The Tribune
ESTABLISHED IN 1881

Shehbaz in the saddle

Thaw in India-Pak ties to remain elusive

ALMOST a month after Pakistan's elections threw up an inconclusive verdict, Shehbaz Sharif has started his second term as the Prime Minister. The Pakistan Muslim League-Nawaz (PML-N) and the Pakistan People's Party (PPP) finally cobbled together a coalition after prolonged parleys. The country's military leadership has achieved its objective of keeping jailed ex-PM Imran Khan and his Pakistan Tehreek-e-Insaf out of power, even though candidates backed by the party had upstaged both the PML-N and the PPP in the February 8 elections. Thus, it is evident that the Pakistani military establishment will continue to call the shots.

With Pakistan in the throes of an economic crisis, Shehbaz has declared that his government's top priority would be to improve the economy. The immediate challenge is to persuade the International Monetary Fund to extend the funding facility beyond the term of the current agreement, which expires in April. On the geopolitical front, Shehbaz has his work cut out in view of Pakistan's troubled ties with neighbours Afghanistan, Iran and India.

The India-Pakistan relations have been in deep freeze since 2019, the year that witnessed the Pulwama terror attack, the Balakot airstrikes and the abrogation of Article 370 that had granted special status to Jammu & Kashmir. While Shehbaz has vowed to improve Pakistan's ties with all leading nations, including its neighbours, he has struck a discordant note by equating Kashmiris with Palestinians. The Kashmir issue was raised recently by Pakistan at the UN Human Rights Council, drawing a sharp reaction from India, which urged Islamabad to introspect on its 'appalling human rights record' and 'global reputation as the world's terrorism factory'. Indeed, there's nothing new about Pakistan's new government, which will prefer to stay on the right side of both China and the US. This implies that the cross-border terror tap won't be turned off anytime soon and the relations with India will remain strained.

Punjab Budget

Shadow of growing debt burden on crucial outlays

IN a balancing act, Punjab Finance Minister Harpal Cheema has focused on education and health in the state's 2024-25 Budget, which has a total outlay of over Rs 2 lakh crore, while again refraining from imposing new taxes. But what stands out is the omission of the widely anticipated aid of Rs 1,000 per month for women above 18 years. This honorarium, a pre-poll promise of AAP in Punjab, has been included in the Delhi Budget by the party's government in the national capital.

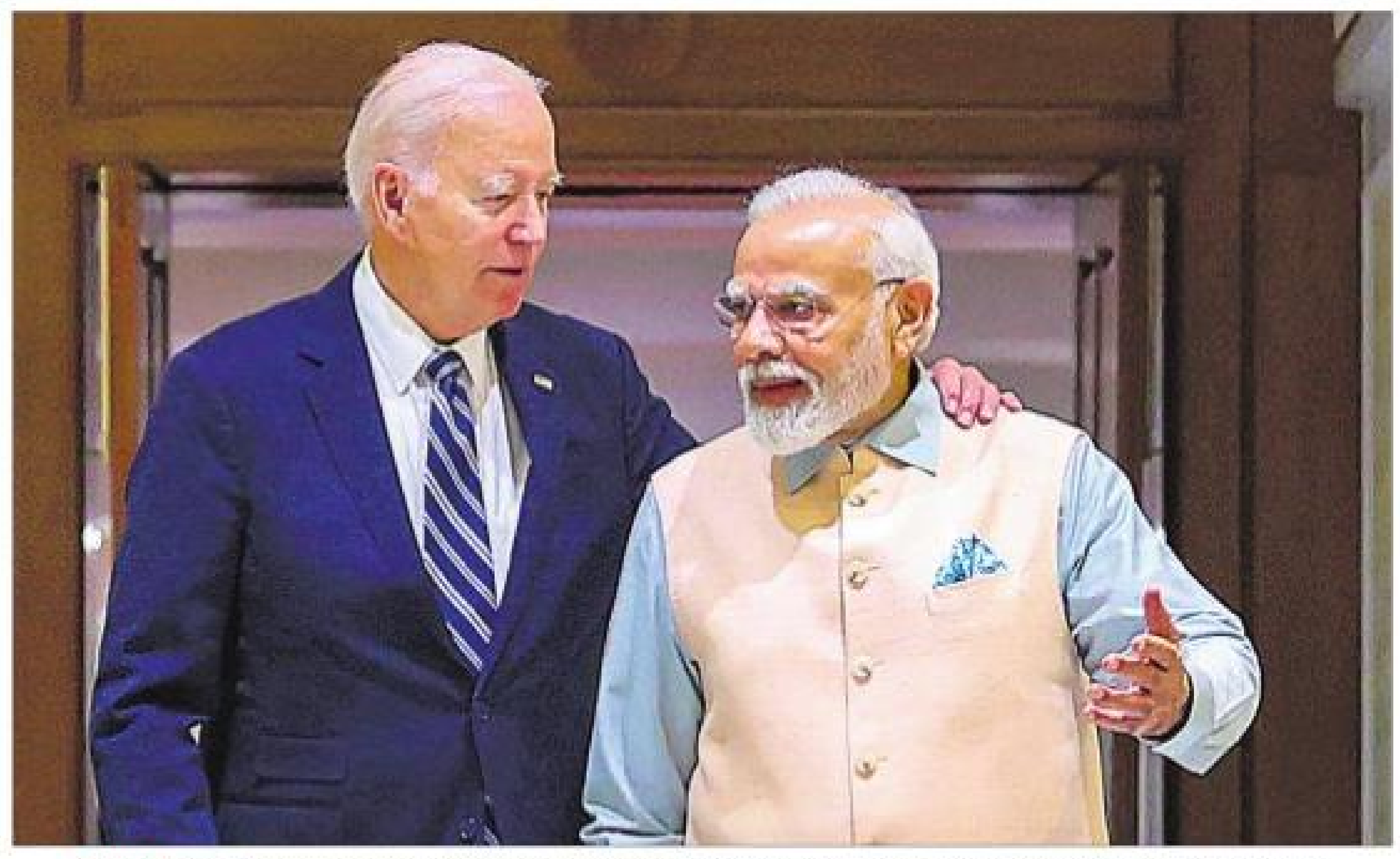
Substantial outlays have been made for education and healthcare in Punjab. The proposed schools of brilliance and schools of happiness, Mission Samrath, investments in medical education and grants to state universities signal a holistic approach towards nurturing academic excellence. The establishment of Aam Aadmi Clinics and investments in healthcare infrastructure are aimed at catering to rural areas. The critical issues of crop diversification and groundwater depletion have also been addressed, demonstrating an effort towards sustainable development. Initiatives such as sports nurseries and funding for sports universities are commendable, too.

