from divisive politics. More recently, its leader Rahul Gandhi has gone out on a limb calling for an end to religious majoritarianism. But the ethnocentricity and linguistic majoritarianism underlying the now withheld, but not yet withdrawn, Bill is no less exclusionary. Politicians who represent the states of India seem to be not just unaware of the rights the Constitution bestows upon Indians, allowing them to live wherever they wish to in its territory, but incapable of appreciating the wealth that is the diversity that they have inherited. Through repeated interactions over the years, Indians have gained immeasurably from each other. There are no islands in this land.

The writer is honorary visiting professor, Centre for Development Studies, Thiruvananthapuram

## LETTERS TO THE EDITOR

### PLACATING RSS

THIS REFERS TO the article, 'Normalising a shadow executive' (IE, July 29). The historical context surrounding the RSS and its impact on Indian politics and administration is a significant concern. The potential for ideological control over educational content and public intellectuals is a serious threat to the diversity of thought and the democratic values enshrined in the Constitution. Ultimately, it is about preserving a system that remains true to the principles of democracy and pluralism, and ensuring that all institutions, whether political, bureaucratic, or academic, adhere to these foundational values.

Swarnava Mitra, Kolkata

THIS REFERS TO the article, 'Normalising a shadow executive' (IE, July 29). The BJP has been furthering the agenda of the RSS since it came to power. But party chief JP Nadda's declaration during elections that the party was independent and could run its affairs drove a wedge between the two. Allowing government officials to be RSS activists meant to assuage the wounded sentiments of the Sangh Parivar. But such a decision would lead to the saffronisation of the bureaucracy and allow interference in government functioning by the RSS.

SS Paul, Nadiya

### TOO LITTLE TOO LATE

THIS REFERS TO the editorial, 'Killing students' (IE, July 29). The basement of a coaching centre in New Delhi's Rajinder Nagar turned into a death trap for three UPSC aspirants. This appears to be another example of infrastructural loopholes in civic-public establishments. The roof collapses in Delhi, Rajkot and Jabalpur airports, the crumbling of bridges in Bihar, and leakage in the newly-built undersea tunnel in Mumbai complicate the woes of already ill-planned Indian cities. The crux of the matter lies in the vulnerabilities of infrastructure and the authorities' laid-back approach.

Khokan Das, Kolkata

### POWER TUSSLE

THIS REFERS TO the article, 'Grow up please' (IE, July 28). Yet again, PM Narendra Modi's speeches fell short of expectations. PM Modi equated the Opposition's heckling in Parliament to the throttling of democracy. In the process, he obfuscated the BJP's history in Parliament. PM Modi while paying homage to soldiers martyred in the Kargil war, missed the fact that it happened during the 10-year rule of the BJP.

LR Murmu, New Delhi



# Opinion

TUESDAY, JULY 30, 2024



● EDUCATING MODERN INDIA  
Union education minister Dharmendra Pradhan

“ NEP 2020 stands as a symbol of hope for transforming the learning landscape, harnessing the country's demographic dividend, empowering the population and driving socio-economic development

## Crypto absurdity

WazirX plan to socialise losses deeply flawed; crypto platforms can't be allowed to operate opaquely in a regulatory vacuum

**I**N THE BRAVE and hazy world of cryptocurrency, a telling sign of the high risk for investors is the clause of “force majeure”. WazirX, one of India's biggest crypto exchanges with a user base of over 16 million, proffered “force majeure” — literally “greater force” and related to an act of God — as an explanation after hackers wiped off \$230 million (nearly Rs 2,000 crore) from its reserves when one of its multi-signature wallets was compromised earlier this month. Many crypto platforms include the clause in the terms and conditions, which prevent them from being held accountable for events thus labelled. While the WazirX heist was bad enough, investors and experts have justifiably vented ire after the exchange adopted a strategy to socialise the losses caused by the cyberattack.

WazirX lost 45% of the holding assets on the exchange. In response to the cyberattack, it froze assets and withdrawals of traders temporarily, and then said that 55% of the crypto assets on the platform would be made available for trading and withdrawal. Those users who did not suffer losses in the cyberattack, too, would have access to only 55% of their assets, while 45% of their remaining tokens would be converted to stablecoins pegged to the US dollar and locked. Effectively, in order for WazirX to “distribute the impact equitably”, the portfolio value of a section of investors could take a hit. WazirX will carry out a user poll on August 3. But the pushback shows its proposal has not gone down well, and rightfully so.

Socialising losses is an absurd logic and is unfair on investors, apart from betraying attempts on the part of the company to escape liability. If at all such socialising was enforced, by the same token a section of customers could demand socialising of profits. Such a suggestion runs counter to the logic of stock trading and investments. In a short period, decentralised finance has offered Internet users ease of access to financial services with an alternative to physical banking that promises to create a more open, borderless, and fair market. The nascent sector has been built on claims of secure technologies such as blockchain. Yet cyberattacks have been a continuing threat to the crypto industry. According to one report, hackers robbed crypto platforms of around \$1.7 billion last year and the number of such episodes grew even though the amount stolen had halved since 2022. Customers face a double whammy of high market volatility as well as cyber threats. Therefore the least that crypto platforms can do is put stronger cyber security controls in place. Inexplicably, WazirX did not insure customer deposits unlike many other exchanges.

WazirX has to make good the losses. And although the government cannot and should not intervene, it should also not stay in denial and allow crypto platforms to operate with opacity in a regulatory vacuum. In 2018, the Reserve Bank of India had prohibited financial institutions from dealing with crypto exchanges citing concerns about market integrity, money laundering, and consumer protection. Two years later, the judiciary overturned the order. The status of a Bill, introduced in Parliament in 2020 to regulate crypto and prepare the ground for the central bank to issue a digital currency, has remained unclear. The government has been levying taxes on crypto users since 2022, so it should also work towards creating a strong regulatory framework to fix liability on companies.

## Big luxury frets that China is turning Japanese

**EVEN LVMH MOET** Hennessy Louis Vuitton SE, the world's most resilient luxury conglomerate, is feeling the chill. And as so often, the wind is blowing from the East.

The Paris-headquartered owner of Louis Vuitton and Dior reported a 1% increase in sales in the second quarter which, except for the early days of the pandemic, is the lowest level of growth since the depths of the Global Financial Crisis in 2009. Its operating margin fell.

A yen so weak that even a nominal end to negative rates hasn't stopped its slide was cited as the main culprit. Wealthy Chinese, the mainstay of luxury fashion, have been on a shopping spree in Japan to take advantage of the favourable currency exchange and lifted sales there by 57%, while creating a slump at home. Other luxury firms, such as Swiss-based Compagnie Financiere Richemont SA, whose stable includes Cartier and Van Cleef & Arpels, also reported abnormal growth there. For European fashion, strong sales in Japan are not a blessing. Yen-denominated revenue erodes their top line as well as profitability because their cost base is in European currencies.

But the weaker yen isn't the root cause of global luxury's woes. There's a much more worrying Japanification factor: Consumers in China are starting to behave like Japanese did in the 1990s. They're becoming patient, rational shoppers as their economy goes through a painful housing market correction. Cue up Tokyo after the '80s economic bubble burst.

Japan's consumers could no longer afford to dress from head to toe in luxury brands as they had during a boom when the US, to say nothing of Europe, seemed to be falling behind. In this humbled climate, they embraced the concept of value for money, thus giving room for local brands to blossom. In 1998, Uniqlo sprang to prominence with a fleece launch priced at a fraction to Patagonia's. Fashionistas were also playing with mix-and-match. They would wear inexpensive Uniqlo or Muji with a luxury handbag, which can be carried every day for many years. The share of handbags within total import fashion sales went up from 26% in 1994 to 43% in 2004, according to JPMorgan Chase & Co.

This kind of styling is welcomed by Chinese, too. On Xiaohongshu, a part-Instagram, part-Pinterest platform popular among young, well-off women, video bloggers teach users how to dress like the Japanese, who look like a million bucks but without a lot of money in the bank. The lessons? Hairdo, skin care and details matter.

Social media and e-commerce are propelling the value-for-money concept to a whole new level. Since European fashion is still a sign of economic success, influencers and fashionistas have taken to ordering items online, showing them off for Instagram-worthy pictures, and then returning them at no cost. Richemont's luxury e-commerce platform Yoox Net-A-Porter pulled out of China recently as the online retail industry is being hit by a soaring number of returned luxury goods.

And good luck to brands such as Burberry and Versace that send unsold items to discounted channels, including private sales and outlet stores. They'll have a very hard time convincing Chinese consumers to buy at full price. Even Uniqlo, whose well-priced items earned it millions of fans and more than 900 stores on the mainland, isn't immune to the onslaught from savvy influencers. Owner Fast Retailing Co. saw a “large profit fall” in the three months ending May, and that consumers were switching to more “affordable alternatives”. One possible reason? Shoppers complained that Uniqlo's once-frequent sales promotions were disappearing. They then gave out online tips on how to find similar but cheaper items elsewhere.

It's pretty common to hear executives in the luxury industry complain about how China's economic slowdown, President Xi Jinping's crackdown on hedonistic lifestyles, and sharp currency movements are affecting sales. Unfortunately, these grievances have become as tiring as Gucci's Mickey Mouse sneakers.

Rather, the Chinese have been buying European luxury for two decades. The bar to entice them to spend has risen. Just like a previous generation in Japan, consumers in China have found their own sense and sensibility.

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## TECHPROOF EXPRESS

TRANSITIONING GENAI TO SUSTAINABLE REVENUE STREAMS REQUIRES MULTIFACETED APPROACH

# Beyond proof of concept

**G**ENERATIVE ARTIFICIAL INTELLIGENCE (GenAI) has captivated the imagination of technologists, business leaders, and futurists alike, promising to revolutionise industries with its ability to create text, images, music, and complex data patterns. Company boards, whether technology-oriented or not, have brought the discussion on their companies' use of GenAI to the forefront. In my interaction with C-level executives on their technology transformation journeys, GenAI is often the first topic they bring up. Many have kicked off efforts in their firms to kindle its use.

But despite the excitement, most GenAI use cases in large enterprises remain in the proof of concept (POC) stages. Several critical factors must be addressed as information technology (IT) service providers look to harness this technology to create sustainable revenue streams. The journey from POC to production deployment of GenAI solutions is fraught with challenges. POCs are typically small-scale experiments designed to test feasibility and potential impact.

GenAI solutions must integrate with an organisation's existing IT landscape. This requires interoperability with legacy systems, databases, and other enterprise applications. Service providers must develop expertise in creating application programming interfaces and middleware that facilitate seamless integration. IT service providers are all, of course, advertising that they are “assisting” their clients with AI integration. Still, even a cursory look at the overall lacklustre print from their revenue and earnings reports reveals that most have stagnated. For GenAI to become a mainstream revenue source, IT service providers must demonstrate that these POCs can scale seamlessly into long-term consistent revenue streams. Show-

casing successful deployments and quantifiable benefits is essential. IT service providers should compile and present case studies highlighting the positive impact of GenAI on business outcomes, such as increased efficiency, cost savings, and enhanced customer experiences.

One of the first hurdles is ensuring that GenAI models can handle large volumes of data and perform consistently in a production environment. This involves robust infrastructure, advanced algorithms, and scalable architecture. IT service providers must invest in high-performance computing resources and cloud platforms capable of supporting large-scale AI deployments. Given the scarcity of AI compute resources (using Nvidia chips), this is a tall order with little capital outlay. Enterprises often hesitate to invest heavily in new technologies without clear evidence of return on investment.

GenAI models, especially deep learning algorithms, can be complex and opaque. Providing transparency and explainability in AI decision-making is crucial. Enterprises must learn how AI-generated outputs are produced to trust and adopt the solutions. IT service providers should focus on developing explainable AI models and tools that allow users to inspect and understand the underlying processes. Also, GenAI brings with it a host of eth-

ical and regulatory challenges. IT service providers must navigate these to ensure responsible, compliant use of AI technologies. Concerns around bias, fairness, and the potential misuse of GenAI are prevalent. IT service providers should adopt and promote ethical AI practices, including bias mitigation strategies, fairness assessments, and the implementation of robust governance frameworks. Regulatory environments around AI are evolving. IT service providers must stay abreast of legal requirements and ensure their solutions comply with data protection laws, industry-specific regulations, and AI governance standards. It involves continuous monitoring and updating of compliance protocols.

GenAI is a specialised field requiring deep technical expertise. IT service providers must invest in building and nurturing talent. Hiring experts in AI, machine learning, and data science is critical. Additionally, continuous training and upskilling programmes for existing employees will help maintain a competitive edge. Partnerships with academic institutions and participation in AI research communities can also foster innovation and knowledge sharing.

Collaborating with AI start-ups, research labs, and technology vendors can accelerate the development and deployment of GenAI solutions. These partner-

ships can provide access to cutting-edge technologies, proprietary algorithms, and specialised knowledge to enhance service offerings. Of course, there are early signs of this, but to my mind, there is not yet a tie-up of real significance in this market.

GenAI applications can vary significantly across industries. IT service providers must develop tailored solutions that address sectors' unique challenges and opportunities. They can create targeted GenAI solutions by understanding the specific needs and pain points of industries. For example, GenAI can assist in drug discovery and personalised medicine in healthcare, while in finance, it can be used for fraud detection and risk management.

Continual R&D investment is crucial for staying at the forefront of GenAI advancements. Exploring new and innovative applications of GenAI can open up additional revenue streams. This could include advancements in natural language processing, creative content generation, and autonomous systems. Securing patents and developing proprietary technologies can provide a competitive advantage. IT service providers should invest in R&D to create unique solutions that differentiate them in the market.

While GenAI holds immense potential, transitioning from POCs to sustainable revenue streams requires a multifaceted approach. IT service providers must focus on scalability, integration, trust-building, ethical practices, specialised expertise, industry-specific solutions, and continuous R&D. By addressing these critical factors, GenAI can become a mainstream revenue driver, transforming the landscape of IT services and delivering significant value to enterprises worldwide. For our home-grown service providers, who have often focused solely on their cost advantages with inexpensive Indian labour, this will be a long, tough ride.

**SIDDHARTH PAI**

Technology consultant and venture capitalist  
By invitation



**GenAI models can be complex and opaque. Providing transparency and explainability in AI decision-making is crucial**

## A sacrosanct IBC is unrealistic



**AMAR PATNAIK**

Lawyer and former MP, Odisha

The Insolvency and Bankruptcy Code's lingering ambiguities must be urgently addressed to fully realise its transformative potential

**THE INSOLVENCY AND** Bankruptcy Code (IBC) overhauled India's business landscape by streamlining a fragmented legal framework governed by various institutions and rules under one law and one institutional arrangement of the National Company Law Tribunal (NCLT) and its appellate court. While the apex court upheld its constitutional validity in the Swiss Ribbons case (2019), terming it “sacrosanct”, implementation hurdles persist due to conflicting interpretations, unclear provisions, and legislative gaps. The 32<sup>nd</sup> report of the Parliamentary Standing Committee on Finance highlights low recovery rates (up to 95% haircuts) and long delays (71% cases pending beyond 180 days), contradicting the IBC's legislative intent of efficient resolution.

Recognising these challenges, the IBC has undergone amendments regularly. The 2017 amendment introduced Section 29A, barring willful defaulters from bidding for distressed assets and clarifying related party definition. In 2018, homebuyers became financial creditors, voting thresholds were redefined, and a 330-day resolution timeline was set. The 2019 amendment enhanced operational creditors' rights and clarified voting thresholds. The 2021 amendment introduced the pre-packaged insolvency resolution process for micro, small, and medium enterprises, while 2023 saw stricter NCLT approval timelines, clarified liquidation proceeds distribution, and enhanced accountability of insolvency professionals.

A sacrosanct IBC is unrealistic and somewhat counterproductive because legal frameworks must adapt to the evolving business landscape, thus making ongoing amendments inevitable. The IBC's lingering ambiguities must be urgently addressed to fully realise its

transformative potential.

### Issues and recommendations

The 32<sup>nd</sup> Report identifies incongruities between the Code and subordinate legislations. For instance, Section 5(26) of the IBC defines a resolution plan as addressing the corporate debtor's insolvency as a going concern, interpreted as requiring disposal of the entire business under one plan. However, regulation 37 of the corporate insolvency resolution process regulations allows more flexibility, permitting the transfer or sale of assets to multiple parties. This inconsistency limits the resolution professional's ability to maximise value via multiple bidders.

Similarly, in liquidation proceedings, Section 54 mandates the dissolution of the corporate debtor. However, regulation 32 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016, allows asset sales, creating a discrepancy. This incongruence has led to legal uncertainty as evidenced by the NCLT ruling in *Invest Asset Securitisation & Reconstruction Pvt. Ltd vs. Mohan Gems & Jewels Pvt. Ltd.* (2020), which deemed regulations permitting liquidation as a going concern ultra vires. These recommendations suggest amending the IBC to align with regulation 37's flexibility, deletion of 32(e), and amending 32(f). These changes would harmonise the subordinate legislation with the Code, enhancing clarity in liquidation proceedings. The latest report released in February indicates the government's acceptance of these suggestions, marking a big step towards refining the IBC framework.

**The IBC lacks provisions for group insolvency cases leading to inconsistent judicial interpretations**

Another grey area is the inter-se ranking of different classes of secured creditors in the waterfall, based on the nature of their secured interest. The National Company Law Appellate Tribunal judgment in the Technology Development Board case (2021) undermined the first chargeholder's preferential claims, by misinterpreting the term “equitable” with its colloquial counterpart “equal” and putting all secured creditors on an equal footing once they relinquish security interest. This contradicts precedents like *Essar Steel (India) Ltd. vs. Satish Kumar Gupta* (2020) and *State Bank of India vs. M/S Adhunik Alloys & Power Ltd* (2018). The 2018 Insolvency Committee Report of the ministry of corporate affairs noted that Section 53 acknowledges inter-creditor agreements and subordination arrangements in the context of liquidation proceedings. The committee in 2020 suggested adding an explanation to Section 53(2) to clarify this. Also, the Expert Committee on Company Law advised upholding pre-

insolvency creditor rights and priorities to maintain predictability. Globally, the UN Commission on International Trade Law Legislative Guide on Insolvency Laws emphasises protecting debtor-creditor agreements and equitable treatment of creditors based on rankings and interests, acknowledging different and subordinate agreements with the debtor. Section 510 of the US Bankruptcy Code enforces subordination agreements in liquidation, implying that legal (subordination) agreements outside of bankruptcy are followed in cases if they are enforceable under regular non-bankruptcy law. The Technology

Board ruling may hinder secured creditors, particularly first charge-holders, by subjecting them to unfair treatment.

The IBC lacks provisions for group insolvency cases leading to inconsistent judicial interpretations. In *State Bank of India & Another vs. Videcon Industries Ltd.* (2019), the NCLT allowed substantive consolidation of 13 Videcon companies on grounds of common control, directors, assets, and liabilities, among others. This ruling has been reaffirmed in other cases by similarly allowing consolidation of entities. However, in *Giriraj Enterprises vs. Regen Powertech Private Limited* (2021), NCLT dismissed the consolidation of insolvency proceedings of a holding company with its subsidiary due to the absence of statutory guidelines. Recognising this gap, the Cross Border Insolvency Committee on Group Insolvency (2021) recommended an enabling legal structure for domestic and cross-border group insolvency. Germany and the European Union have detailed group insolvency frameworks focusing on group coordination proceedings. Australia, however, prohibits group proceedings as each entity is treated as separate, but allows for the appointment of a single trustee and consolidated court proceedings for group firms.

### The way forward

The IBC, designed to be a mechanism to resolve insolvency and provide investor confidence, requires significant improvements. Key areas for refinement include clarifying provisions, redefining creditor rights and priorities, and developing frameworks for emerging concepts like group insolvency. India's dynamic approach to ensure the IBC remains responsive and effective is, therefore, welcome.

*Views are personal*

## LETTERS TO THE EDITOR

### Quid pro quo and Modi 3.0

Apropos of “Wake up to transactional government” (FE, July 28), it is dangerous if a country's leadership governs on the quid pro quo policy. It belies and defeats the very democratic imperatives and compulsions of the government. The ₹15,000 crore and ₹60,000 crore to Andhra Pradesh and Bihar respectively bears the stamp of quid

pro quo awards to them for being Narendra Modi's allies in the just-concluded elections. It is also seen that the transactional behaviour compels the government to be friendly with the rich only. The transactional also acts as the transformational government, as observed from the fact that political bigwigs, after the trauma of raids and bullying by central enforcement agencies, join the Bharatiya Janata Party and immediately get purged of

their sins. The Modi 3.0 tenure looks more grim and insipid.

—Manoharan Muthuswamy, Ramnad

### Tracking crypto taxes

People undertake crypto trades without understanding the tax implications of the gains and losses. Thus, tabulating all of this for tax purposes becomes a challenge. Some investors also have multiple accounts, making tracking losses a challenge. There are many different

types of cryptocurrencies, each with its own price fluctuations. In order to calculate crypto taxes, one needs to keep track of all transactions throughout the year and figure out the capital gains or losses on each transaction. Without knowing the ins and outs, it is not wise to tread into the darkness and book profits in the crypto market.

—CK Subramaniam, Navi Mumbai

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INDIAN EXPRESS IS NOT AN INDUSTRY. IT IS A MISSION.

—Rammath Goenka

## SHOOTERS GIVE INDIA HOPE FOR BEST HAUL AT OLYMPICS

**A**FTER the twin disappointments of Rio de Janeiro and Tokyo, Paris is turning out to be a much-needed shot in the arm for sport shooting in India. The contingent promised a lot for the 2016 and 2021 Games, but returned empty-handed. This time, in the quaint little town of Chateauroux some 250 km from Paris, Manu Bhaker, one of those vilified after the Tokyo Games, ended India's 12-year medal drought in the sport at the Olympics. Her bronze in the women's 10 m air pistol event came as a balm. It's not just Manu, but the entire shooting contingent seems to have learned from earlier missteps and upped its game. Bhaker is already in another final—the mixed 10 m air pistol event. Ramita Jindal and Arjun Babuta too advanced to the finals of their individual events on Monday, with Arjun finishing just outside the medals' podium. Manu will be the most decorated female Indian athlete at the Olympics if she manages to win another medal—in the mixed event where she and Sarabjot Singh would be shooting for bronze.

With more than half the events to go, this is the kind of performance the shooters needed. In such a precision sport—where a decimal point could be the difference between a podium place or watching on from the sidelines—every little bit helps. And that includes watching your colleagues, friends and compatriots find success in the shooting range. This sort of start is a far cry from what transpired at the previous two Games, when shooters were not even close to making it to the finals.

From a wider point of view, it's important for India to do well in shooting if the nation wants to get into double-digits on the medals tally. It's the one multiple-medal sport where they have world-class talent across categories. Considering that the National Rifle Association of India also came in for significant criticism after the last two Games, some credit must go to them as they have seemingly corrected course, at least for these Games. With other contenders yet to shoot, including Sift Kaur Samra, shooting may again be in the news for the right reasons. The tone is set and it's up to the others to follow. Indian athletes have had a great start in their quest to return with the best ever Olympic medal haul.

## MAJHI BUDGET PRAGMATIC, BUT JOBS CHALLENGE STAYS

**O**DISHA Chief Minister Mohan Charan Majhi's first budget, tabled last week, must have come in one of the shortest spans in governance in recent memory. The BJP government officially took charge on June 12 and was straightaway expected to deliver a full budget—a daunting task. Budget preparation is a continuous exercise, but the change in government necessitated that the first budget of Majhi, who dons the role of finance minister too, was aligned with the party's vision for the state and fulfilled the promises made to the people who powered it to dislodge the Naveen Patnaik government. The enormity of expectations notwithstanding, Majhi had to deliver.

With an outlay of ₹2.63 lakh crore, 15 percent bigger than the previous one, the budget thus was on the expected lines. Some of the major announcements included a higher support price for paddy at ₹3,100 a quintal entailing a provision of ₹5,000 crore, ₹10,000 crore under Subhadra Yojana to provide ₹50,000 cash vouchers to adult women, and corpus funds for promoting and protecting the Jagannath temple and 'Odia *asmita*'. Key social segments such as farmers, women and tribal communities were given due importance. And over 40 popular schemes of the previous government were continued under new names, with a bit of tweaking in the structures that invited the opposition's taunts. On balance, Majhi has been pragmatic.

The government has devoted an impressive 22 percent of the 2024-25 budget to infrastructure development. The health sector saw a 32 percent jump in allocation and the farm sector a similarly healthy 37 percent increase in outlay. Skill development and tourism received attention. Majhi's focus has been on capital expenditure, which has grown from ₹66,910 crore last year to ₹81,436 crore. With new schemes on the anvil, programme budget has been raised substantially to ₹1.55 lakh crore, up about 24 percent. With earnings from mining likely to grow further; this state government seems surefooted in the face of huge challenges ahead. Promises such as filling up 1.5 lakh vacant government posts and creating 3.5 lakh new jobs through mega industrial ventures will require much more financial heft and planning. The Majhi government has started well, but with a strong opposition at its throat, its fiscal management will be tested.

### QUICK TAKE

#### FOREX WORRIES FOR FAMILIES

**T**HE rupee closed on Monday at 83.7275 against the dollar after hitting an all-time low of 83.74 earlier in the day. The Indian currency has depreciated more than a quarter over a decade. The government and the Reserve Bank have been seized of the situation throughout. But if the rupee slips further right now, it would upset the financial calculations of the thousands of families that are preparing to send their children abroad for higher studies in the coming weeks. It would be helpful if the government and RBI could pull out all stops to hold the rate as steady as possible till the end of September.

**T**HE saga of the Indian Army's response to Pakistani intrusions in the Kargil sector in 1999 has now reached the status of folklore. The heroes of the battles of Tololing, Khalubar, Tiger Hill and many more deserve their place under the sun and so do their families. The 25th anniversary of the Kargil Vijay Diwas—observed on July 26—is an occasion on which more can be told. There was so much happening at that time in so many other sectors—some of these relatively unknown facts deserve airing, too.

Besides Kargil, the Pakistani deep state had launched active operations of an intense kind—employing terrorists and even regular forces—in the adjoining Valley and Jammu regions. On Kargil's flank, in the Turtuk area near Siachen glacier was Point 5770, more foreboding than any. Today, it stands renamed Navdeep Top after a relatively unsung hero who had scaled the peak with a handful of Rajputs to kill and evict a Pakistani section.

It should be recalled that while carrying out operations in Kargil, General Parvez Musharraf's strategy was twofold. First was the intent of cutting off the Srinagar-Leh highway to starve Ladakh, and in consequence, force the vacation of Siachen glacier by the Indian Army—a pipe dream. The secondary or alternative aim was to disturb the counter-terror grid in Kashmir from where India would need to find troops to respond to Kargil intrusions. In addition, it was to motivate the J&K people to rise against the Indian government and thus weaken India's hold over the region. A potential public revolt was always a Pakistani obsession. It has been abortively tried several times with Operation Gulmarg in 1947-48 and Operation Gibraltar in 1965.

The 15 Corps, the Army's formation that oversaw the security of Kashmir and Ladakh in 1999, had an onerous responsibility. It was accountable for the LoC in Kashmir and Ladakh, as also internal security related to countering terrorism. Simultaneously, it also had Kargil, Siachen glacier and Eastern Ladakh to look after—a very tall order to be responsible for so many active fronts.

Pakistan-sponsored terrorism was at its peak. The Valley was flush with troops, although the Rashtriya Rifles (RR), the Army's counter-terrorism mainstay, had just 36 units, 27 less than the 63 that exist today. As many as five mechanised infantry units and one armoured regiment minus their main equipment were deployed in South Kashmir. They de-inducted im-

On the 25th Kargil Victory Day, it's worth taking a wider view of the 1999 war. Pakistan's terror strategies in Jammu today are similar to what we saw then

## WHAT KARGIL '99 CAN TEACH ABOUT JAMMU TODAY

LT GEN SYED ATA HASNAIN (RETD)



Former Commander, Srinagar-based 15 Corps and Chancellor, Central University of Kashmir



SOURAV ROY

mediately once the Kargil operations commenced. Infiltration was one of the major threats and despite all efforts to counter, there were regular leakages across the LoC helping swell the number of terrorists. More invariably came in than those who got killed in the operations within.

I held charge of the operations, intelligence and training domains of South Kashmir, which included the highly turbulent districts of Anantnag, Pulwama and Badgam. My headquarters was at Avantipur. We were fired upon every other day despite active patrolling along the periphery. On the very day I took charge, there were four areas where firefights were ongoing with terror groups. The remnants of the Afghan mercenaries still existed with some groups. Just four

years before this, Al Firan had kidnapped five tourists and beheaded one of them in the Pahalgam area. The separatists were hugely emboldened because India treated them with kid gloves.

As the seriousness of the Pakistan intrusions dawned, a brigade from the Sindh Valley was detached to move to Kargil and an RR sector from Kulgam took its place. This was the beginning of the movement of troops in different directions, with the mechanised units moving out too. As it became clear that a full division size force would move to Kargil, the 8th Mountain Division from Sharifabad (North Kashmir) commenced preparations even as some of its units started to precede it in moving to Dras. However, in its wake, it left huge voids

## THE IMMINENT TRANSITION TO COMPETITIVE FEDERALISM

**T**HE recent Union Budget indicated a swing in the framework of intergovernmental fiscal relations from cooperative federalism to competitive federalism. The FM announced the significance of competitive federalism to achieve optimum 'total factor productivity' by initiating structural reforms on all the factors of production—land, labour, capital and investment—by urging states to do heavy lifting on these reforms.

This is in addition to the budget's emphasis on capital expenditure—in the sense that high fiscal deficit and debt is closely tied to strengthening capital formation at the Central and state levels, and to reduce the 'output gaps'. This also includes transfers to the states of around ₹1 lakh crore for capital infrastructure investment.

Cooperative federalism primarily works through intergovernmental tax transfers, which is unconditional in nature. In India, the transfer is designed on a scientific formula. The criteria incorporated are population, income distance, area, climate change, demographic transition and tax effort. The transfers happen through the Finance Commission, a constitutional body.

Bihar and Andhra Pradesh asked for a special category status based on socio-economic backwardness, propensity to natural calamities and a constrained fiscal space. However, given the available fiscal space, it will be difficult for the government to fulfil their demand. It can also create a bandwagon effect—others including Odisha might strengthen their demand for such a status too. There was a shadow of these concerns in the budget.

How to solve this, given the coalition politics on board? Ideally, the 16th Finance Commission can tackle the issue by increasing the level of tax transfers from the existing 41 percent. According to the subsidiarity principle, the best decisions are taken at the level of government closest to people. As per Schedule 7 of the Constitution, significant functions are assigned at the subnational level, while dynamic taxes are with the Centre. This creates vertical and horizontal imbalances in the intergovernmental fiscal mechanism. Hence, institutions like Finance Commission are constitutionally mandated to look into these imbalances.

Given the tremendous shrinkage in the divisible tax pool due to a disproportionate increase in cess and surcharge, I urge the 16th Finance Commission to increase the magnitude of devolution to approximately

50 percent, as any downward revision can be akin to 'fiscal waterboarding'.

There is debate about efficiency versus equity in the criteria used in intergovernmental fiscal relations. The states that have controlled their populations and materialised economic growth are getting penalised, as significant weightage is given to 'equity' related criteria. The states have increased their bargaining on these counts.



LEKHA CHAKRABORTY

Professor, NIPFP, Delhi and governing board member, International Institute of Public Finance, Munich

The Centre and states have been engaging in 'hidden debt' in the form of off-budget borrowings through public sector entities. India is yet to construct time series data on public sector borrowing requirement to capture these hidden debt components.

The golden fiscal rule is to have zero revenue deficit. In this budget, the revenue deficit has been reduced from 2.5 percent in 2023-24 to 1.8 percent in 2024-25. The high revenue deficit gives the indication that there was no drastic cut in public spending, given that revenue receipts were buoyant.

#### Towards competitive federalism

Albert Breton, a Canadian economist, has written extensively on competitive federalism. He narrates the importance of 'benchmarking' a jurisdiction or province to incentivise other units to emulate. However, these mechanisms of benchmarking in a competitive federalism framework can be nebulous in an emerging nation like India. Benchmarking a few states with preferential support can also widen the fissures in the already-acrimonious Centre-State relations. The arbitrary fiscal announcements for some states in the budget can only be a second best principle in tackling their expenditure needs. It is beyond the purview of the budget to address the expenditure needs of states and tax transfer devolution.