However, amid this array of allocations, concerns linger regarding the debt burden — which surged from Rs 2.73 lakh crore in March 2022 to Rs 3.33 lakh crore by January 2024 — and the fiscal deficit. An RBI report reveals that the debt-to-GDP ratio of Punjab is 47.6 per cent, the second highest in the country. The state has had to raise more loans to meet its expenditure, with committed liabilities like wages, pensions, loan repayments and power subsidies substantially eating into its revenue receipts. This curtails the government's financial manoeuvrability to undertake major development works. In the current financial year, too, capital expenditure has accounted for a limited proportion of the total receipts due to the same reason.

The limits of India-US strategic partnership

China is willing to respond positively to US moves towards a limited détente

SHYAM SARAN
FORMER FOREIGN SECRETARY



STRATEGY: America doesn't wish to give the impression that it is ganging up with India against China. PTI

WHEN India and the US concluded the historic Civil Nuclear Agreement in 2008, their bilateral relations were launched on a positive trajectory. Since then, there has been an across-the-board expansion in virtually all dimensions of the relationship — security, technology, defence, economy and commerce. There is today a broader and deeper relationship of unprecedented magnitude. This is undoubtedly anchored in enduring strategic convergence, particularly with respect to maintaining a balance of power in the Indo-Pacific but not limited to it. If there is a 'quadrilateral' platform which groups India together with the US and its military allies Japan and Australia in the Indo-Pacific, there is the I2U2 in the Gulf, bringing together India and Israel as well as the US and the UAE. A shared concern over the expansion of Chinese power on both the eastern and western flanks of India makes these security arrangements valuable to the country.

From the US standpoint, building up India's economic, military and technological capabilities makes sense even if India is not its formal ally because New Delhi, for its own reasons, will pursue policies to deter the exercise of coercive power by China. This will reinforce the US objective of constraining Chinese power. Furthermore, India is the only country which has a scale matching China's and can emerge as its peer rival. But it has always been clear that India is unlikely to participate in possible hostilities which might erupt between the US and China, say over Taiwan. Nor will the US put boots on the ground to support any Indian armed operations against China. These limits are well understood by both sides. Neither the US nor India, in their public pronouncements, suggest otherwise. It is also true that while China is a key component in the India-US strategic partnership, it is not the only one. The sheer breadth of the relationship has a logic of its own and India is right in asserting this.

It is against this background that one was intrigued by the remarks attributed to India's Defence Secretary Giridhar Aramane on the occasion of the convening of the second INDUS-X defence meeting with the head of the US Indo-Pacific Command, Admiral John C Aquilino, on February 21. He was quoted as saying: "In navigating the complex dynamics of this region, India and the US find themselves as key stakeholders, bound by shared values and common interests."

This was fine, but then he brought in the military standoff with China in Ladakh into his public remarks: "India is giving a face-off to our neighbour in almost all the fronts we have with them. Wherever there is a mountain pass, we are stationed there to face any eventuality. Wherever there is a road, we have to be ready there also. So, we are standing against a bully in a very determined fashion."

> These remarks, which appear to openly solicit US support as a supplicant in helping India cope with the military standoff with China on the border, are unusual.

While this may have been conveyed in confidential deliberations in the past, it is the first time such remarks have been made publicly.

It was even more surprising to read the Defence Secretary's subsequent remarks: "And we expect our friend US will be there with us in case we need their support. It is a must for us and we have to do it together. We greatly appreciate the support and resolve from our friends in supporting us during such an event. The strong resolve that we will support each other in the face of a common threat is going to be of critical importance to us."

These remarks, which appear to openly solicit US support as a supplicant in helping India cope with the continuing military standoff with China on the border, are unusual. They may not have been appropriate to the occasion and even convey, perhaps inadvertently, that India is not capable of dealing with the Chinese threat on its border on its own. The US Department of Defence's readout on the meeting contains neither a reference to these remarks nor any reaction from the US Indo-Pacific Commander. There may even have been some embarrassment on the US side over this public statement.

Some days later, there was a media interview of Richard Verma, a former US ambassador to India and currently Deputy Secretary of State in charge of management and resources. The interviewer asked him whether in the backdrop of the Indian Defence Secretary's reported remarks, "... Is the US standing with India?" His reply is most revealing and supports the view that the Indian official's remarks may have embarrassed the Americans, who do not wish to give the impression that the US is ganging up with India against China. Listing all the principled reasons why the US-India relationship "stands on its own", he added that "... this isn't about any third country. When I think about this relationship, I think about it in bilateral terms and what we can do to strengthen the international architecture."

For good measure, he added: "And each of us will take our own path that I think fits what's right for our people and for our societies. I would leave it at that." This is more the kind of careful language India usually uses.