The political economy of Budget 2024-25 is compelling. A re-articulation of fiscal rules in terms of threshold ratios is crucial to keep the fiscal policy accommodative, given the constraints of the Reserve Bank in the growth recovery process.

As states are urged to do the heavy lifting in terms of capex on infrastructure and strengthening all factors of production, unconditional fiscal transfers can best support the states' fiscal space. Conditional support through line ministries in the form of centrally-sponsored schemes can affect the fiscal autonomy of the states and the flexibility of finances at the subnational level of government. So any transition in intergovernmental fiscal transfers towards more unconditional transfers through an objective formula would be welcome.

(Views are personal)

### MAILBAG

WRITE TO: letters@newindianexpress.com

#### Skilling scheme

Ref: *Good start on job creation but more steps are needed* (Jul 29). It is a good initiative to start an apprenticeship scheme in private and public enterprises. It's true that many engineers who pass out of engineering colleges do not have the right aptitude for the profession. By introducing such internships, students will get exposure to industries and have a feel of the field before they get absorbed as permanent employees. **Sreenivasan Raman, Bengaluru**

#### Number pressure

The incentive scheme to provide jobs has too many holes. Even a top corporate firm may have around 5,000 women. Now for the sake of accommodating 2,000 apprentices, the firm may have to retrench 2,000 experienced workers. **AG Rajmohan, Anantapur**

#### Iconic Bhaker

Ref: *Karma, Bhagavad Gita and the legend of Manu Bhaker* (Jul 29). The bronze medal secured by ace shooter Manu Bhaker has provided the perfect start for India's quest to glory at the Paris Olympic Games. Manu has become the first Indian woman shooter to have secured a medal at the Olympics, which makes the victory even sweeter. Manu has emerged as the new role model for the youth. **B Suresh Kumar, Coimbatore**

#### Nixing middlemen

Ref: *Reclaiming God's name to protect against fake teachers* (Jul 29). The writer has succinctly cited several instances in our puranas on how god's name alone can protect us. The article explains why we do not need middlemen to reach god. **Sanath Kumar TS, Thrissur**

#### Lanka's win

Ref: *Historic Asia Cup win for SL women* (Jul 29). History was created in Dambulla International Stadium as Sri Lanka defeated a deflated India in the Women's Asia Cup final. It was a scintillating batting display from skipper Chamari and Harshitha. It was a deserving win given they toiled for it. It was a disappointing performance from the Indian women as their fielding was quite sloppy and catching very poor. **Dileep D Anand, Karuvatta**

#### Fiesty Didi

West Bengal CM Mamata Banerjee has made a name for herself for being a difficult person to deal with. She had always been at loggerheads with the former governor. Her relationship with the incumbent one is not any more laudable. She is not on the same page with the INDI Alliance either. At the same time, she often crosses swords with the Centre. **A Kasu, Nemmara**



# ELIgant Signalling, But Job Creator?

### Urban unemployment subsidy may be better

GoI's plan to subsidise employment of inexperienced workers has theoretical and empirical justification. Subsidising employment of disadvantaged workers provides social security and connects the target group to unsubsidised employment, improving their long-term job prospects. It has been used by governments for decades to provide work experience and income support. There is evidence the earnings benefits of employment subsidies last longer than duration of the programme. The spillover benefits on expansion of small enterprises and support to consumption demand make a compelling argument for this subsidy. In the Indian context, it addresses the skill gap entry-level workers face as a hurdle to employment.

Objections to the scheme lie not in its design but in the assumptions about job creation. The programme is meant to benefit 1 crore new workers annually. But all these jobs will have to be created in the formal part of the non-farm economy for the subsidy to deliver the expected outcomes. Official estimates set the economy-wide job creation rate at around 2 crore annually. Formal employment makes up around a tenth of the overall employment.

This would have a bearing on the outcome of the programme. Besides, the business cycle may not be adequately supportive. Private investment has been sluggish on slowing consumption. This has a direct bearing on job creation. To gain traction, duration of the employment subsidy scheme may have to be extended.

That brings up the question whether more permanent solutions should be sought, given the country's demographics. The public sector has ramped up capacity in line with GoI's capex push. But this has not been particularly employment-generating. An unemployment subsidy for urban workers may have a more direct impact than an employment subsidy of similar scale, which is linked to growth of manufacturing and services, as also to the rate of formalisation of the economy. Subsidy to rural workers is shrinking slower than anticipated, which also established a marker for job creation overall.

# Infra, Start From the Shaky Ground Level

'Infra' is India's latest buzzword. The recent Union budget also put renewed emphasis on the left and charms of infrastructure building. But when you have cases like the death of three persons from drowning inside a flooded basement of a Delhi coaching centre building, you realise that aspirations woefully don't match ground reality. That it took fatalities in India's capital city for gross negligence to be 'newsworthy' tells its own story. Urban infrastructure can't be built and maintained in isolation of civic rules and regulations. Cutting corners, getting NOCs passed without proper checks — these all run counter to the Great India Infra Story. Authorities should come down on violations like a ton of bricks.

The Old Rajinder Nagar case isn't an outlier. About 13 months ago, 61 students were injured in a fire at another coaching centre in north Delhi. The details were strikingly similar: owners were arrested, the fire department claimed the centre was operating illegally without a permit. Basements are illegally used for gyms, coaching centres, libraries and shops, in violation of Master Plan of Delhi 2021, and Unified Building By-laws 2016. And we're not even talking about what the state is in 'booming' tier-2 cities and towns. Such large-scale violations can only occur with the complicity of authorities.

The fact that India needs — and is currently in the throes of — an infrastructure-building spree must not take its eye off matters like safety and urban planning, and avoidance of creating ugly concrete jungles that serve only the purpose of construction for construction's sake. The wheel doesn't have to be reinvented to make Indian infra more than just a mantra. Implementation of rules and regulations must be writ in cement.



## JUST IN JEST

As the Olympics roll on, a shout-out to our complaining social media gyaanis

# Our Medal-Winning Armchair Athletes

Forget our athletes in Paris. The true Citius, Altius, Fortius-walas are crouched over their phones and sweating it away on social media from their couches. As a nation of gyaanis, whiners and record-breaking bitches, we have taken censuring to Olympian levels. Whether it's how Tarun Tahliani's official kit for the Indian Olympic contingent was tacky and how he totally ignored dipping into India's glorious handloom heritage, or how Deepika Kumari could have not crashed out if 'the last three arrows were shot properly... we lack the killer instinct.' Over the next fortnight, everyone's an expert.

WhatsApp uncles and aunts will show a deep understanding in sporting disciplines whose rules and regulations the rest of us are unaware/unsure of. Our athletes may be sweating it out in Paris, but the real games are happening in living rooms across the subcontinent. The opening ceremony is deemed 'shoddy' — depicting a French aristocrat holding her (decapitated) head is 'too graphic bhai!', 'too Eurocentric for a global gathering'. 'My son jumps better during the annual colony sports day,' becomes a legit grouse. Then there's the classic, 'She's not putting her heart into it. I could see more passion at my niece's wedding saangeet.' So, let's cheer on our armchair athletes, armed as they are with memes and sarcasm sharper than a Neeraj javelin.

## STATE OF PLAY India's economic policy must align with its changing geopolitical priorities

# Investing for Investments



Pranab Dhal Samanta

India must promote FDI from China if it wants to benefit like Mexico and Vietnam from the 'China+1' strategy. It has two options — either integrate with Chinese supply chains, or let Chinese FDI in. The latter is the preferred option. By saying so, Economic Survey 2024 has brought to the fore a China debate that was, until now, happening sotto voce within GoI — a reassessment of India's trade approach with China.

This reassessment boils down to taking a look at security screening of Chinese companies, especially as enumerated in Press Note 3, brought into effect after the Galwan clashes in which 20 Indian soldiers were killed. The assumption here is that easing up of the security screening mechanism will remove a major deterrent against Chinese FDI.

Incidentally, couple of weeks before the survey was tabled, the US imposed national security tariffs up to 25% on steel and aluminium imports from Mexico to prevent Chinese metal from entering the country. The issue is also a political issue in the US elections. Mexico, on its part, is trying to protest, invoking Nafta provisions.

For Washington, this model amounts to tariff evasion that undermines, among other things, US security considerations. This has its own political and reputational consequences. As for China, Mexico has emerged as a new economic front to take on the US use its special position as a Nafta member to protect its booming trade relationship with China.

China doesn't divorce its political goals from its economic strategy. So, when it comes to the question of Chinese FDI into India, what prevented such investment during pre-Galwan years? China has never ranked in



May we live in investing times

the top 5 FDI sources for India. In the last 24 years, only an estimated \$2.4 bn worth Chinese FDI has come in, while overall trade grew to over \$100 bn, as did the deficit.

So, the decision to turn on the Chinese FDI tap rests with Beijing, which mostly comes with a political consideration. In a 'China+1' ecosystem, it would mean finding a way around US and EU restrictions, GoI leveraging its ties with the West for the latter to be accommodating of India's purported China FDI policy, obtaining exceptions over a period of time, and expanding political capital in China's favour — just what it's become with the India-Russia defence relationship.

Yes, the drop in FDI flows is worrying. Barring the US, which has shown an increase, the overall picture hasn't changed. The policy focus, therefore, ne-

**The assumption in India is that easing up of the security screening mechanism will remove a major deterrent against Chinese FDI**



eds to be on making India an attractive destination for FDI. Here, FTAs can be a crucial instrument. But negotiations with Britain and the EU have moved in fits and starts. Investment protection is another key issue, which requires urgent attention.

The US and China are probably the only two countries who don't quite need a framework agreement to protect their investments. Washington counts on its political clout, while Beijing, on its price competitiveness to ensure investment protection. For the rest of the investing world, protection is ensured through predictability, which is assured through FTAs and other such mechanisms.

India's poor record on arbitration and lack of acceptability by potential investor countries of GoI's standard investment protection agreements are major roadblocks. Without these in place, diversification of FDI inflows will be difficult.

Just like China, India, too, needs to align its political and economic strategy in the backdrop of changing geopolitical realities. The amassing of Chinese forces on India's northern borders are a constant reminder of how hard

these shifts have hit India. And China has not signalled any rethink on the military front to prompt an economic reassessment.

At one point in the past, US economic and geopolitical interests were aligned with China as the latter benefited from the fall of the Soviet Union in the 1990s-2000s. Today they are at odds. The US has taken a tough call to recalibrate its economic relationship with China to realign them with its political priorities. While China is constantly trying to find ways to circumvent Washington's security tariff architecture, this turn in American politics is unlikely to reverse.

India's case is no different. While Chinese goods still make it to India and will continue to do so, until viable alternatives are developed, India's internal political dynamics on China, too, have changed. The political con-

**Barring the US, which has shown an increase in FDI, the picture hasn't changed. The policy focus needs to be on making India an attractive FDI destination**

test is mostly on standing up to China, not accommodating it. The transition is challenging. But the political intent helps ensure dependencies are reduced.

So, in the context of the Economic Survey, the political ask would be: should India script its revival as an investment destination on the back of Chinese FDI?

First, the decision to invest is China's. Second, the political expectations and consequences of such investment are a dangerous 'unknown unknown'. And, finally, the domestic political impact of easing up security restrictions will need closer assessment.

Yet, it can't be denied that any relaxation could offer a quick fix in terms of immediate investments in lower-end value chains. But the more durable solution lies in aligning India's economic policy with its geopolitical priorities. Else, the results could be counterproductive.

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THE SPEAKING TREE

# Guiding Entity

SHRI SHRI ANANDAMURTI

In this universe, the guiding entity is One; there is no scope for multiplicities. That single entity who guides and directs everything is the father, the preceptor and the Guru. This Rudra is a singular entity. Rudra means 'he who makes one weep'. In Sanskrit, two verbs refer to this state: rudana, to weep softly, and krandana, to cry loudly. Param Purush is called Rudra because He makes us weep. But why should He who has unbound love for us make us weep? People weep due to intense pain or pleasure, that is, when sorrow becomes unbearable or when joy becomes overwhelming.

Why does Param Purush make us cry by giving us too much love or suffering? It is certainly not because He is cruel. He created this world because He was alone. He wanted to be with others and play the game of joy and sorrow, pain and pleasure. There is no hard and fast rule that a play should only have both comic and tragic scenes. It may be comic or tragic. However, it only becomes complete when it includes comic and tragic elements. It should make one laugh and cry.

Param Purush makes you laugh with joy and pain, and He makes you cry with joy and pain. When people suffer, they think Param Purush is cruel, but when they are happy, they never think about how much joy He has given them. They should remember that Param Purush deserves our thanks in both cases. That is why He is Rudra.

If we only laughed, the drama would not be so interesting, and if we only wept, the drama would not be so enjoyable.

# Yellow Brick Road of India's Infra



Gautam Adani

Budget 2024 reflects a maturing economy on the rise. Increased investment in infra, agriculture and tech fuels sustainable growth. Empowering farmers, women and youth, alongside initiatives boosting employment and entrepreneurship, commits to an inclusive progress. Riding high on a GDP growth of 8.2% and projected growth rate of 7.2%, the budget showcases rewards of a decade of transformative economic policies.

A striking achievement highlighted in this budget is the reduction in fiscal deficit. In just two years, India has slashed its deficit from 6.7% to a very manageable 4.9% of GDP, which is further expected to drop to 4.5% by next year. This fiscal discipline has been achieved through prudent spending, enhanced revenue mobilisation and targeted fiscal measures. It is also directly linked to the increased investor confidence, enabling more funds to flow into critical areas like infrastructure and social programmes.

Tax collections, increased by 18%, have also been impressive. This is a direct result of the successful implementation of GST and improved tax compliance. It provides GoI with the necessary fiscal space to invest in critical areas like healthcare, education and infra without resorting to excessive borrowing. This holistic approach ensures that the benefits of increased revenue are channelled into areas that promote long-term economic stability and growth, with social programmes being a primary area.

Social progress is also evident in the strides made in poverty alleviation. Over the past decade, more than 248 mn Indians have been lifted above the poverty line, underscoring the impact of inclusive growth policies. Targeted programmes like PM-KISAN and Ayushman Bharat have been instrumental in improving the quality of life for millions. These social programmes are directly supported by the increased fiscal space created through enhanced tax collections, creating a virtuous cycle of growth and social uplift.

While the last decade has been about poverty alleviation, the next decade will be about economic prosperity. One of the most transformative measures in the budget is its emphasis on employment and skilling. The new employment-linked incentives (ELI) highlights



Cement the future

this ideological and structural shift by encouraging growth of SMEs. A record allocation of ₹2 lakh cr on upskilling 4 crore young Indians will ensure we develop a robust talent pipeline to fulfil our manufacturing aspirations. Additionally offering internships at top companies for 1 cr youngsters will open doors to invaluable experiences and opportunities.

All nations that have achieved 'developed' economy status have done so on the back of infrastructure build-outs, the Chinese having exemplified this well over the past five decades. GoI's massive investments in infra have been a cornerstone of India's growth strategy. Allocation for infra spending of ₹11.1 lakh cr, marking an 11% increase from the previous year and constituting 3.4% of GDP, is remarkable. (The US spends close to 2.5% and China almost 5% of their GDP on infra.)

From highways, railways and ports to urban development and digital

connectivity, these projects have not only created jobs and boosted productivity but also enhanced the overall business environment. This budget's continued commitment to infra development, through initiatives like the National Infrastructure Pipeline (NIP) and Gati Shakti, promises to further strengthen India's position as a global manufacturing and logistics hub.

While we invest trillions into infra development, our infrastructure must embrace digitalisation, decarbonisation and climate resilience, with a focus on quality. We need to have better clarity of utilisation and service delivery levels of our assets to drive further decisions. We also need to move beyond both conventional and ongoing digital infrastructure focus to new avenues such as AI, EV-charging, space infrastructure, etc. Private sector partnerships will be vital in achieving these objectives by bridging the financing gap, fostering innovation and increasing efficiency in project execution.

While the global economic landscape remains uncertain, India's latest budget exudes confidence and optimism. It's not just a financial statement but also a blueprint for India to fulfil its potential as a global economic powerhouse.

The writer is founder-chairman, Adani Group

# Shed Light on Darkness Visible



Anil Nair

Dark patterns, or deceptive patterns, are design tricks that make you do what you didn't mean to do when visiting a website or using an app. These are programs designed with an understanding of human psychology, biases and vulnerabilities to prompt us to act in unintended ways, like buying more quantities, signing up for insurance coverage spontaneously or nudging recurring billing.