The US is vulnerable as it is involved in two wars, one in Europe and the other in West Asia. While it is engaged in a rivalry with China in the Indo-Pacific, there is as yet no 'hot war' there and the US would prefer to keep a lid on that possibility. For this to work, there must be a lessening of tensions with China. China faces its own economic headwinds and is willing to respond positively to US moves towards a limited détente. Public expressions of an anti-China front with India would run counter to this. The postponement of the New Delhi Quad summit, which would have brought President Biden to India, points in the same direction — of not alienating China at this critical juncture.

We should have read the runes correctly and avoided displaying our vulnerability to shifts in US geopolitical postures. This may also send a wrong message to China.

THOUGHT FOR THE DAY

> "The US-India relationship is set to be one of the most defining ones of the 21st century. —Joe Biden"

'Japani magistrate' who found maize amazing

KC VERMA

THERE was a story that went around in Bihar in the early 1970s that everyone believed to be true, even though there was disagreement about its provenance. Some said the incident happened in Banka, while others insisted that it occurred in Naugachhia. And there were others who declared that two distinct but similar incidents had been witnessed in different places. Be that as it may, the place is only a matter of detail and quite immaterial to this narrative.

There were two prominent land-owning families in Banka (or Naugachhia) who were known to grow the best maize crop. Once, a quarrel broke out between the two families over a minor dispute. Both families laid claim to the crop standing on a large patch of land near their village. The dispute escalated, and the warring parties took the matter to court. The court granted an injunction and directed both parties to stay away from the disputed farmland and contest a civil suit for its ownership. The court further prohibited the two families from harvesting the produce and ordered the deployment of an armed picket near the cornfield to maintain peace. Accordingly, a posse of one havildar and four constables was despatched. The armed force, however, required a magistrate too. But unfortunately, no magistrate was available to be posted to a village in the middle of nowhere.

To meet such exigencies, the government is empowered to appoint any person as a special executive magistrate for a short term. Till the 1970s, such ersatz magistrates in Bihar were called 'Japani magistrates' — a nod to cheap knock-offs manufactured in post-war Japan. And it was the good fortune of Misserji, a schoolteacher from distant Bhagalpur, to be appointed as the 'Japani magistrate' for Banka (or Naugachhia).

Misserji and the five policemen buckled down to camp for an indefinite period at the remote location, far away from any market or eatery. They made themselves as comfortable as they could in a tent pitched next to the cornfield and arranged their meals. They had brought dry rations from the city and purloined whatever vegetables they could from the fields around them. But Misserji was a man widely known for his love of life, his girth and gargantuan appetite. He found the daily *'dal roti'* boring and craved something more. And eureka! He discovered corn! He and the policemen started helping themselves to the luscious *bhuttas* ripening in the disputed field. After a few weeks, the cornstalks swayed in the wind as majestically as ever, but totally bereft of cobs. People said it was an exaggeration, but the 'Japani magistrate' and the five cops were said to have gobbled up about a thousand kilograms of corn in six weeks. Whether it was true or not is anyone's guess. But since then, residents of the village have been wary of quarrelling over a piece of land with a maize crop.

LETTERS TO THE EDITOR

SC rights a wrong

With reference to the editorial 'Stripped of immunity'; the Supreme Court is right to strip lawmakers of immunity from prosecution for taking bribes to vote or make speeches in Parliament and legislative assemblies. The unanimous verdict is laudable and a step in the right direction. This can go a long way in checking malpractices like bribery and money power and helping cement the citizens' faith in the judiciary and the lawmaking process. Probity and transparency are a must for a vibrant democracy. From scrapping the electoral bond scheme to overturning the Chandigarh mayoral poll result, the apex court has undone many wrongs in recent times.

RAVI SHARMA, DHARIWAL

1998 verdict was flawed

Refer to 'Stripped of immunity'; the Supreme Court's 1998 verdict in the JMM bribery case, which granted immunity to MPs and MLAs from prosecution for accepting bribes, was flawed. The latest verdict emphasises the vital importance of probity in the legislative process and serves as an antidote to corruption in politics. The recent judgments delivered by the apex court, including the scrapping of the electoral bond scheme, highlight the judiciary's crucial role in safeguarding the integrity of our democracy. It is high time that elected representatives in this country learnt to respect the faith and trust reposed in them by voters.

AMARJEET MANN, UNA

Boost for faith in lawmaking

Apropos of the editorial 'Stripped of immunity', the seven-judge Constitution Bench of the Supreme Court has rightly overruled its 1998 majority verdict in the JMM bribery case. The lawmakers were granted immunity under Articles 105 and 194 of the Constitution, and it opened the floodgates for the blatant use of money power in horse-trading and other legislative malpractices. It is encouraging to see the SC show zero tolerance for corrupt lawmakers by upholding the values of probity, transparency and accountability. It will deepen the faith of the public in the lawmaking process.

GURPREET SINGH, MOHALI

Need to change mindset

With reference to the editorial 'Jharkhand horror'; the gangrape is a grim reminder of the risks involved in touring the nation. If something like this can happen to a couple, what about solo female tourists? Every incident of crime against a foreigner brings us global shame. It also hits the tourism sector in India. The poor rate of conviction in rape cases has emboldened anti-social elements. Besides, there is a need to change the mindset of people in the country. A lot of times, it is the victim who is shamed, not the perpetrator of the crime. A rape victim must not feel societal pressure to stay silent.

ANTHONY HENRIQUES, MUMBAI

Make India safe for tourists

Refer to the editorial 'Jharkhand horror'; crimes against foreign tourists have far-reaching consequences. The success of many economies globally relies on a thriving tourism industry. For India, which aims to be a developed nation by 2047, sustaining and expanding its tourist base is very important. Integrating a welcoming attitude towards tourists into the educational curriculum, acknowledging those who extend hospitality, launching campaigns in the media to promote tourist-friendly practices and ensuring the visitors' safety are some steps that need to be taken. These measures will collectively contribute to making India an inviting and safe destination for international tourists.