Some cases have emerged, highlighting the widespread issue of dark patterns: ► In May, Arizona filed a lawsuit against Amazon for using dark patterns to deceive customers and prevent them from cancelling their Amazon Prime subscriptions. ► Nintendo faces a class action suit in Northern California for forcing players to make in-game purchases for rewards, pay real currency to bypass repetitive tasks and pressure players with limited-time deals. ► In December 2022, Epic Games agreed to pay the US Federal Trade Commission (FTC) \$520 mn to settle a dispute over Children's Online Privacy Protection Act (COPPA) involving selling merchandise, collecting per-

sonal data from children without parental consent, denying or slowing deletion requests from parents, and enabling text and voice communication with strangers who could potentially harass children or expose them to psychological stress.

► In September 2023, Irish Data Protection Commission held Tik Tok liable for nudging children towards privacy-intrusive settings by using bold text in pop-up notifications, thereby preventing fair choice. Fines totalled €345 mn.

Dark patterns can: ► Induce users to share more information than intended. ► Bait customers with low prices only to show unavailability and push higher-priced alternatives. ► Lure customers to accept unrelated terms during a program installation. ► Use confusing language or double negatives to mislead users. ► Prolong call wait times to discourage service cancellations. ► Make price comparisons difficult. ► Curb decision-making with surreptitious default options.

Some actions against dark patterns are underway. In the US, while FTC and enforce-

ment agencies are taking actions to protect consumers, there isn't any federal law for regulating dark patterns. The government has left it to the states to enact such laws.

California Consumer Privacy Act 2018, amended in 2023, and Colorado Privacy Act (effective from this month) include guidance on dark patterns, including the right to decline the sale of personal information, use of confusing language and exercising the right to cancel easily.

Principles of the EU's GDPR can effectively argue against dark patterns. Digital Services Act (DSA), in force from February, complements GDPR and addresses this malaise directly via Article 25. A data act to further reinforce this is proposed. In Britain, while no laws specifically tackle dark patterns, UK GDPR, DPA 2018 and consumer laws attempt to act as barriers.

Aligned with global approaches, GoI notified Guidelines for Prevention and Regulation of Dark Patterns 2023 under the Consumer Protection Act 2019. Guidelines cover deceptive patterns in user interface and user-experience interactions, and apply to platforms, advertisers, sellers, manufacturers and service pro-

viders engaged in business and commerce in India.

While GoI's efforts to get off the block are laudable, guidelines state that dark pattern practices and illustrations are indicative, and different facts and circumstances could lead to different interpretations. Generalities in the guidelines will be ironed out over time. Frauds mentioned don't necessarily call out dark patterns and overlap with credit card, IT and other business frauds. Guidance on penalties and compensation is also wanting.

Any potential silo effects arising from the Digital Personal Data Protection (DPDP) Act 2023 fall under MeitY, while the guidelines fall under consumer affairs ministry. This overlap should be pre-empted. Otherwise, we may always need consumer courts to declare the existence of a dark pattern.

AI can make dark patterns far more sophisticated and easier to overlook. It can personalise approaches based on browsing patterns and social media activity. Governments want stricter regulations, such as the obligation to signal consumers when they're dealing with a bot.

Predictably, governments will levy huge fines as a deterrent. With the rush to deploy GenAI to enhance competitive advantage across sectors, organisations must consciously avoid triggering new dark patterns and penalties governing them. As for individuals, it's time for us to look closer at the fine print.

The writer is founder, ThinkStreet



Be wary of the dark side



PARANORMAL ACTIVITY

Paragraphs From Fiction

# Peace on Earth

Stanislaw Lem

As I shaved in the bathroom and looked in the mirror, I made faces. The left eye didn't even blink. I appeared completely ordinary. When I packed, I looked at my left hand and leg now and then, but they behaved normally. At the last moment, however, I was putting my ties on top of the folded clothes in the suitcase, the left hand took the green tie with brown dots, a tie I liked though it was quite old, and threw it on the floor. It, apparently, didn't like it.

I picked up the tie with my right hand and tried to make the left hand take part of it so we could lay it neatly in the suitcase. What happened next had happened more than once before: the arm obeyed but the fingers didn't. They opened, and the tie fell on the bed...

...Did I have reason to fear my right hemisphere? I could think about this without worrying, because it couldn't know what I thought unless I told it by hand signals. Human beings are so constructed that they don't know what they know.

Translated from Polish by Elinor Ford

# Chat Room

# Bhaker Triggers India Metal Tally

Apropos 'Man(u) of Steel' (Jul 29), Manu Bhaker has joined the elite club of Olympic shooting medal winners. Abhinav Bindra, Vijay Kumar, Rajyavardhan Singh Rathore and Gagan Narang. Falling from Jhajjar, Haryana, famous for producing boxers and wrestlers, she dabbled in tennis, skating and boxing before finally taking the plunge into shooting eight years ago. Bhaker has won Gold medals in World Championships, Asian Games, ISSF World Cup, Asian Shooting Championship, Commonwealth Games and Youth Olympic Games, but an Olympic medal was missing from her cabinet. She finally broke the Olympic medal jinx in shooting and won Bronze in 10 m Air Pistol. Here's wishing Bhaker success in winning more medals in the next few days.

BAL GOVIND Noida





**CONTRAPUNTO**

It is good taste that possesses the power to sterilise and is always the first handicap to any creative functioning

**SALVADOR DALI**

# Cities, Our Tragedies

*Delhi's student deaths are part of nationwide urban pattern of lives lost to municipal callousness*

The deaths of three UPSC aspirants in the flooded basement of their tuition centre in Delhi have quickly become cannon fodder for political parties. The din buries the reality of most metros and haphazardly expanding cities – the near total lack of accountability, capability and capacity of municipal bodies. Consider the following:

**Delhi** | Just days before the basement drowning, a 26-year-old died by electrocution when he touched a colony gate electrified by a naked wire. Last June, another 26-year-old was electrocuted right outside the New Delhi railway station.

**Mumbai** | In May this year, 17 people were killed and over 80 injured after a massive hoarding at a petrol pump in Mumbai suburb Ghatkopar collapsed within 15 seconds of gusty winds.

**Bengaluru** | Last Nov, a 23-year-old woman and her baby died when she stepped accidentally on an abandoned cable on the pavement, which was, however, a live wire. The inquiry found a total lack of awareness of existing standards and practices.



**Rajkot & Surat** | In May, a fire in a recreational facility in Rajkot killed 9 children along with 28 adults. In 2019, a Surat coaching centre fire killed 22 youngsters.

These are of course the most horrific of accidents and fatalities. There have been 43 deaths country-wide of the most marginalised, while cleaning sewers and septic tanks, between the two budgets this year, Feb to July. Counting manual scavenging deaths is relegated to NGOs. Countless accidents occur, injuries aren't even considered. Little is on record. For instance, ask any municipal body for records of numbers of electrocution incidents or pothole accidents, or open-drain drownings, or waterlogging damage.

Municipalities have four primary stakeholders – residents, service providers, businesses and political class. Corruption at each intersection plays a huge role in norms being flouted. Inspections are fronts for graft. Personnel are neither trained nor paid adequately. Urban local bodies are strained for funds. Norms are observed only in exception. After serious accidents, engineers are sacked, arrests made, cases drag on for years. But how will the next accident be prevented? No one has any idea, because accountability within networks of urban local bodies is iffy, liability is shared.

The bottom line is urban chaos and zero oversight by municipal bodies are India's terrifying new normal. Parties and legislators will play blame games without a shred of concern about the economic cost of such criminal negligence and apathy. What will it take for urban local bodies to not be dysfunctional?

# Not The Last Supper

*Impassioned but civil debate is a precondition for both creativity as well as great art*

After a break in Tokyo, the Olympics' opening ceremony returned with full volume in Paris. Some may have forgotten, but this also means full rumpus. Artistic director Thomas Jolly approached the whole project as "creation in the extreme". Extremely different reactions naturally followed. Those who were wowed are debating the best vs bestest moments. Others are busy mining insults and ridicule. But no one is being physically hurt or silenced or arrested. Instead, art is thriving as conversation. One ceremony, endless exchanges of opinion, spread across the world. About heavy metal, pink pompoms, religion, rain, sexuality...

The loudest fuss is over a tableau of Greek gods, officially intended to make "us aware of the absurdity of violence between human beings". Instead, we have been struck by the absurdity of predicting audience reactions. Of anticipating where hurt sentiments can spring from. In this case, a similarity has been spotted with the Last Supper and thence an insult to Christians. To be clear, the resemblance is only to da Vinci's depiction of something that happened 1,500 years before him. Trump Jr, Musk and Kangana Ranaut are of course perfectly entitled to see what similarity they will. Even to take offence as they like. Just as others are free to helpfully school them in what it means to be free and cultured, how ideas and images take on lives beyond themselves. Raja Ravi Varma did not reach Indian homes thanks to those who accused him of impiety.

The presence of drag queens has led to objections. The singing of French-Malian Aya Nakamura. The beheading of Marie Antoinette. List goes on. To do art is to invite criticism as much as praise. But when artists know they will still be safe, that their imagination can soar free, then and only then can great art become possible.

# Overhear everywhere

*On the pros & cons of the craft of eavesdropping*

**Milind Ghatwai**



Not all tempting things in life are illegal or expensive. They are just out of earshot, say those for whom eavesdropping is second nature. One of the guilty pleasures of life, it's a gender-neutral pursuit no one admits to enjoying until they overhear an interesting conversation.

They don't tap phones or bug homes, just keep an ear to the ground. And it's not like it's often that you get to hear things people want no one to know. There's also a premium on getting info when it's half-baked.

They take much longer to finish coffee when the couple chatting at the table behind theirs suddenly goes hush-hush. They keep the waiter guessing with virtuous silence till the mugs turn cold too. If they have a partner in crime they order another coffee.

They mute television sets to get a better insight when neighbours fight. Pace of their night walks depends on strength of their hearing and distance from potential targets. Railway stations, metros, airports, shopping complexes and parks are among their favourite hunting grounds.

Not every tidbit has a shelf life but it can still have some inherent benefits. What better opportunity to feel good about oneself than hearing a child ask his clueless father a GK question in a bookstore. If you know the answer you get an ego boost. Or else enjoy the father's plight, provided you have the skill to linger around long enough.

There are straws in the wind everywhere. It takes a bit of aptitude to pick up nuggets from phone conversations others are having nearby. Like connecting the dots with imagination because only one side of the story is available on a platter. It's a jackpot if someone has forgotten to turn off the speakerphone.

It's not always fun though. Hands-free phones have made some people care-free about how they sound. If they are salespersons, it's a lesson in sophistry. Interesting details, however, are buried under a heap of cuss words. There's also hard work involved in keeping an impassive face while savouring tantalising, mysterious or plain boring stuff.

This is not a trait to be passed on to the next generation but a benign pastime for those with the ears for it. There's only so much that one can learn from National Geographic or Discovery channels. But eavesdroppers need to check the width of their walls. They have ears too.

# Is Trump Great At Cutting Red Tape?

*No. But he is at least addressing a fundamental source of America's disgust with capitalism today, excessive bureaucratisation*

**Ruchir Sharma**



In his campaign speeches, Donald Trump has been pounding claims that as president he was the greatest deregulator in US history. He promises more in a second term, vowing to control "rogue bureaucrats" and "shrink" the scale and reach of the federal government every year. Even critics are less inclined to challenge his claim than to warn of untoward consequences, should the self-styled king of deregulation return to office.

Trump's story is part true. No US president since Ronald Reagan made a campaign to roll back the bureaucratisation of American life so central to his political identity, which helps explain why small- and medium-sized business owners tend to support him. They suffer most from costly new regulations, which have prevented many entrepreneurs from launching, or forced them to fold. To a degree many other politicians have yet to acknowledge, the rise in red tape helps explain why the dynamism of US economy has flagged over time – a fact visible in slowing growth in productivity and fewer start-ups.

Still, Trump's claims overstate his accomplishments. He tried to downsize big gov but was undone by bureaucratic resistance and his own erratic style. Most notably, he gave the Environmental Protection Agency a deregulatory mission, aiming to lift protections for wetlands, limits on carbon emissions and much else. Many of these efforts failed legal challenges. Often hastily drafted, nearly 80% of his initiatives were defeated in court – more than twice the normal rate.

Meanwhile, Trump was quietly adding new regulations. From the start, as conservative regulatory scholar Clyde Wayne Crews Jr has put it, Trump showed a "zeal" for restrictions on certain sectors and industries, like foreign trade and the media, and over time his "own regulatory impulses derailed and even eclipsed the rollback agenda."

In his last year, Trump unleashed a record gusher of 'midnight regulations', including against targets of his

political agenda, with new restrictions on immigrants, abortion funding and transgender rights. Boosted by that final rush, Trump ended up adding more than 3,000 new regulations a year, in the same range as his predecessors going back to Bill Clinton.

So Trump did not cut nine of every 10 pages in the US code of regulations, or "deconstruct the administrative state", as he and his aides had promised. Regulatory agencies continued to grow, as they had for decades; administrative staff grew an average 3% a year and budgets 1% – both close to the middle of the pack among

Trump did not slow this process of strangulation by red tape. He complained early on about inheriting so many layers of presidential appointees that "it's just people over people over people". One result is gov't job titles so long-winded they could have been written by a satirist, such as "deputy associate assistant commissioner". But as Brookings Institution researchers have shown, the levels within this hierarchy continued to multiply from 17 under John F Kennedy in the 1960s to 71 under Obama and 83 under Trump, who thus bequeathed an even higher stack of "people over people" to Biden.

Biden then reversed course. Embracing big gov, he untethered the ship of state and ordered it to run full speed ahead. Hescrapped Trump's regulatory budget, which demanded (unsuccessfully) that for every new rule, two must be cut. He dropped Carter-era directives calling for balanced cost-benefit analysis, telling supervisors instead to seek "opportunities" to write new regulations with "positive" social benefits, and worry less about costs. Not surprisingly, costs exploded.

These costs are perhaps the most important measure of deregulatory success, and it shows Trump did not "shrink" the state, but he did slow its expansion. Trump imposed just \$16bn a year in new regulatory costs on business – far less than George W Bush or Obama, and petty cash compared with his successor. Under Biden, businesses faced \$150bn in new costs per year, and 93mn hours of added paperwork, both records. And Kamala Harris, who embraced Biden's big gov agenda as his Vice President, is expected to deliver more of the same as his Democratic successor.

One of the many things Americans dislike about modern capitalism is creeping bureaucratisation, creating a thicket of red tape that only the biggest corporations have the resources to navigate successfully. Their working lives, crowded with federally mandated trainings and attestations, have been spoofed as death by a thousand paper cuts. Trump may not be the true king of deregulation, but he is addressing popular frustrations that his rivals do not even recognise.

*The writer is an author and global investor*



his six predecessors going back to the 1970s. On these measures, then, Trump looks like just another garden-variety regulator.

As bureaucracy and regulations grow, small firms die. Since the late 1990s peak, the number of public firms in US has fallen from around 7,000 to 4,000, with small firms accounting for most of the decline. As the average length of bank regulatory filings doubled to 90 pages, small banks collapsed in growing numbers. Many of them started firing clerks and hiring compliance officers to process the paperwork, but still could not keep up. Even new rules written with 'deregulatory intent' were growing longer, more maddening, more deeply riddled with loopholes favouring giant corporations with armies of lawyers.

# 'With oppn having numbers and common agenda, we are going to demand answers from govt on unfulfilled promises'

*As Parliament session resumes post-budget, lone CPM MP from Rajasthan and All India Kisan Sabha veteran Amra Ram, representing Sikar, tells Mohua Chatterjee how CPM won a seat from the state after 35 years, why communist vote is leaving BJP in Bengal, and why the farmers' movement is picking up pace again.*

**● Sikar voting CPM is like an oasis in Rajasthan's traditional Congress-BJP fight. How did it happen?**

I've been an MLA from 1993 to 2013, representing CPM – thrice from Dhod and four times from Danta Ramgarh. The farmers' movement started in 2020 and continued for 13 months. In the end, GOI had to accept our demand and withdraw the three black laws. That was a big success. The movement highlighted real issues and helped people realise there is a cause...farmers had a grouse, for which they put up such a resistance. People saw it, they believed us – that credibility helped.