VIJAY KUMAR KATIAL, PANCHKULA

Israeli hostages must be released

Apropos of the editorial 'Gaza tragedy'; while it is true that Israel should agree to a ceasefire now on humanitarian grounds, the slaying of about 1,200 people by Hamas gunmen in the October 7 attack and the abduction of several Israelis and foreigners should be addressed by the UN. Israel must not be expected to make any compromise when it comes to the honour and security of the nation. All the Israelis held captive must be released forthwith. The aggressors must take responsibility for all killings on both sides.

ASHOK KUMAR GOEL, PANCHKULA

Letters to the Editor, typed in double space, should not exceed the 200-word limit. These should be cogently written and can be sent by **e-mail to: Letters@tribunemail.com**

ON THIS DAY...100 YEARS AGO

The Tribune.
LAHORE, THURSDAY, MARCH 6, 1924

Public health in Lahore

A complete lack of consideration for public health on the part of the Municipal Committee of Lahore is revealed by certain comparative statements that have been prepared for the enlightenment of our city fathers. It appears that while the population in the city has gone up by something like 20,000 since 1911, the strength of the supervising staff in the Public Health Department has been reduced from seven in 1909 to two in 1924, while the number of Jamadars has fallen from forty-two to thirty-six. Again, in the civil station, while the population has doubled, the supervising staff has gone down from five in 1909 to two in 1924. Even the number of conservancy carts has not kept pace with the increase in population, with the result that today it is hopelessly inadequate to meet the growing demand for the removal of filth. Nor has any account been taken of the extension that has taken place in the municipal limits during the same period. And this process of starving one of the most important departments under the municipal administration is not the result of any fall in the income of the municipality or the necessary consequence of a general policy of retrenchment adopted and pursued by the committee. For instance, while during the last five years, expenditure on conservancy has been cut down by Rs 46,000 (including a cut of Rs 12,000 during the last year alone), the income of the municipality has gone up by Rs two lacs. Constituted as the present municipality is, it is not possible to foretell whether it will or will not revise its decisions relating to the allotment of money for this much-neglected department.

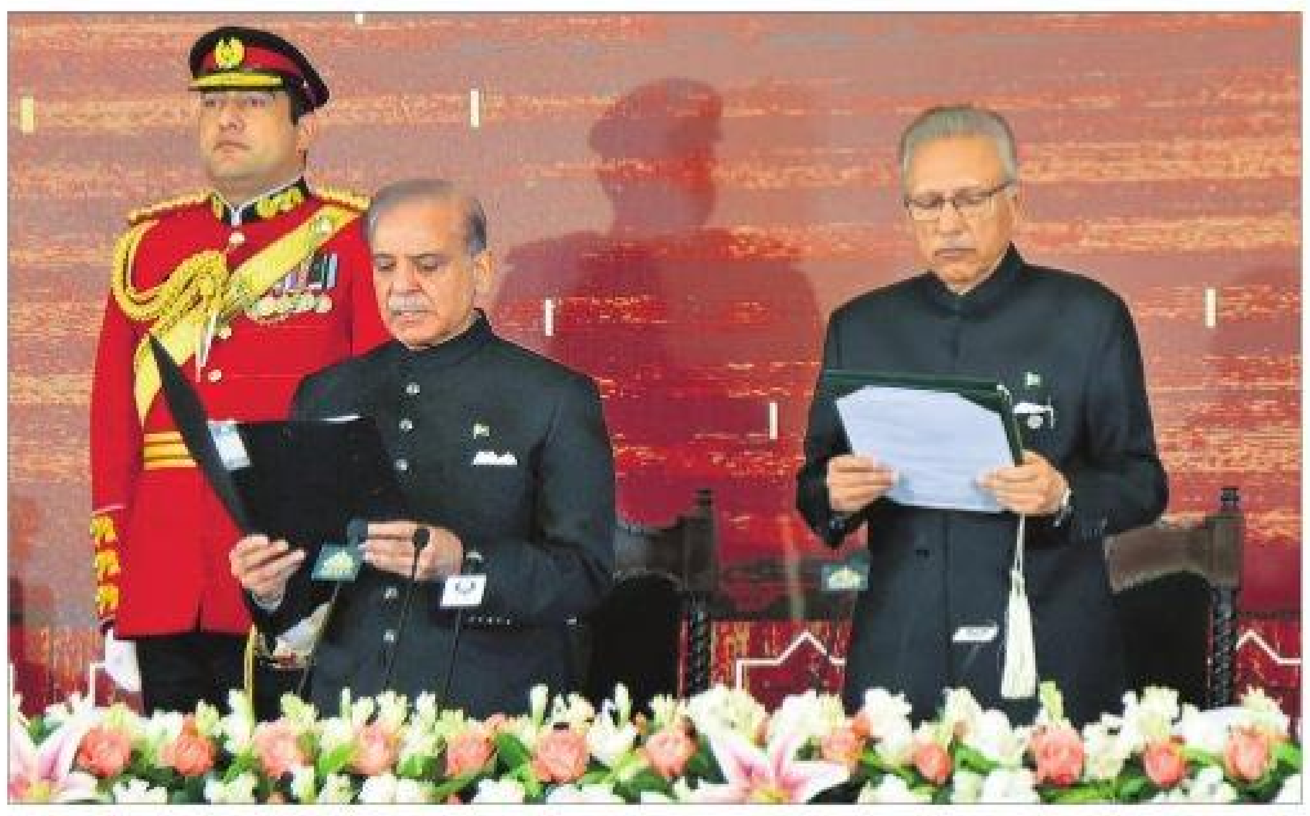
New Pak PM faces economic, political challenges

VIVEK KATJU
FORMER SECRETARY, MINISTRY OF EXTERNAL AFFAIRS

SHEHBAZ Sharif was elected by the Pakistan National Assembly (NA) to the office of the Prime Minister on March 3. The next day, he was administered the oath of office by President Arif Alvi. The ceremony at the Aiwan-e-Sadr (presidential palace) in Islamabad was attended by the leaders of the ruling coalition — the Pakistan Muslim League (N), Pakistan People's Party (PPP) and Muttahida Qaumi Movement-Pakistan — and the military establishment. The chief ministers (CMs) of Punjab, Sindh and Balochistan were also present. However, Pakistan Tehreek-e-Insaf (PTI) 'leaders' who contested and won their NA seats as independents, and have now 'joined' the Sunni Ittehad Council for technical reasons, boycotted the oath-taking. And so did the Khyber-Pakhtunkhwa (KP) province CM; he effectively belongs to the PTI too.