Peasant movements in this region of Rajasthan have been strong since before Independence. It's the main reason for the left's survival in Sikar and surrounding areas. While Congress's dominance in this region is intact, BJP's influence is far less. We, in the left, have always represented farmers' rights. Our presence is strong, but when it comes to defeating BJP, voters would go for Congress.

The INDIA coalition this time was a big advantage. High power bills, loan waiver, the three agricultural laws, etc – the impact of all these put together worked on the ground. Rajasthan benefited from the farmers' movement. AIKS, our party organisation, was at the movement's centre.



**● You went to Parliament on a tractor for the oath. Is the farmers' agitation restarting?**

It had never really stopped. It went slow for a while. During elections, it was on hold. But GOI didn't keep any of the promises it made to us in Dec 2021. The demand that those promises must be kept will continue to be raised, as the same gov't is back in office. With a strong opposition now, we want to keep up the pressure on GOI.

**● Left parties are nearly wiped out electorally. BJP still won a third term, with 240 seats.**

In Bengal, Kerala, Tripura, where the left was strong, it has lost electoral support. Realisation that only Congress can fight BJP at the Centre made voters choose it or its allies. In Bengal, Mamata's grip over the electorate is strong. Since Congress is barely there in the state, the anti-BJP vote consolidated behind Trinamool. But this time the left vote cut into BJP's slice in Bengal. In the next five years, BJP will lose the communist vote that had moved to it over anti-incumbency in Bengal.

For me, BJP lost in Lok Sabha polls. It fell short of majority and failed its own 400-plus target. The coalition NDA gov't is no longer Modi's 'majboot sarkar', but a 'majboor sarkar'. So, BJP's downfall has begun. Parties that went along with BJP like BRS, BJD and BSP, too have lost out.

**● Why did it take 35 years for a second CPM MP to win from Rajasthan?**

The first time CPM won from Rajasthan was in 1989, when Sheopat Singh Makkasar won Bikaner (SC). He had to move to Bikaner, because Devi Lal contested from Sikar. We've consistently won assembly seats, but it gets tough in LS polls. Like I said, the opposition alliance was a big advantage.

**● How strong is INDIA?**

All parties against BJP's communal politics – SP, RJD, NCP, others – have come together to oppose an ideological force. There's strength in that. There's a common agenda – MGNREGA, land acquisition, zero compensation, MSP, etc. The joint fight is against Modi gov't's unfulfilled promises from 2014. Gov't hasn't just failed to keep its promises, it has walked exactly in the opposite direction. My own campaign has been on farmers' issues. Agniveers, the issue of women wrestlers...these were common matters for all INDIA parties. In the House, we'll together raise questions GOI has not answered for long – what happened to investigations into Pulwama tragedy, for instance.

**● What's the biggest challenge?**

In Sansad and on *sadak*, we have the numbers today. If they behave the same way...expel MPs like they did...much will unfold. INDIA has to fight on the streets. For 10 years BJP gov't enjoyed a majority. Now we're back to coalition era. GST funds aren't going to the states. Modi is removing satraps in states in Indira Gandhi-style politics. Much will depend on Congress. If Congress has to throw out BJP, they'll have to accept regional parties.

# Calvin & Hobbes



**Sacredspace**

*You are never really playing an opponent. You are playing yourself, your own highest standards, and when you reach your limits, that is real joy.*

**Arthur Ashe**

# Game Of Decimal Points, Lessons For Life

**Vivek Jain**

Elite and top-notch sports persons – be it any sport, but more so Olympians – have some pertinent lessons for us laypersons. Focus, dedication, hard work, maybe a little bit of spirituality and, most importantly, patience, as waiting for four years is a long period for a brief chance. Intervening years of Asiad, Commonwealth Games, World Cups, and Championships – which are equally challenging – don't register much with those not into sports.

At the heart of all competition lies the Buddhist concept of *medita*, a feeling of joy and happiness for every winner and participant. The emotions of the players and spectators as the names are announced and the anthems played are universal: smiles, tears, love, and camaraderie. These emotions transcend borders and unite us in our shared love for sports.

Now that Manu Bhaker has a medal in her kitty and has opened an India account in the tally list – deservingly and after years of painstaking effort – understanding why and how it is so challenging to be among the medalists is appropriate. With tremendous hard work, it is equally important to know that our right is to work only and never to the fruit of our actions, according to the Bhagwad Gita.

Consider the event of the 10m Air Pistol for women – the unpredictability of the competition is palpable. Imagine the agony and ecstasy of the eight finalists who emerged from the 44 participants. These 44 shooters shot 60 shots, and the top 8 advanced to the finals the next day. The Hungarian, Veronika, who led the 60-shots qualification round, was the first to be eliminated from the final – a

stark contrast between the ecstasy of leading a day earlier and the agony of elimination. Or the Vietnamese, Thu Vinh, who carried the weight of her country's expectations as the first representative in the Olympics, made it to the top eight only to be eliminated at the fourth position – just missing the medal after four years of relentless hard work, blood, sweat, and tears.

After Thu's elimination, the three remaining were guaranteed a medal, but who doesn't want gold? The three were to fire two shots each, and the least scoring would get the bronze. The second-placed Korean, Kim, was at 201.9 and Manu at 201.3. The next shots, 9.4 and 10.1, respectively, were fired under tremendous stress and totalled 211.3 and 211.4. Then Manu fired 10.3, 221.7 total. Now, the wait was what Kim would fire. With 10.5 or more, Manu

would get the Bronze, 10.4 a tie, and at 10.3, Manu would get the Silver. It was excruciating to watch; imagine the pressure on the participants. And 10.5 it was – fate sealed, and Manu had to be content with Bronze.

The Men's 10m Air Pistol was not in the news, but it was agonising for Sarabjot. Shooters who fire at the 10 rings are given decimals – 10.1 to 10.9 – as to how far they are from the dead centre and 10X for the dead centre. After the 60-shot qualification, eighth-placed Germany's Robin and India's Sarabjot had identical scores – 577. However, Robin had one more 10X than Sarabjot and moved on to the finals.

Such events remind us how important it is to revisit the Bhagwad Gita, chapter 2:48, which says, "Perform your duties established in yoga, renouncing attachment and be even-minded in success and failure; evenness of the mind is called yoga."



**THE SPEAKING TREE**



## The Tribune

ESTABLISHED IN 1881

## Shot in the arm

Build on Manu Bhaker's success

IN a state renowned for women boxers and wrestlers, Manu Bhaker took up shooting at the age of 14. Two years later, the prodigious talent from Haryana won a gold medal at the 2018 Commonwealth Games. The 2020 Tokyo Olympics came as a shocker when Manu failed to even qualify for the finals in all her three events. A malfunctioning pistol led to a fallout with coach Jaspal Rana, a champion shooter himself. The emotional toll left her questioning her future. Last year, the two reunited. The Paris Olympics is redemption for the guru and the *shishya*. After the 22-year-old ended India's 12-year wait for an Olympic podium finish in shooting, she said she only looked at Rana as it gave her courage. 'We communicate through eyes, there's no need to speak,' the coach responded. It's a special moment.

Manu's success is a story of resilience, sweat and toil. It's also a tribute to an evolving 'beti padhao, beti khilao' culture that encourages the equal participation of girls. Women comprise 40 per cent of the Indian contingent in Paris. The coaches deserve appreciation, but much of the credit for these heartening stories must go to the families of the young stars. Their undying belief and consistent support in their wards have provided the impetus to beat all odds — social, cultural and economic. Haryana society still normalises the murder of its girls in the name of 'honour', its people are forced to import girls from elsewhere to marry their sons because there aren't enough at home, and every day, Haryana's girls watch as those they have accused of sexual harassment go unpunished.

Manu's story is just not one of redemption. How to build on and carry forward personal courage is the challenge. An effective sports policy must spot talent, nurture it and facilitate an ecosystem that helps realise potential. Institutionalising the fundamental importance of sport not just in school but in all walks of life is the moral of this story. The message from Paris is clear:

## A tragedy in Delhi

Let deaths of Shreya, Tanya &amp; Nevin not go in vain

THERE is a sense of desperation about the action taken by authorities following the shocking death of three students, who drowned in the flooded basement of a coaching centre in Delhi's Old Rajinder Nagar on Saturday. The Municipal Corporation of Delhi has terminated the services of a junior engineer and suspended an assistant engineer, besides carrying out an anti-encroachment drive and sealing the premises of several illegal coaching centres in the area.

Ironically, it was just six months ago that the Union Ministry of Education had come up with a set of guidelines for the regulation of coaching centres across the country. The guidelines encompass key aspects, including infrastructure prerequisites, such as fire safety codes, building safety codes and other standards. Are various states and UTs taking these norms seriously? As per 2022 estimates, the coaching industry in India is a huge money-spinner — it is worth Rs 58,000 crore and projected to reach Rs 1.3 lakh crore by 2028. It is not uncommon for operators to make compromises to cut down costs. In the Rajya Sabha, Vice-President Jagdeep Dhankhar said coaching centres had become no less than gas chambers. The AAP government in Delhi is accusing the Centre-nominated L-G of turning a blind eye to the city's mess and the BJP is returning the compliment. Perhaps, then, it's time to ask the 'What if' question. What if these children were your own, or those of an influential politician? Would the inquiry have unfolded differently and different lessons be learnt?

The thought of how these three young people — Shreya Yadav from UP, Tanya Soni from Telangana and Nevin Dalvin from Kerala — could drown in the heart of a congested city is horrifying. But if we want to give ourselves the chance of redeeming ourselves — and the memories of these three people — then a political will must be forged to ensure that the guilty are punished. Let a national cleansing take place. Let it begin from Delhi.

ON THIS DAY...100 YEARS AGO

## The Tribune.

LAHORE, WEDNESDAY, JULY 30, 1924

## Bench and Bar

COLLISIONS between the Bench and the Bar are not unknown in any country, certainly not in ours. As a rule, these occur only in subordinate courts, at any rate, not in the highest courts. The saying that the higher one mounts the purer and clearer the air becomes is nowhere truer than in this case. There, are however, exceptions to this as to every other rule. One of these occurred in Calcutta the other day when a Judge of His Majesty's High Court caused a sensation, first, by asking a member of the Bar to leave the court and then, when the entire Bar headed by the Advocate General himself, staged a protest against his action and asked him to right the wrong, not only by refusing to do so but reading the Bar a sermon on the respect due to His Majesty's Judges. We have already published a fairly full report of this incident, which we purposely took from an Anglo-Indian journal, which could not possibly be accused of bias against the Judge. The relevant part of this report is worth quoting again:—"Mr Justice Page asked if Mr Bose contended that the Court had no jurisdiction even to make a suggestion. Mr Bose submitted that when his contention was that the court had no jurisdiction to go into the matter, he also submitted that the court had no jurisdiction to make the suggestion. Mr Justice Page: I have made my order. Sit down, Mr Bose. Mr Bose: I must protest against your Lordship addressing me in this fashion. Mr Justice Page: I refuse to allow you permission to rise again... leave the court. Mr Bose: I leave the court, but I do so under protest."

## Agnipath has much scope for improvement

It may be a good idea to extend the Agniveer's tenure from four to seven years



MANOJ JOSHI  
DISTINGUISHED FELLOW, OBSERVER  
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PRIME Minister Narendra Modi may have gone overboard on Friday while speaking at the Kargil Vijay Diwas event in Drass. He accused the Opposition of politicising the Agnipath issue. The goal of the scheme, he said, was to make the Army young... and to keep it continuously fit for war. "Unfortunately," he added, "some people have made such a sensitive issue related to national security a subject of politics."

He had some more strong words to say, and whether the occasion was appropriate for them is a question. Ideally, the Opposition and the Prime Minister should have shared a common platform for the solemn observance. But that would perhaps be asking for too much.

There is no doubt that in the past 10 years a great deal has been done for reforming the military. The appointment of the Chief of Defence Staff and the creation of the Department of Military Affairs, the reformed Defence Acquisition Policy has been another, the forced indigenisation of the defence industry as well as the opening up of defence industry to the private sector and providing it 25 per cent of the defence R&D funds.

But in its own way, the most ambitious is Agnipath. Under this scheme, an Agniveer is recruited between the ages of 17 and 21, s/he serves for four years and thereafter will leave with a severance package; 25 per cent of these 'retirees' would be offered re-enlistment



CONTENTION: The primary argument is that the Agnipath scheme will lower the average age of the Army. ¶11

for a further period of 15 years and more, and presumably be entitled to a pension. As for the bulk of the Agniveers, 75 per cent of them would have options of various government jobs where they would be entitled to preferential recruitment.

Controversy arose over the scheme when, in late 2023, former Army Chief Gen MM Naravane said in his yet to be published memoir that the scheme was a "bolt out of the blue for the Navy and the IAF" and that he had proposed a four-year term only for the Army, and that too with retaining 75 per cent personnel and letting go 25 per cent. But the Ministry of Defence (MoD) reversed this to releasing 75 per cent and retaining only 25 per cent.

There has been a problem with Agnipath from the outset. Because of politics, and both sides have played it, the main question often is: What (more) can we do for the Agniveer? But we do not quite have the answer to the other question: what can or should the Agniveer be doing do for the Army?

The primary argument is

Given the calls in the past for a younger force, we need not throw the baby out with the bathwater.

that Agnipath will lower the average age of the Army. A government affidavit claimed that India had the highest average age, 32, for below officer rank personnel as against a worldwide average of 26. But the recruitment age in the Army has always been in the

16.5-21 age group for decades. By releasing 75 per cent and infusing a new lot of personnel every cycle, the scheme expects to lower the age of the military. But as we noted, what will it get in return?

There are certain realities of Indian recruits. When young men or women were recruited earlier, they were often underweight and undernourished and came from a diversity of backgrounds. Nine months of basic training just brought them to scratch in terms of physique and discipline, and thereafter there was need for professional training as an infantryman of more technical jobs as a handler of tanks, artillery, air defence systems. This could require anywhere up to another year for just proficiency.

Now, the Agniveer is inducted into the Army with just six months of training. Given the rural background, levels of education and the age of induction, it is unlikely that an Agniveer comes in with any saleable skills. In better-off countries, a recruit would come in with a skill like driving, but in India that alone

could take three months.

Former Admiral Arun Prakash has noted that while Agnipath may be useful for the Army, where infantry personnel are not too much into technology, it would be a major problem for the Air Force and the Navy, where "at least 5-6 years are required before a new entrant can acquire enough hands-on experience to be entrusted with the operation or maintenance of lethal weapons systems and complex machinery and electronics".

The government has denied that the Agnipath scheme was motivated by anything else other than the need for a younger profile of the military. In retrospect, the government needs to be upfront on the fact that it was indeed motivated by the public finance aspects of the scheme which will, however, kick in only after a decade. The pension bill which, according to the latest budget consumed Rs 1.41 lakh crore or 22.7 per cent of the defence budget is a millstone around the military's neck.

Given the calls in the past for a younger force, we need not throw the baby out with the bathwater. Instead of ending the scheme, the government needs to modify it to overcome shortcomings such as that of training and skill development. It may be a good idea to extend the Agniveer's tenure from four to seven years, an idea that has been around for some time. This will ensure enough time for training and also providing effective contribution to the service. The Agniveers will be between 24 and 28 years when released, which is ideal for the many opportunities that are opening up, somewhat belatedly, for them.

And remember, of course, that the 550-odd who died in the Kargil War in 1999 were trained, hardened and dedicated soldiers, not Agniveers. That kind of test still awaits the scheme.

## THOUGHT FOR THE DAY

No good decision was ever made in a swivel chair. — George S Patton

## The charming ways of little Cheeku

BRIG JAGBIR SINGH GREWAL (RETD)

IT was in 2017 that my daughter, walking through a shopping complex, spotted a pup being carried hurriedly from a car to a nearby pet shop. The little fellow appeared to be less than a month old — it had not even opened its eyes yet and seen its mother when it was being sold at the shop.

A fortnight later, my daughter had to again visit that shopping complex. While passing through the labyrinthine corridors, she was startled to see the same destitute pup gazing in awe through the glass window of the pet shop. It was sitting by itself, appearing disoriented, staring at the passersby. She went inside the shop, struck a deal and bought the Beagle-breed pup. It was named Cheeku by my wife because of its resemblance to the luscious fruit of that name.