Thus, the oath-taking ceremony itself clearly showed the continuing deep political divisions within the country that the February 8 national elections have only exacerbated. Over the past few days, the coalition leaders have called for the healing of political wounds. Indeed, PPP Chairman Bilawal Bhutto-Zardari has sought the formation of a judicial commission to look into the events of May 9 last year. On that day, former PM Imran Khan was taken into custody in a corruption case, and his supporters went on the rampage, targeting military installations in many cities. That caused a rift between army chief Gen Syed Asim Munir and other Generals. Munir purged the army of officers suspected of harbouring pro-Imran sentiments. Imran has been behind bars since then, and it will take a while before Munir lets him come out of prison.

Munir knows that the election results have shown that Imran enjoys massive popular support in KP and, more significantly, a large measure of public sympathy in Punjab. Neither Munir nor the Sharifs can afford to let Imran move around freely among the people. It is also doubtful if the army will really cooperate with a judicial commission, even if one is formed to investigate the May 9 developments. Hence, protests in the NA and the Punjab assembly are likely to continue, but the army will not allow major or long-lasting street agitations. It will be willing to go as far as is required to control demonstrations, especially if they turn violent.



TOUGH ROAD: Throughout this year, PM Shehbaz Sharif (left) will have his hands full in extricating Pakistan out of its economic mess and managing the coalition. AP/PTI

Two tasks are left to be done under the coalition pact. The first is the election of Asif Ali Zardari as Pakistan's President. The election is to take place on March 9. While the Opposition has fielded Mahmood Khan Achakzai as its candidate, Zardari should have no difficulty in emerging victorious. The second task is the allocation of portfolios. It is likely that this has already been worked out between the PML-N and the PPP. The finance minister will have to engage credibly with international donors, including the International Monetary Fund (IMF). Nawaz Sharif may want Ishaq Dar to hold the portfolio once again, but his appointment will be controversial at a time when the economy is in a shambles. In his address to the NA, Shehbaz plainly and, at some length, put the very difficult economic situation before the Pakistani people.

> Shehbaz raised the Kashmir issue in familiar terms, accusing India of human rights abuses. He spoke of Kashmir in the same breath as Gaza.

Shehbaz said Pakistan's debt payments were more than its government revenues; hence, it was borrowing to pay off debts, leading to the accumulation of greater debt. In such a situation, it was becoming difficult to meet even the requirements of maintaining the government machinery. He told the NA members that their salaries and allowances were also paid through loans. He said taxes had to be hiked and their evasion plugged. Another issue he stressed upon was electricity theft; it could not be allowed to go on, the PM said. He also expressed confidence that Pakistan had the natural and human resources to enter a high growth trajectory and aim to become a member of the G20 by 2030.

The G20 membership ambition can only be achieved if Pakistan is willing to undertake revolutionary steps, beginning with curtailing its defence expenditure. That would require normalising ties with India. It would also need the adoption of effective steps against the semi-feudal leaders and corrupt businessmen who support major parties. Neither the army nor the political class has displayed any desire for such basic changes. Pakistan will once again have to opt for an IMF programme and go cap in hand to donors. While no nation wants destabilisation in a nuclear-armed country, donor patience with the Pakistani leadership is running out for not putting its economic house in order.

Significantly, but not surprisingly, Shehbaz raised the Kashmir issue in familiar terms, accusing India of human rights abuses. He spoke of Kashmir in the same breath as Gaza. This was deliberate, for he wanted the Islamic ummah to see the two situations in the same light. The ummah will not do so for the simple reason that it is preposterous to compare Kashmir with Gaza. While Shehbaz is a sober and realistic administrator with experience in global affairs, the fact is that the Sharifs have always been hardliners on Kashmir. In this, they share the views of the army, though unlike the force, they have wanted the normalisation of economic and commercial relations with India in the past.

Throughout this year, Shehbaz will have his hands full in extricating Pakistan out of its economic mess and managing the coalition. He will not take on the army by intervening in what it considers its domain: the handling of the country's security policy. At this time, the army's main focus is on Pakistan's western front, where it is facing problems with the Afghan Taliban, especially because of its continuing support for the Tehreek-e-Taliban Pakistan (TTP). The TTP is not willing to make peace with the army. In these conditions, Gen Munir is unlikely to disturb the ceasefire along the LoC, which has been continuing since February 2021.

GDP growth robust, but sluggish consumption is worrisome

SUBIR ROY
SENIOR ECONOMIC ANALYST

THE powerful growth rate (8.4 per cent) of India's gross domestic product (GDP) in the October-December quarter of the 2023-24 financial year has expectedly been celebrated by the country's rulers as a sign of its strength as it journeys towards 'Viksit Bharat'. But several statisticians and economists have sought a more nuanced explanation instead of simply taking the new data at face value.

The most positive performance has been rendered by the manufacturing sector, in which the country has historically been far behind global leaders like the US and China, growing by a record 11.6 per cent. This would indicate that the production-linked incentive scheme, whose aim is to boost domestic manufacturing, is getting somewhere.