Thereafter began Cheeku's eventful journey. It soon became the favourite of every military station that it stayed in with my daughter during her postings as an Army doctor. Beagles have winsome ways and Cheeku is no exception. With innocence writ large on the face, the sparkling eyes, the shining smooth chocolate fur with milky white patches, the tail pointing skywards and deftly using its charm to have its way, Cheeku gets readily accepted as an adorable, cuddly pet. Adapting and moulding its behaviour to suit the occasion, this little playfellow can be aggressive, ferocious and even exceedingly charming and docile — a noticeable manipulative trait.

As a two-month-old pup, Cheeku accompanied my daughter during her stressful tenure in Dharamsala, where the lightning flashed threateningly, tearing across the horizon and the floating clouds roared menacingly in the skies. Cheeku stoically endured the dark, lonely nights and lived alone in my daughter's secluded apartment located close by. Undertaking her responsibility cheerfully, my daughter would visit Cheeku during her breaks from work, even at night, to ensure its wellbeing despite the incessant torrential rain.

The mischievous Cheeku had a gala time with an infant monkey as they went frolicking around, giving jitters to the onlookers. But it brought immense amusement to the mother monkey. Cheeku was much sought after by the military men as they went past him during their morning endurance runs.

Cheeku's fame grew when the General Officer of the formation, having an amiable disposition for animals, acknowledged its presence. Known to be benevolent, considerate and down-to-earth, the officer, during the morning stroll, would beckon, caress and pat Cheeku and place him astride his horse.

This General Officer, whose touch Cheeku was fortunate to have felt, is now the Army Chief — Gen Upendra Dwivedi.

## LETTERS TO THE EDITOR

## Prioritise safety of students

Refer to the front-page news report 'Delhi coaching centre deaths spark outrage, owner arrested'; the death of three IAS aspirants in the flooded basement of a coaching institute highlights the negligence on the part of the owners and the authorities concerned. It brings to the fore their utter disregard for the safety norms. The Indian coaching industry, which has been booming, profits off the anxiety of young people desperate to crack recruitment exams. Despite making a killing, private coaching centre owners often don't bother to instal adequate safety and firefighting equipment on their premises. The onus to ensure the safety of students is on the powers that be and the coaching centre operators.

SK SINGH, BY MAIL

## Lax enforcement of safety norms

It is a matter of concern that coaching institutes are being illegally run from basements. The centre owners are playing fast and loose with the safety of students. IAS aspirants from across the country struggle to gain admission to coaching institutes so that they can crack the civil services exam and achieve their professional goals. Old Rajinder Nagar is considered a major coaching hub in the Capital. Several private institutes have sprouted up in the area over the years. Many of the centres are being run from little, poorly ventilated apartments that are mostly crammed with students. The Delhi Government must swing into action and crack down on centres that are in violation of the relevant safety norms.

KIRTI WADHAWAN, KANPUR

## Jei-J&amp;K's climbdown is welcome

The announcement by the Jamaat-e-Islami Jammu and Kashmir (JeI-J&K) of its desire to re-enter the political mainstream, provided that the ban on it is lifted, marks a pivotal moment in the region's tumultuous history. The party has been a significant socio-religious force in Kashmir for decades. The fact that the JeI-J&K is willing to engage in electoral politics is welcome. Senior party member Ghulam Qadir Lone has done well to underscore the party's commitment to democratic principles and public service. Providing a platform for

the base of JeI-J&K supporters may help diminish the appeal of militancy. Moreover, the government's broader strategy to integrate disenfranchised groups into the democratic fold could help restore stability in the region. Significant challenges persist, though. The risk of rifts emerging from within the party and a potential backlash from hardline elements add complexity to the issue. Nevertheless, the party's climbdown could be a crucial step towards peace and stability in Kashmir.

GURDEV SINGH, BY MAIL

## Agnipath will do no good

Refer to the editorial 'Agnipath row'; the recruitment scheme may not achieve the desired purpose of keeping the forces young. Besides, questions continue to swirl about the future prospects of the Agniveers who do not make it to the permanent cadre. It is advisable to raise the rate of retention from 25 to 50 per cent. Many Army veterans have voiced concern about the flaws in the controversial scheme. The drawbacks of the scheme may far outweigh its benefits. And, as many retired officers have pointed out, it is not wise to tinker with the time-tested recruitment system. The fact that PM Narendra Modi mounted a strong defence of the scheme in his address on Kargil Vijay Diwas shows that he lacks knowledge of the scheme, scrapping which would be a good idea.

WG CDR CL SEHGAL (RETD), JALANDHAR

## Railways must pull up its socks

The huge investment in the Indian Railways (IR) has not yielded the desired results. On the contrary, the pace of the development of projects has only slowed down. Despite the investment of large sums, several projects continue to hang fire. It is a pity that a well-qualified Minister of Railways has not been able to shake up the IR management. Besides, the Railways must recognise the need to come up with attractive offers for passengers, such as guaranteed travel time and competitive pricing. These are the fundamentals of marketing. The IR must realise that the old days, when shippers used to beg and bribe for the allocation of wagons, are long gone. Shippers have a choice now, and it is not the Railways.

JATINDER SONDHJI, NEW DELHI



# When aged leaders fail to see age as a handicap



**KP NAYYAR**  
STRATEGIC ANALYST

**W**ITH octogenarian Joe Biden exiting the US presidential contest because of age-related frailties, the tables have been turned on septuagenarian Donald Trump, the Republican candidate in the November election.

Trump had not criticised Biden as being too old for the presidency — not in this campaign cycle nor in the one four years ago — despite calling him ‘Sleepy Joe’ and implying that he was not all there at the only debate this year between the two men. Trump, 78, knows he is vulnerable on the issue of his age. He is only three years junior to Biden. Old age had dogged Biden even during the 2020 election season because he has been chronically prone to gaffes and suffered from stutter as a child, which he overcame. Not many people have thought of Trump as a septuagenarian because he has talked in videos, leaked during his 2020 campaign, of groping women. And, strippers have given

graphic accounts of sex with the real estate mogul who became President. The popular image of Trump is that of a man full of libido, notwithstanding his age.

Both Trump’s approaching 80s and his convicted felonies and sexual escapades will be the stuff of an unfurling Democratic campaign. It will show the prowess of Kamala Harris as a former prosecutor when she is on the stump. Harris, who is Biden’s presumptive replacement as the Democratic Party’s candidate, is not yet 60 and can legitimately argue that Trump will soon be too old to govern if he is elected President. After all, her party replaced its candidate entirely on that ground. A majority of the Americans agreed with that decision, polls showed.

Growing old is an inevitable fact of life, but everyone recognises this handicap, except the aged Heads of State or Government themselves. Partly, this is because these leaders tend to be in a bubble, surrounded by loyalists — with the usual sprinkling of sycophants — who will never tell their bosses uncomfortable truths about the seriousness of their cognitive decline.

Biden’s is the most recent and widely publicised example. But there have been many before him. In India, then External Affairs Minister SM Krishna read the Portuguese Foreign Minister’s speech at the United Nations Security



**SAD:** Malaysia’s legendary PM Mahathir damaged his legacy by clinging to the PM’s chair at 95. *AP*

Council in 2011. He was as old as Trump when he made the faux pas. Indian officials did not blame the gaffe on Krishna’s reflexes or his agility. They said the UN staff routinely placed an English translation of a Portuguese minister’s speech on top of Krishna’s papers after the former had spoken immediately before it was India’s turn. Pakistanis at the UN made the most of this mistake.

In 2013, LK Advani, then 86, had to be persuaded to not press his claim all the way to be the BJP’s prime-ministerial candidate and make way for the incumbent, Narendra Modi.

Dinesh Singh became External Affairs Minister when he was only 68 in 1993. Tragically, he suffered a stroke shortly after his appointment, but the

then Prime Minister PV Narasimha Rao did not relieve him of the very demanding portfolio that involved frequent travel. Singh could not even go to his office in South Block and files had to be sent to his home, where he was mostly bedridden. Delhi’s grapevine was rife with speculation at that time about astrologers advising Rao that Singh’s presence in the Union Cabinet was auspicious. The last straw was Singh’s insistence in March 1994 that he would travel to Tehran as Rao’s Special Envoy to deliver a message from the Prime Minister to Iran’s then President, Ali Akbar Hashemi Rafsanjani. The mission was critical. India was seeking Iran’s intervention at the UN Human Rights Commission to prevent a resolution on Kashmir being

These leaders tend to be in a bubble, surrounded by loyalists and sycophants who will never tell them truths about the seriousness of their cognitive decline.

passed at the commission’s annual session in Geneva. Shortly after he came back from Tehran, Rao made Pranab Mukherjee External Affairs Minister because Singh simply could not discharge his duties. But Rao retained Singh as minister without portfolio until his death in November 1995.

I first interviewed Mahathir Mohamad in 1988 in Dubai. By then, he had served seven years as Malaysia’s fourth Prime Minister and was full of promise as an emerging leader of developing countries and as a moderate voice in the Islamic world. Maverick leaders like Libya’s Muammar Gaddafi and unpredictable dictators like Iraq’s Saddam Hussein were the flavours in the Organisation of Islamic Conference — as it was then known — and in the Arab League. Mahathir’s time as Prime Minister spanned a total of 24 years, Malaysia’s longest. When he gave up office in 2003, he was already 78 years old. His dramatic return as Prime Minister 15 years later, when he was 93, is stuff of political legends.

In 1988, Mahathir talked about his part-Indian ancestry on the condition that I will not publish it. He was then vigorously implementing the electorally rewarding ‘Bumiputera’ policy which gave preference to the Malays over the Chinese and Indians in Malaysia’s multi-racial society.

His Indian ancestry became less of a secret after he quit his first term as Prime Minister. The nonagenarian’s return as Head of Government was hard fought. He had to resign from his political organisation and form a new party, whose Malay name translates as the Malaysian United Indigenous Party. It created a coalition, which swept to power, defeating the party which had ruled Malaysia since the country’s formation in 1963. Sadly, Mahathir damaged his legacy by clinging to the PM’s chair even at the age of 95 although he had promised to be an interim leader. The Malaysian people defeated Mahathir in the General Election two years ago. He lost his deposit from the Langkawi constituency.

Habib Bourguiba was a leader lionised by the Tunisian people for leading his country to independence. Tunisia is a remarkable country where the Arab Spring began in 2010. Unfortunately, Bourguiba, too, did not know when to retire. At the age of 84, as President, he forgot that he had signed a decree expanding his Cabinet and appointed the head of a state-run newspaper, only to fire him in 24 hours. He recalled an Ambassador a few days after the envoy presented his credentials. Bourguiba’s peaceful ouster created the term ‘medical coup d’état’ after his doctors declared him unfit to be President.

# India, Pakistan must work out ways to revive trade ties



**RANJIT SINGH GHUMAN**  
PROFESSOR OF EMINENCE,  
GURU NANAK DEV UNIVERSITY

**N**EARLY 77 years after Independence, diplomatic, political, and economic relations between India and Pakistan remain marred by enmity and hatred. They have fought two low-intensity wars (the Kashmir conflict in 1947-48 and the 1999 Kargil War) and two full-fledged ones (in 1965 and 1971). However, the contentious issues of Kashmir and cross-border terrorism remain unresolved. While political leaders from both nations have occasionally attempted to find mutually acceptable solutions, rational efforts have repeatedly been thwarted by irrational barriers. This cyclical pattern resembles a game of snakes and ladders, where progress is often undone by setbacks.

With the installation of new governments in India and Pakistan, there is a renewed glimmer of hope. Pakistan Prime Minister Shehbaz Sharif and former premier Nawaz Sharif congratulated Narendra Modi last month when he took oath as the PM for the third time. Shehbaz emphasised that peace in the

region was unattainable unless the Kashmir dispute was resolved. And Navaz called for replacing hate with hope and seizing the opportunity to shape the destiny of two billion people in South Asia. PM Modi reminded them that the people of India had always stood for peace, security and progressive ideas. However, External Affairs Minister S Jaishankar reiterated that terrorism could not be a policy of a good neighbour and, hence, it needed to be curbed.

While India insists on halting cross-border terrorism first, Pakistan demands that the Kashmir issue be addressed on priority. Both countries, however, understand that resolving these vexed issues requires mature and sustained politico-diplomatic dialogue, which, as yet, is not coming from either side. Sharat Sabharwal, a former High Commissioner to Pakistan, suggests managing the relationship at the lowest possible levels of violence and volatility, combining dialogue with deterrence, and nudging Pakistan in the right direction. He suggests that converting the LoC (Line of Control) into an international border could be a feasible non-military solution to the Kashmir issue.

The prolonged delay in reaching a mutually acceptable and mature solution has complicated the issues further, with new factors — such as China’s involvement — adding to the complexity. Both countries have incurred significant financial and human losses



**ROADBLOCK:** The current trade embargo, imposed by Pakistan since August 2019, is the latest blow to stakeholders dependent on trade activities through the integrated check-post (ICP) at Attari. *PTI*

because of their acrimonious relations. It has impacted crucial development issues — such as education, health and poverty eradication — especially in Pakistan, which is currently facing a severe economic crisis. India had granted the most favoured nation (MFN) status to Pakistan in 1996 for trade purposes under the World Trade Organisation. But Pakistan did not reciprocate. This needs to be reviewed. Further, India revoked Pakistan’s MFN status following the 2019 Pulwama attack. India should restore the neighbour’s MFN status, and Pakistan should return the favour.

Notably, there is huge potential for India-Pakistan trade. According to a World Bank study, it can reach \$37 billion. If the potential is fully exploited, it would also have a positive impact on trade through the integrated check-post (ICP) at

Punjab suffers whenever the India-Pakistan relations deteriorate. As trade through the ICP-Attari is the first casualty, the state is the worst hit.

Attari. The strained relations, however, have blocked India’s access to Central Asia and beyond and hindered SAARC (South Asian Association for Regional Cooperation). Of late, India has strengthened its ties with Iran and signed a 10-year agreement for the management and development of the Chabahar port, which provides access to Central Asia, including Afghanistan, bypassing Pakistan. The proposed India-Middle East-Europe Economic Corridor (IMEEC) is also aimed at bypassing Pakistan and Afghanistan. While this would benefit Indian states near major ports, it is less advantageous for border and landlocked states like Punjab. Paradoxically, informal trade between India and Pakistan has always been through other countries, even during trade embargoes. But trade originating from and destined for Pun-

jab and its neighbouring states becomes economically unviable as a result of the increased transport and trans-shipment costs in the absence of trade through the ICP-Attari.

Punjab suffers whenever the India-Pakistan relations deteriorate. As trade through the ICP-Attari is the first casualty, the state is the hardest hit. As the battleground of two major India-Pakistan wars, Punjab has experienced significant economic losses, exacerbated by the nine-year trade embargo from 1965 to 1974. The current trade embargo, imposed by Pakistan since August 2019, is the latest blow to stakeholders dependent on trade activities through the ICP-Attari.

Before the current trade embargo, 26 per cent (Rs 4,063 crore) of India’s total trade (Rs 15,408 crore) with Pakistan happened through the ICP-Attari. Our empirical study, ‘Economic Implications of Trade Curbs between India and Pakistan through the Wagah Border’, revealed that the stakeholders (exporters, importers, manufacturers, truck operators, porters, roadside eateries, filling stations, weighing bridges, retailers and wholesalers, private schools, health clinics, repair shops, auto-dealers, liquor shops, etc) in Punjab have suffered huge losses in income and employment because of the closure of the ICP-Attari for trade.

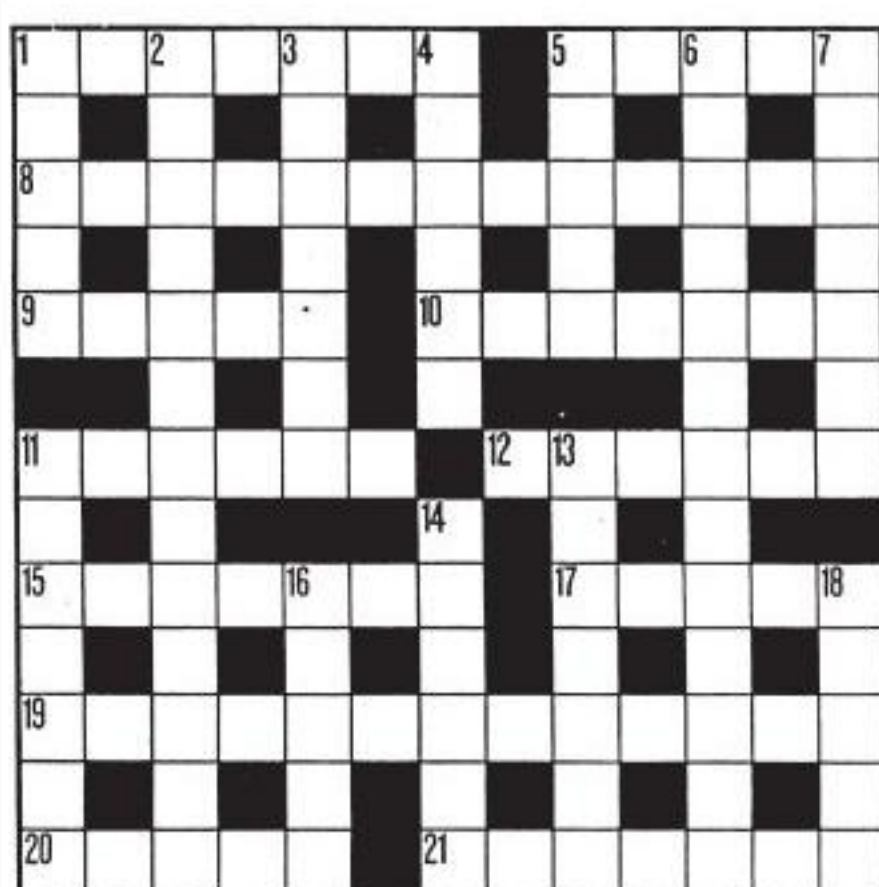
According to our study, moderate estimates indicate that Punjab has suffered an income loss of Rs 7,013 crore over the last five years owing to

the trade embargo. This does not include financial losses to manufacturers-cum-exporters and transporters whose investments have become idle, besides maintenance costs. The direct employment of nearly 12,000 workers (including 2,500 porters and 1,000 drivers and cleaners) and substantial indirect employment have been lost, thanks to trade curbs. Thousands of families have been deprived of their livelihoods. The investment deficiency in the border districts is another serious drag on development. The resulting operation of the inverse multiplier and missing linkage effects aggravates the losses.

Punjab and its neighbouring states must collectively address the issue with the Centre; MPs from these states should raise it in Parliament to persuade the Indian and Pakistani governments to initiate dialogue. Despite the alternative route through the Chabahar port and the IMEEC, the strategic significance of the land route through Pakistan and Afghanistan to Central Asia and Eurasia remains vital. This necessitates strengthening the ICP-Attari as a dry port and initiating dialogue to open the Hussainiwala (Perozepur) border for trade. Given Punjab’s location and India’s national security concerns, developing its border districts and Punjab as a whole is in India’s strategic interest. It is time to transcend past enmities and work towards cooperative development.

*Views are personal*

## QUICK CROSSWORD



### ACROSS

- Of the stomach (7)
- Swindled (5)
- Almost immediately (2,2,4,2,3)
- Person of exceptional stature (5)
- Come uninvited (7)
- To lower in reputation (6)
- Defeated (6)
- Flamboyant confidence of style (7)
- Brink (5)
- At some future time (6,2,5)
- Predilection (5)
- Without enthusiasm (7)

### Yesterday’s solution

**Across:** 1 Drift, 2 Keep it up, 3 Enjoy, 4 Mark down, 11 Dubai, 12 Beg, 16 Rococo, 17 Utopia, 18 Way, 23 Hardy, 24 Hands-off, 25 Covet, 26 Step on it, 27 Steer.

**Down:** 2 Run out on, 3 From A to Z, 4 Defame, 5 Spike, 6 Ethos, 7 Spend, 12 Bow, 13 Guy, 14 How about, 15 Mind’s eye, 19 Affair, 20 Chase, 21 Angel, 22 Ascot.

### DOWN

- Culpability (5)
- Hypocritically pious (13)
- Round domed building (7)
- Entrust (6)
- Set out (5)
- Pure (13)
- Old Spanish warship (7)
- Lay down (7)
- Cover completely (7)
- Frequently visited place (6)
- A thin pancake (5)
- Of the distant past (5)

## SU DO KU

4	2				7
	1			3	5
		7	8		
7	5	6	4	9	3
2	9	8	7	5	4
		9	3		
5	7		9	6	
	4			3	

HARD

## YESTERDAY’S SOLUTION

8	9	2	4	7	3	6	1	5
5	4	1	9	2	6	3	8	7
7	6	3	5	1	8	2	9	4
3	5	9	6	4	2	1	7	8
2	8	4	1	5	7	9	6	3
1	7	6	3	8	9	4	5	2
4	3	5	8	6	1	7	2	9
9	1	7	2	3	5	8	4	6
6	2	8	7	9	4	5	3	1

## CALENDAR

### JULY 30, 2024, TUESDAY

- Shaka Samvat 1946
- Shravan Shaka 8
- Shravan Parvishite 15
- Hijari 1446
- Krishna Paksha Tithi 10, up to 4.45 pm
- Vridha Yoga up to 3.56 pm
- Kritika Nakshatra up to 10.23 am
- Moon in Taurus sign

## FORECAST

CITY	TUESDAY		19:17 HRS
	MAX	MIN	
Chandigarh	36	27	
New Delhi	38	29	
Amritsar	34	28	
Bathinda	38	29	
Jalandhar	35	28	
Ludhiana	35	28	
Bhiani	38	30	
Hisar	38	29	
Sirsa	39	32	
Dharamsala	28	20	
Manali	28	19	
Shimla	27	17	
Srinagar	32	23	
Jammu	31	26	
Kargil	39	19	
Leh	34	16	
Dehradun	33	26	
Mussoorie	23	18	

TEMPERATURE IN °C





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PAPER WITH PASSION



KALYANI SHANKAR

## BRS faces existential crisis as KCR falters

### Despite substantial party funds, the BRS now faces an existential crisis, compounded by internal defections and declining support

The Bharatiya Rashtra Samithi, formerly the Telangana Rashtra Samithi, sets itself apart from other declining political parties. Led by the ambitious K. Chandra Shankara Rao, or KCR, the party's national expansion has been marked by setbacks, including its failure to retain power in Telangana. This fate is shared by many political parties and their leaders, as most eventually fade away after holding power at a state or national level. The downside continued as BRS suffered a significant and sudden setback with no Lok Sabha seat in 2024. Despite having around Rs 1,000 crore in party funds, KCR's hopes of national expansion were dashed. Rao renamed his party BRS in 2022, dropping the word Telangana, and KCR opened branches in Maharashtra and Andhra Pradesh. Those units are defunct now.

This is a stark example of how the political landscape can change instantly. Having lost power in the 2023 Assembly elections to Congress in the wilderness for the past ten years, the BRS is now facing a significant struggle for survival. The BRS has no representation in the Lok Sabha for the first time after the 2024 Lok Sabha polls. The party, which dominated Telangana politics for about two decades and ruled the state for almost a decade, has now been voted out of the Lok Sabha in 2024. Just last week, BRS received a further setback. BRS MLA A. Gandhi defected to the ruling Congress, which reflects the party's decline.

The Congress now boasts 75 M.L.A.s, including 65 from Congress, one from C.P.I., and nine former BRS Members. In 2001, KCR made a historic decision to resign from the Telugu Desam Party (T.D.P.). He believed that creating a separate state was the only way to end the discrimination in the Telangana region, sparking a demand for separation. TRS was formed to achieve separate Telangana, a seemingly impossible regional objective. He was 47 at the time. T.D.P. was the second-largest party in the National Democratic Alliance. In



2004, the TRS. Joined forces with the Congress and secured five Lok Sabha seats. Following this, KCR was appointed the Union Minister for Labour and Employment in the United Progressive Alliance (U.P.A.) government, headed by U.P.A. Prime Minister Dr Manmohan Singh. He continued his struggle inside and outside Parliament. In 2009, he initiated a hunger strike to demand the introduction of the Telangana Bill in Parliament.

After a few days, the Centre conceded to his demands. Shortly before the 2014 election, the U.P.A. government announced the formation of Telangana state. The TRS performed well in the Assembly and Lok Sabha elections, winning 11 seats, its highest tally. However, it lost power to the Congress in the 2023 Assembly polls. On December 9, 2022, TRS, was officially renamed BRS., indicating KCR's intention to pursue national ambitions.

Now that the BRS, has failed to win even a single Lok Sabha seat in the state and its vote share has dropped to only 16.69%, the party faces a genuine existential crisis. The BRS, lost power last year, with just 35 seats in the Assembly.



UNLIKE CHANDRABABU, WHO HAD THE BACKING OF THE KAMMA COMMUNITY, KCR LACKS SUPPORT FROM ANY CASTE GROUP EXCEPT VELAMAS, A SMALL GROUP

The BRS chief struggled to keep the party together during the 2024 Lok Sabha elections. It could not implement plans to field candidates in other states. KCR's attempt to establish a dynastic rule by appointing his son, nephew, and daughter to significant positions has been a point of contention. It was seen as a deviation from the party's founding principles and a sign of increasing autocracy. Secondly, like many dictatorial leaders, Rao failed to develop a second tier of leadership, which is an asset for any political leader except promoting his family. Thirdly, KCR, who rose to power through agitation and protests, steadily withdrew from public spaces. His inaccessibility and his aversion to media have significantly contributed to the disconnect between him and his leaders and workers. Rao surrounded himself with people who lacked substance and only praised him.

As a result, he could not see the reality and fell into the trap of his sycophants, who presented false facts. Unlike Chandrababu, who had the backing of the Kamma community, KCR lacks support from any caste group except Velamas, a small group.

This political isolation is a significant factor in his decline. Fifthly, there were allegations of corruption. His daughter Kavitha is now in jail for alleged corruption in the Delhi liquor case. Sixthly, instead of concentrating on the state, KCR began dabbling in national politics and went around the Opposition-ruled states with a naked ambition of becoming Prime Minister. But he failed.

This wavering resulted in BRS. Unable to form the government in the 2024 polls. Seventhly, he thought he and his party were unbeatable and would continue to rule Telangana indefinitely like many other tinpot dictators. Eighthly, BRS. Faced defections.

However, he also induced defections when he was the chief minister. KCR has now joined a group of once-influential leaders such as Sharad Pawar, Lalu Prasad Yadav, Edapadi Palaniswamy, Deve Gowda, Mayawati, Uddhav Thackeray, and others who have previously held power but are now struggling. In politics, it's like playing a game of snakes and ladders.

(The author is a popular columnist; views are personal)

## LETTERS TO THE EDITOR

### DO NOT SUBVERT NITI AAYOG

Madam — Boycotting NITI Aayog Meetings Undermines Democratic Processes. Boycotting NITI Aayog meetings by some political parties contradicts the principles of cooperative federalism. With parties from the INDIA bloc attending, it was expected that others, including the Congress party with its significant representation in Lok Sabha, would also participate.

The central government's allocation of more funds to Bihar and Andhra Pradesh, seen as politically motivated, should be addressed through dialogue rather than boycotts. Cooperation between the government and opposition is essential for national interest. Opposition parties staying away from NITI Aayog meetings miss the opportunity to voice their concerns and influence critical decisions.

Boycotts serve as ineffective protests, harming democratic processes and national unity. Continuous stalling of official processes by the opposition, since Prime Minister Narendra Modi's tenure began, undermines the democratic framework. For citizens, the concern is about the smooth functioning of democracy. The opposition's confrontational approach hinders cooperative federalism, affecting national interest.

Addressing grievances through participation, not boycotts, ensures a healthier democratic process. Same Old Story. Educated middle-class citizens often await the budget with anticipation, only to feel disappointed afterward. The recent budget, though promising in terms of infrastructure, employment, and other areas, fell short of transformational changes, particularly in taxation. The Finance Minister missed an opportunity to significantly alter the taxation structure, leading to disillusionment among the middle class. This cycle of expectation and disappointment continues, echoing Indiana Jones' sentiment: "Same old, same old."

Dorai Ramani Suresh | Ghaziabad

### Ensure safety norms at coaching centres



The coaching institutions at Old Rajinder Nagar in Delhi are endangering the lives of UPSC aspirants, who face numerous hardships to pursue their dreams of becoming IAS officers. The recent tragic incident where three aspirants drowned in a basement flooded with rainwater underscores the dire state of India's coaching centers. Previously, such stories were common from Kota, but now Old Rajinder Nagar has also gained

notoriety for exploiting students for profit. This area, known as the UPSC hub, is filled with overpriced, poorly maintained apartments rented out to students from low and middle-income families who struggle to afford them. The Delhi government must take immediate action against negligent property owners and coaching institutions, enforcing strict standards to ensure the safety of the aspirants. These standards should include regulations on the number of students per batch, proper ventilation, parking facilities, and reasonable rent for student accommodations.

Additionally, a toll-free number should be established for students to report grievances related to their living and studying conditions directly to the police, ensuring their safety and empowering them against exploitation. These measures are crucial to protect the lives and aspirations of future officers and uphold societal responsibility.

Kirti Wadhawan | Kanpur

### CELEBRATING PARENTS DAY

Madam — Parenting responsibilities are a testament to the unconditional love, support, and sacrifices parents make throughout their lives. This day emphasizes the importance of family values, fostering stronger relationships, and promoting gratitude and respect towards parents. Parents guide us with unwavering love and support, enduring countless silent and selfless sacrifices to ensure our happiness.

Despite the challenges of raising children, including teenage tantrums and door slams, their disciplined approach aims to provide us with a better life. As we transition into adulthood, parents continue to support us, often silently, checking on us and ensuring our well-being. Their selfless gestures speak volumes, even if they are not always expressive. It is time to show our appreciation and thankfulness for the support and love parents provide. The young generation must understand that one day they would be parents too!

MR Jayanthi | Mumbai

### NAIL THE MYTH

Madam — Scientific facts have broken several myths and misconceptions. Will it put a break to political rhetoric in India which advocates population control based on false assumptions that the minority population is growing at a faster pace than its majority counterparts. Now that the pandemic period is over, the focus must be to release the 2021 census based on latest survey conducted so as to ascertain a clear picture of the socio economic scenario rather than targeting any particular community or area. It is absurd to predict about the future only on narrow rhetoric and political compulsions rather than using the demographic dividend for the progress of the country. So, no single community or religion be held responsible for rising population since it can falsify facts. If the Minority phobia is real or a mechanism to gain political dividends is a million dollar question.

Vijay Singh Adhikari | Nainital

Send your feedback to: letterstopioneer@gmail.com

## Talk tough, act tougher

### Despite PM Modi's stern warning to Pakistan, crossborder terrorism is showing no signs of waning

Despite warnings, increased presence of troops and diplomatic manoeuvres cross-border terrorism remains a grim reality. In what must be a grave concern for all, the Indian Army has reported the loss of its 12th soldier this month, further straining the already tense relations between India and Pakistan. Rifleman Mohit Rathour was killed, and a Major along with three other soldiers were wounded in an unprovoked attack by Pakistanis Border Action Team (BAT) on an Indian forward post during an operation against terrorists attempting to cross the LoC at Kamkari in Machhal sector, north Kashmir. BAT, comprising Pakistani military personnel and terrorists, often provides cover fire for intruders crossing the LoC. In this latest assault, Pakistani personnel exploited poor weather and low visibility to attack the Army post with grenades and gunfire, resulting in a prolonged gunfight that critically wounded two soldiers, one of whom later died. In response to the surge in terror attacks, security in J&K



has been tightened, with the Government deploying two BSF battalions, totalling over 2,000 personnel, to the Union territory. The recent attack comes a day after the India Prime Minister warned Pakistan of dire consequences.

On Kargil Vijay Diwas, Prime Minister Narendra Modi issued a stern warning to Pakistan, asserting that the evil designs of the masters of terror will never succeed and that India will overcome every terror challenge. This strong message came amidst a rise in terror attacks in Jammu and Kashmir, including a deadly attack on a bus carrying pilgrims. But the PM's warning had little effect on the perpetrators.