There is good news from the construction sector, too, which has grown by 9.5 per cent. Strong construction activity means more jobs for the least skilled, typically farmhands who don't find agricultural jobs and so travel to urban areas in search of work.

But the not-so-good news comes from the agricultural sector, which actually moved backwards, contracting by 0.8 per cent. This is serious as nearly half of the country's workforce is engaged in agriculture and allied sectors. Negative growth in agriculture means poor earnings in the farm sector, which translates into poor consumption demand, which in turn means a sluggish demand for the essentials marketed by FMCG (fast-moving consumer goods) companies.

If the countryside is unable to carry the can in terms of consumption, what is the state of overall private final consumption expenditure (PFCE), a key driver of overall demand? It grew by 3.5 per cent during the quarter, which has been described as the slowest in a couple of decades.

If private folks have not been consuming a lot, how is the government doing? The picture there seems to be quite dismal. The government's final consumption expenditure actually decreased by 3.2 per cent. If this is intimidating, the good news is that gross fixed capital formation, which gives a measure of capital investment in things like plants and machinery, grew by a healthy 10.6 per cent. So, we may be seeing a situation in which capital investment is taking place but the government is not spending that much on itself and subsidies. In fact, there was a 54 per cent drop in subsidies in the third quarter.

PROGRESS: The most positive performance has been rendered by the manufacturing sector, in which the country has historically been far behind global leaders like the US and China. TRIBUNE PHOTO

The capital investment augurs well for the future, but the lacklustre state of agricultural activity needs to change. The government is laying store by a healthy rabi harvest and the fading away of the El Nino effect leading to expectations of a good monsoon in the current calendar year, which will help the main kharif crop move forward.

To get back to the overall growth figure, it has beaten the expectations of many economists. The Reserve Bank of India had projected a growth of 6.5 per cent. The high figure of 8.4 per cent was in small part the result of the lower base effect. The growth rate for the third quarter of the previous financial year (2022-23) was revised downward by 0.2 per cent. So, in comparison, the rate for the same quarter of the current year automatically did better by that much. But we have not yet heard the end of the story. There will be revisions in the growth rate for the current year.

> There is a divergence between the growth rates calculated by the GDP route and the GVA, raising the question as to whether the GDP figure is overstated.

There is a divergence between two growth rates — one calculated by the GDP route and the other by the GVA (gross value added) route — raising the question as to whether the GDP figure is overstated. Against GDP growing by 8.4 per cent, GVA grew by 6.5 per cent. GDP is calculated by taking the total value of output (goods and services) as measured by GVA (output value minus input costs) and adding to it taxes and subtracting subsidies. The high GDP figure has benefited from a sharp rise in net taxes which are estimated to have grown by 32 per cent in the third quarter of the current financial year. Additionally, the subsidy outgo fell mainly on account of lower outgo on fertilisers.

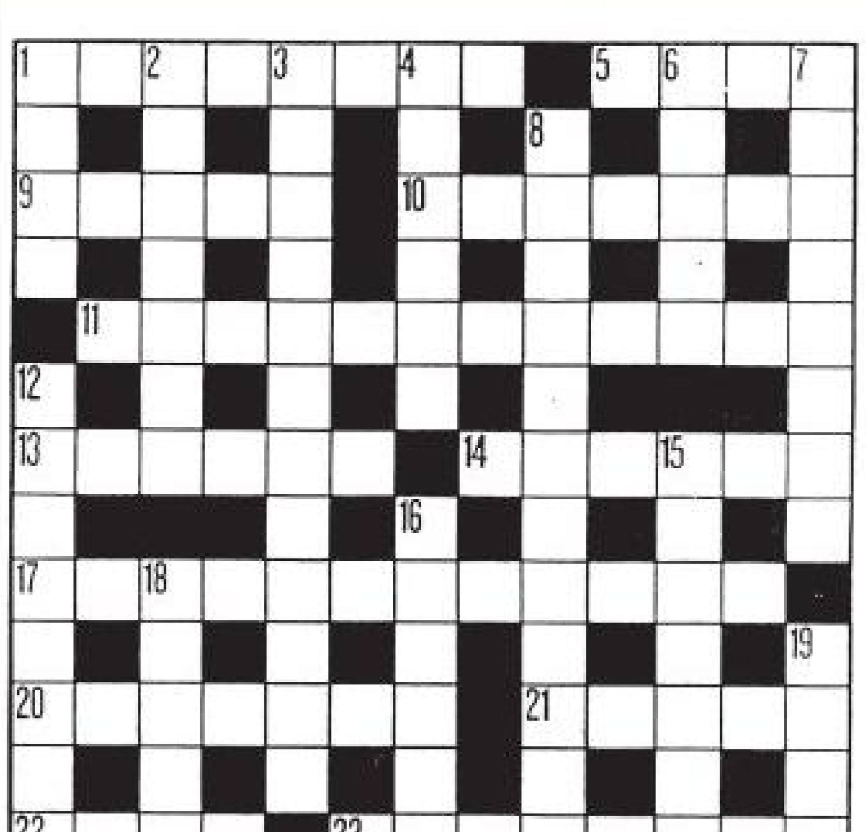
What economists find worrisome is the weak PFCE. This will translate into weak demand for the micro, small and medium enterprises (MSME), which will not be investing as they do not see better demand ahead of them. Right now, the bulk of private capital expenditure taking place is by the corporate sector, which is able to access institutional finance easily, whereas MSMEs are still having to go to non-institutional financiers or moneylenders. The government is expecting the private sector to take over the job of undertaking capital investment. In this situation, with an investment growth rate of around 32 per cent, the economy will not experience an overall growth rate beyond 6-6.5 per cent, as per experts.

For investment to rise across the board, not just in plants and machinery but in roads and bridges too, the critical element is PFCE. Consumption drives growth and investment follows consumption. Investment and consumption comprise around 80 per cent of GDP. As both FMCG corporates and MSMEs are currently facing headwinds emanating from low PFCE, we are continuing to see weak demand for items of regular consumption and high demand for premium products.