The ongoing skirmishes along the Line of Control (LoC) and heightened insurgency activities in Jammu and Kashmir have contributed significantly to these casualties. While Pakistan's alleged support for militant groups continues to stir trouble, India must chalk out a comprehensive strategy to end such activities and ensure the safety of citizens and secure borders. Indeed, it is a tough task, given the difficult terrain but we must show resolve to take on terrorism and give fitting reply when such an incident takes place. Isolating Pakistan on international forums, especially at the UN, can work provided we present our case discreetly with proof. So far, despite the provocations, India has been steadfast in its efforts to normalise the situation in Jammu and Kashmir. The Government's approach includes developmental initiatives, infrastructural investments, and engagement with local communities to foster peace and stability. But clearly, it is not enough and terrorists must be dealt with more vigorous force using high-tech solutions. The martyrdom of the soldiers should not go waste and we should strengthen India's resolve to pursue peace and stability in the region. Cross-border terrorism must stop now and we should have zero tolerance towards infiltrators to protect our borders and the people.

## PICTALK



'Kanwariyas' gather at Har Ki Pauri ghat to collect 'Ganga jal', in Haridwar

PTI

## Monsoon mayhem: The pothole predicament

### Despite millions being spent annually by road authorities to ensure safe travel, the recurrence of potholes raises serious questions about where the money is going

The arrival of the monsoon season brings relief from the scorching heat, but it also brings along a familiar foe: "Potholes". This issue constantly frustrates commuters and raises doubts about the effectiveness of road maintenance. Every year, the Road Authorities spend millions of rupees to ensure a smooth and secure journey for travellers. However, these hazardous holes continue to deface the roads. All that money—where is it going? The other day I had to take a chance and walk the distance between the Amar Business Zone and the Hinjewadi Bus Stop. The rain was so intense that vehicles and cabs were unavailable, so I had to face it on my own. I prayed while I walked, hoping that I wouldn't hurt myself. The flooded streets and obscured footpaths turned the walk into a risky journey, where every step held the risk of either finding solid ground or plunging into an unseen pothole.

This scene is not unique. Every monsoon, countless homebound commuters endure this torment, whether



they are on foot or in their vehicles. The unpredictable nature of the road, obscured by the coverings of water, is risky. Potholes, which are frequently hidden beneath murky pools, become silent causes of numerous accidents, damaged vehicles, and occasionally fatal injuries. This issue demands urgent attention and a lasting resolution.

The persistence of potholes is a glaring testament to a systemic failure. Despite the annual financial outlay, the roads remain in a perpetual state of disrepair. One can't help but wonder about the quality of materials used, the thoroughness of the repair work, and the accountability

of the authorities involved. Are these millions being funneled into quick fixes rather than sustainable solutions? Moreover, the economic implications of this issue cannot be ignored. In an inflated world, where every rupee counts, the costs incurred from vehicle repairs, medical bills, and lost productivity due to traffic caused by bad roads are substantial. It's an added burden on the average citizen, who is already grappling with the rising cost of living.

So, what can be done to address this perennial problem? First and foremost, there needs to be a shift from reactive to proactive maintenance. Regular inspections, especially before the monsoon



RACHNA LAKHPATRI

season, can help identify potential trouble spots and address them preemptively. Employing advanced materials and technologies in road construction can also play a pivotal role in enhancing durability.

Clear records must be kept of how the funds are spent and allocated. Citizens have the right to know where their money is going and, more importantly, to hold the authorities accountable for standard work. It may be worth considering a public-private partnership to enhance the expertise and efficiency in road maintenance.

In conclusion, the monsoon, while a welcome relief from the heat, should not bring with it the dread of navigating pothole-ridden roads. It's high time the Road Authorities move beyond mere patchwork solutions and invest in lasting infrastructure improvements. For the sake of every commuter's safety and sanity, let's pave the way for smoother, safer journeys, rain or shine.

(The author is a freelance writer and a motivator; views are personal)





## FIRST COLUMN

## THE HIDDEN ENEMY WITHIN

By keeping their ego in check, we can create a positive and productive work environment that will foster innovation and sustained success



SAKSHI SETHI

Today, many of us insist the main impediment to a full, successful life is the outside world. The most common enemy that lies within an individual is the three-letter word 'Ego'. At the beginning of the career, it impedes learning and the cultivation of talent. With the progress, it blinds to their faults and sows future problems and in failure, it magnifies each blow and makes the recovery more difficult. The ego, which is often defined as a person's sense of self-esteem or self-importance, is often viewed as a necessary trait for leaders. However, when ego inflates to unhealthy levels, it becomes a significant obstacle to effective leadership thereby stifling personal growth, distorting decision-making, eroding trust and ultimately jeopardizing the success of an organization. Collaboration is a cornerstone of effective leadership. Great leaders understand the importance of harnessing the collective intelligence and diverse perspectives of their team.

Apart from collaboration, Constructive feedback is also essential for personal and professional growth. Leaders who embrace feedback can adapt, learn and improve continuously. While a healthy level of self-confidence is essential for leadership, an inflated ego can have detrimental effects. Leaders with big egos often believe their ideas are superior, which can prevent them from valuing the input of their team. This attitude can stifle creativity and innovation, as team members may feel undervalued and less motivated to share their ideas.

Moreover, such leaders may resist feedback, seeing it as a threat to their authority or self-image. This resistance can prevent them from growing and improving, leading to repeated mistakes and missed development opportunities. Above all, ego can erode trust within a team. If team members feel that their leader is self-serving, they may become disengaged and less loyal to the organization. For a high-functioning team, it is the trust, and clear accountability mechanisms, that can allow leaders to build strong relationships with their team members thereby fostering a positive work environment where individuals feel safe, valued and motivated to contribute their best efforts.



The absence of the said factors can lead to a toxic work environment as leaders with large egos may struggle to admit when they are wrong which will ultimately prevent learning from mistakes and perpetuate problems. For an organisation to flourish, it becomes vital to acknowledge the mistakes continuously for continuous improvement and to build a culture of honesty and transparency. There is no denying the fact that leaders with inflated egos may prioritize short-term gains and personal accolades over long-term success and sustainability. This can lead to decisions that provide immediate benefits but can harm the organization in the long run. The only way to mitigate this is by encouraging leaders to engage in self-reflection and seek feedback; creating an environment where open communication is valued and establishing clear accountability mechanisms that can help them become more aware of their ego and its impact.

By addressing and learning from their failures, leaders can drive continuous improvement and inspire their teams to do the same. Moreover, leaders who practice humility and openness, encourage a culture of collaboration, thereby fostering an environment where ideas can flourish and the best solutions can emerge. Remember, ego in the workplace leadership can be a double-edged sword. By promoting self-awareness, fostering a culture of humility, encouraging open communication, setting clear accountability, and leading by example, organizations can mitigate the negative impacts of ego and cultivate more effective and empathetic leaders. In an era that glorifies social media and other forms of shameless self-promotion, the battle against ego must be fought on many fronts. Great leaders recognize the importance of humility, empathy and a commitment to the collective goals of their team and organization.

(The writer is an educator; views are personal)

## Equitable revenue sharing is must for fiscal federalism



A S MITTAL

Punjab's declining GDP reflect the broader issue of uneven development. Addressing these disparities is essential for promoting holistic growth and preventing social distress across states



The current state of India's fiscal federalism is significantly detrimental to the states. The system needs to be reoriented to spur a competitive environment across the country, not just within some individual states. The recent union budget was expected to set a comprehensive five-year economic agenda for the country's wholesome growth.

In Budget 2024-25, unique packages were granted to Bihar of Rs 26,000 crore and Rs 15,000 crore to Andhra Pradesh in exchange for political support, resulting in an even wider fiscal imbalance. It's essential to ask why a similar approach has yet to be taken to address the economic growth of other financially distressed states. For example, Punjab, as a landlocked border state facing locational disadvantages, requires a fair platform to compete on an equal footing.

Once a prosperous and progressive state, Punjab grapples with a significant problem of unchecked unemployment stemming from distressed farming and an imbalanced industrial base dominated by 99.7% of small and medium-sized enterprises (SMEs).

Punjab accounts for only 5% of industrial units in the country, with a 3.6% Compound Annual Growth Rate (CAGR) in the industrial sector over the last five fiscal years, ranking 12th. In contrast, the neighbouring state of Haryana has demonstrated higher growth rates at 5.9%. Punjab ranked first in GDP in 1981 and fourth in 2004. In the fiscal year 2023-24, with a GDP of Rs 6.98 lakh crore, the state was ranked 16th.

In comparison, the neighbouring state of Haryana's GDP stands at Rs 11.20 lakh crore, ranked 12th. Interestingly, Bihar, once part of the economically challenged states known as 'BIMARU' (Bihar, Madhya Pradesh, Rajasthan, and Uttar Pradesh), is now a fast-growing economy with a growth rate of 10.6% and a GDP of Rs 8.59 crore in FY 2023-24.

Allowing lopsided economic development in a sensitive state like Punjab will have serious repercussions. Failing to ensure



ONCE A PROSPEROUS AND PROGRESSIVE STATE, PUNJAB GRAPPLES WITH A SIGNIFICANT PROBLEM OF UNCHECKED UNEMPLOYMENT STEMMING FROM DISTRESSED FARMING AND AN IMBALANCED INDUSTRIAL BASE DOMINATED BY 99.7% OF SMALL AND MEDIUM-SIZED ENTERPRISE

holistic development will ultimately lead to accusations of inefficiency in managing human resources. Unemployment exacerbates various issues in distressed areas, including mental health, crime, and drug abuse. Substantial evidence links drug abuse and law and order problems directly to unemployment. These issues must be addressed assertively to ensure the overall progress and well-being of Punjab.

Economic distress in Punjab has led to unemployment and a significant migration of its human resources to Canada, which has created a breeding ground for radicals and anti-Indian Khalistani extremist activities on Canadian soil; it is a globalised challenge that must be addressed promptly. Secondly, the Pakistan border has been adversely affecting Punjab's economy.

This, along with illegal arms supply and drug-related terrorism, has severely impacted Punjab's social fabric and law and order. The central government has not adequately compensated Punjab for its unique challenges compared to other states. The revenue-sharing disparity is a pressing issue causing significant, alarming socio-economic distress in Punjab. The state receives only 51 paise for every rupee it contributes to the Centre's tax pool, compared to states like Bihar, which receive Rs 1.20. This highlights the urgent need for equitable revenue sharing to ensure Punjab's socio-economic well-being.

Currently, Punjab's contribution to the country's tax kitty stands at approximately 3%, and it only receives 1.8% of the divisible pool of taxes allocated by the Fifteenth Finance Commission. It

is concerning that Punjab only received 1.8% of the Rs 8,16,649 crore distributed by the Centre to the states during 2022-23. However, the large areas and population figures of Uttar Pradesh and Bihar provide them with additional leverage from the central tax pool. Uttar Pradesh received the highest share at 18% (Rs 1,46,525 crore), and Bihar received the second-highest share of 10%.

This highlights why Punjab and other states argue they must receive a fair share of funds despite contributing more to the exchequer. During the fiscal year 2022-23, Punjab contributed Rs 32,800 crore to the central tax fund, which included CGST, income tax, corporation tax, wealth tax, union excise duty, customs, and service tax. However, in return, the state only received Rs 14,756 crore. Punjab has raised the issue with the Sixteenth Finance Commission, which believes it deserves a fair share of central tax. The Finance Commission recommends the distribution of tax revenues between the Centre and States.

Despite recommendations to allocate 42% and 41% of net tax revenue to States, their share of gross tax revenue fell to 35% in 2015-16 and 30% by 2023-24. For 2024-25, the Gross Tax Revenue (GTR) is projected to grow at 11.7%, raising concerns about adequacy in meeting state fiscal needs. The introduction of the Goods and Services Tax (GST) Act has had significant and varying consequences on fiscal federalism.

It has given the Centre more extensive taxation powers, altering the budget landscape and transforming budgetary federal-

ism in the country. While GST has led to revenue growth, it also restricts the financial autonomy of the states. In a recent memorandum submitted to the 16th finance commission chairman, Punjab highlighted the loss on account of GST introduction, indicating that the state would have earned more than Rs 45,000 crore with VAT versus the budgeted GST of Rs 25,750 crore in FY 2024-25.

This gap is expected to increase to Rs 95,000 crore with VAT and GST at Rs 47,000 crore by 2030-31.

The Way Forward: In the current fiscal federalism, it is crucial to adopt a comprehensive and inclusive approach to budgetary prudence, local employment generation, and social harmony, regardless of demographic and political differences. Devolve more fiscal powers to states, enhancing their flexibility in revenue generation, expenditure planning, and borrowing limits. Reforms are necessary to address imbalances in the revenue transfer system.

A Finance Act amendment is still pending to establish fairness and accountability in managing the resource imbalances between the Centre and the States, which has led to growing regional tensions. Ultimately, fair, competitive, and effective fiscal federalism is essential to ensure that resources result in improved services and infrastructure for citizens.

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## India's population: A liability or an untapped asset with immense potential

As the world population nears 8 billion, it becomes imperative to reassess the impact of population dynamics on sustainability and progress.

Much is being written and spoken about India's teeming human population. Huge concerns are being raised on the spectre of the burgeoning population becoming a severe liability for national survival. India's population was 1.44 billion in January 2024 and could be a shade above this at present. This population has been growing at the rate of nearly 1 per cent per year during the last decade. People say that the country cannot progress economically and become a developed nation unless population growth is checked. Or, in other words, a big population is a most severe dampener to national growth and development. How far is this true and is there historical precedence to cor-



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roborate this concern? The subject of the population needs to be analysed from a larger, global perspective. The population of the world is close to 8 billion today and has trebled over the last 100 years. The core issue regarding population being considered an asset or liability pertains to the current paradigms of tapping and using global material resources and the huge disparity in ownership of those resources. Humans do not and cannot

produce babies at will like goods are produced in a factory. Humans can only cohabit and copulate, like lower animals. This is borne out by the fact of decreasing fertility in many parts of the world despite the professed advancements of modern medical science.

Scientists and medical professionals can help with the process of fertilisation of reproductive cells but cannot achieve conception at will. It stands to reason that babies are produced in the factory of nature by the subtle action of a supernatural, omnipotent entity. You can call him Creator or God who is also the controller and regulator of the world and the larger universe. This is a prime scientific fact if science is correctly under-

stood as the systematic and logical treatment of any subject. Hence population growth or decline is a subject more of God than of man. If population growth is high and humans fear that it will make human life unsustainable, their Creator knows better. He makes humans learn and realise their mistakes through natural disasters like climate change, wildfires, cyclones, tornados, earthquakes, floods and epidemics. These serve to balance out the excessive population from time to time. It has to be admitted that modern science has done a lot to conquer life-threatening illnesses and increase the longevity of humans. Average life expectancy globally today is almost double compared to what it was 200



years ago. But this increase has come at the cost of the environment. We have used chemical fertilizers for crops abundantly which have undermined the quality and fertility of soil. We have used chemical, reductionist formulation-based drugs and vaccines aplenty whose serious, sneaky side effects are slowly coming into evidence. But we cannot go on doing it ad infinitum without seriously prejudicing sustainability. Today, humans

are ravaging and pillaging global material resources like never before. They are enhancing human comforts at the cost of the environment. Life expectancy is rising at the cost of life quality. Infectious diseases are being combated through strong chemical formulation drugs, while insidiously inviting chronic diseases and newer ailments unheard of before. Humans are unwittingly proceeding towards a situation of unsustainable existence. Let us go back to the prime metaphysical truths of existence. God regulates all life. He is the source of all knowledge which is enshrined in the divinely revealed scriptures called Vedas. These scriptures are the repository of all knowledge including science and technology.

Vedic hymns declare that each human couple should produce 10 children. The same Vedas exhort humans to live up to at least 100 years, healthy and fit. In the above backdrop, the human population is an asset, not a liability. We should know how to utilise the manpower productively and fruitfully. If we follow the modes of agriculture and food production as per Vedic sciences, using technologies based on such sciences, we will never have to compromise the quality or fertility of the soil and can produce bumper crops season after season. We can achieve this through strictly organic farming and protect our environment and ecosphere. Following assiduously the principles of Ayurveda, we can ensure

sound health and high longevity without recourse to synthetic chemical drugs. All we have to do is change our systems and paradigms of living to reduce the stark wealth disparity witnessed today where 20 per cent of the global population holds 80 per cent of global resources. Our instinct of self-aggrandisement, driven by capitalism based on the banal baser element of greed has led to the present situation. Population needs to be considered an asset and it will be regarded as an asset if we change our living paradigms to align with nature and embrace environment-friendly technologies expounded in our ancient Vedic scriptures. (The author is a management consultant based in New Delhi; views are personal)