All this does not point to a period of higher investment which will let per capita income grow by an average 9.1 per cent over the next two decades to help the country become a developed nation ('Viksit Bharat') by 2047. A key area to begin with can be the low gross value addition that marks Indian agriculture. Agricultural productivity needs to grow, improving the returns from agriculture and rural private consumption.

It will also release farm labour to go and work in urban areas in low-skilled jobs such as those in the construction sector. Those with higher skills, such as carpenters, plumbers and electricians, have devised their own solution. A large number of these workmen are taking up jobs abroad, mainly in West Asia. At a higher level, there is also a demand for skilled workers from a country like Taiwan, which is facing the consequences of a falling birth rate. Thus, India may be on the way to becoming even more dependent on the remittances of its workers from abroad.

QUICK CROSSWORD



ACROSS

1 Saying little (8)
5 Ill-considered (4)
9 Large stringed instrument (5)
10 Progressing by degrees (7)
11 Dismissed unceremoniously (3,2,4,3)
13 Usable power (6)
14 Economy (6)
17 Full of suspense (5-7)
20 A mosquito-borne disease (7)
21 To stroll (5)
22 Consider (4)
23 Impassioned (8)

DOWN

1 Horse's saddle, bridle etc. (4)
2 Conspire fraudulently (7)
3 Main road (12)
4 Tract of country (6)
6 Entertain (5)
7 Boisterous merriment (8)
8 Reach desired standard (4,3,5)
12 A recent arrival (8)
15 Base (7)
16 Display ostentatiously (6)
18 Creek (5)
19 Abandoned (4)

Yesterday's SOLUTION

Across: 1 Set up shop, 8 Loose, 9 Numeral, 10 Divert, 11 Closed, 12 Face-lift, 15 Of course, 18 Decamp, 20 Squawk, 21 Ongoing, 22 Until, 23 Life story..

Down: 2 Equal, 3 Uneasy, 4 Stand for, 5 Plaice, 6 Coterie, 7 Deathtrap, 11 Colosseum, 13 Credence, 14 Actuate, 16 Unwell, 17 Accost, 19 Minor.

SU DO KU

					1			
		2	7				1	
9						7	3	4
		3					8	
6			3		7			2
	2					4		
2	8	7						6
	6				5	8		
			4					

HARD

YESTERDAY'S SOLUTION

6	5	2	9	8	1	3	4	7
9	1	7	4	6	3	8	2	5
4	3	8	5	7	2	9	1	6
7	9	5	1	2	4	6	8	3
1	2	6	8	3	5	7	9	4
3	8	4	7	9	6	2	5	1
2	7	1	3	4	9	5	6	8
5	6	3	2	1	8	4	7	9
8	4	9	6	5	7	1	3	2

CALENDAR

MARCH 6, 2024, WEDNESDAY

- Shaka Samvat 1945
- Phalgun Shaka 16
- Phalgun Parvishte 23
- Hijari 1445
- Krishna Paksha Tithi 11, up to 4.14 am
- Vyatapata Yoga up to 11.33 am
- Purvashadha Nakshatra up to 2.52 pm
- Moon enters Capricorn sign 8.28 pm

FORECAST

SUNSET:	WEDNESDAY	18:25 HRS
SUNRISE:	THURSDAY	06:41 HRS

CITY	MAX	MIN
Chandigarh	22	09
New Delhi	26	11
Amritsar	22	08
Bathinda	23	07
Jalandhar	22	09
Ludhiana	23	10
Bhiwani	24	10
Hisar	23	08
Sirsa	24	09
Dharamsala	16	08
Manali	12	02
Shimla	15	02
Srinagar	10	01
Jammu	21	08
Kargil	----	----
Leh	----	----
Dehradun	25	12
Mussoorie	16	06

TEMPERATURE IN °C

Deprivileging bribe

Voters should know that MPs do not act under monetary inducement

It was a judgment that has rankled for years. The artificial distinction that the Supreme Court of India made over 25 years ago between 'bribe-givers' and 'bribe-takers' in the infamous JMM bribery case left many aghast that those who paid crores of rupees to MPs for voting in favour of the P.V. Narasimha Rao government in a no-confidence motion were to be prosecuted for corruption, but those who took the money were immune from prosecution. The reason was that those who had voted for money enjoyed the constitutional privilege of not being subject to any legal consequence for "anything said or any vote given in Parliament". There was one exception among the alleged bribe-takers: Ajit Singh, who was accused of taking a payoff, was to be prosecuted because he was absent during the voting, and was thus stripped of the protection enjoyed by those who actually voted in terms of the bribery agreement. The Court has corrected this anomaly in the law related to parliamentary privileges by holding that there can be no immunity for a Member of Parliament or a State legislature against a bribery charge in connection with a vote or speech in the legislature. In overruling the majority verdict in *P.V. Narasimha Rao vs State (CBI/SPE)* (1998), a seven-member Constitution Bench has foregrounded probity as the main aspect of parliamentary functioning.

The Court has made it clear that parliamentary privilege, enshrined in Article 105 (for MPs) and Article 194 (for State legislators) is aimed at protecting the freedom of speech and independence of the legislators in their functioning in the House and cannot extend to bribery, as it is not essential to the casting of the vote or in deciding how to cast it. A key rationale that weighed with the Constitution Bench in 1998 was that parliamentary privilege was essential to protecting members from persecution for anything said or any vote in the House. The majority feared that limiting this privilege might have serious consequences and felt that public indignation over the conduct of some MPs accepting a bribe should not lead to the court construing the Constitution so narrowly that it removes the guarantee for effective parliamentary participation and debate. However, the seven-member Bench has concluded that the potential for such misuse is neither enhanced nor diminished by recognising the court's jurisdiction to prosecute a member for bribery. The Bench has also held that voting in a Rajya Sabha election, being part of a legislator's function, is protected under Article 194 of the Constitution as a privilege. It requires utmost protection for a member to vote freely and without fear of legal persecution. Overall, the verdict meets public expectation that the members they elect do not act under monetary inducement.

Law and disorder

The continued radicalisation of Manipuri society is a cause of concern

One of the cardinal principles of a functioning and modern democracy is that only the state, led by a government that is elected by the people, has a legitimate right to use or to authorise the use of physical force. When civilian groups resort to violence against state actors without repercussions, one has to call into question the maintenance of law and order in the State of Manipur. In late February, cadres of the Meitei chauvinist group, the Arambai Tenggol, allegedly abducted a police officer, assaulted him and vandalised his home. Police officers protested the attack, lamenting their inability to take action against the group. It is another matter that the group has managed to source its weapons from the looting of police stations in the valley following the ethnic conflagration last May. Many of the weapons are yet to be seized or returned despite the government's appeals. The police in the valley are heavily ethnicised with barely any representation from the Kuki-Zo minority. Yet, the impunity with which the Arambai Tenggol has acted against a police official, and even assaulted a leader of the opposition in the recent past besides administering oath to legislators from the valley to pledge for its majoritarian cause, suggest that such actions have either the nod of the leadership of the State government or have been deliberately ignored. The severe ethnicisation in the valley and the hills has also granted a degree of popularity to groups such as the Arambai Tenggol and counterparts in the hills, making law enforcement difficult to achieve.

It is now incumbent upon the Union government and the ruling Bharatiya Janata Party (BJP) to take into account the severity of the ethnic polarisation and the dangers posed to law and order. Humanitarian concerns related to the displacement of people apart, the predominance of extra-legal forces in public life in the valley and the hills points to the delegitimisation of the idea of the state alone having a monopoly over the use of physical force in establishing law and order. The rampant radicalisation provides an opportunity for the muzzled civic voices in Manipur, and in the valley in particular, to raise their concerns about the impunity enjoyed by such forces. Unless the Chief Minister, N. Biren Singh, cracks the whip on the Arambai Tenggol, the radicalisation of Manipuri society will continue, making a return to a much-needed civic state of affairs all the more difficult. But with Mr. Singh acting less as a Chief Minister and more as a leader promoting majoritarian politics, it is incumbent upon the BJP leadership to yet again rethink its strategy to let the status quo continue in the State.

Heady electoral rhetoric with a hegemonic ring to it

Asim Ali

is a political researcher and columnist

The run-up to the general election this year is a propitious moment to interrogate the National Democratic Alliance (NDA) coalition's self-presentation of its rule to the electorate, in whose name it governs.

As the ruling coalition seeks a third consecutive mandate at the Centre, one can trace a tangible shift in the coalition's campaign pitch to voters. At the surface, one finds a perceptible repositioning in the campaign's mainline narrative: economic progress and 'softer' cultural rejuvenation have morphed into welfare guarantees and blunter Hindu majoritarianism. At a deeper level, the defining characteristic of the sought mandate has turned away from promises of socio-economic transformation and moved closer towards a referendum on a hegemonic political order.

The latter shift can be gauged from the disproportionate political capital expended towards demonstrating the ineptitude or venality of the opposition parties. The government appears on less sure ground on its billboard 'Modi *ki* guarantee' theme: a motley of stated government achievements (identified in a personalistic manner with the Prime Minister, Narendra Modi) across social, economic and cultural fronts.

The rationale for the government's apparent hesitancy in clearly foregrounding a pro-incumbency campaign – similar to the NDA's 'India Shining' campaign in 2004 – is not particularly hard to fathom. While the term 'guarantee' signifies an expectation of certainty, the claims encoded within the 'guarantees' appear to carry, on the whole, a much more limited popular credibility.

'Guarantees' versus survey

To illustrate the point, let us juxtapose the claimed guarantees being proffered in the Prime Minister's name, with the corresponding set of survey evidence (taken from last month's bi-annual *India Today* 'Mood of the Nation' (MOTN) survey).

The guarantee of 'A Promising Ecosystem for the Amrit Peedhi' portrays a rapid pace of job creation – "reducing the unemployment rate from 5.8% in 2018-19 to 3.2% in 2022-23". In contrast, the voter survey exhibits a marked dissatisfaction on job creation, with only about a third of respondents crediting success to the government on this front. The 'welfare guarantee' also appears to be on a shaky foundation as 62% express difficulty in managing daily expenses. What about the 'empowering *annadata* (farmers) guarantee' or the 'middle class emerges a winner' guarantees? The survey shows a plurality (45%) blaming government policies for widening the gap between rich and poor. What about the 'Indian Economy: A Story that Inspires' guarantee? A quarter believe their household income will improve in future, while three-quarters believe it will either remain stagnant or worsen. In fact, more respondents expect a reduction in future income (30%) than those who expect an improvement (25%).

As the National Democratic Alliance seeks a third consecutive mandate at the Centre, there is a tangible shift in the coalition's strident campaign pitch to the voter

The most damning indictment is expressed on the question probing which sections are seen to have benefited most from government policies – 52% say big businesses, compared to 9% for farmers, 8% for salaried classes and 6% for daily wage labourers.

The basis of a hegemonic strategy

In spite of this awkward dissonance between incumbent claims and popular perceptions, the headline figure of the *India Today* survey depicts the NDA heading for a comfortable majority, skirting the scale of the 2019 mandate. The government itself projects the ringing figure of 400-plus. The inevitability and incontrovertibility of a third term is itself presented as the overarching guarantee of the campaign narrative.

This is what we mean when we say that the NDA seeks a mandate characteristic of an aspiring political hegemon. A political regime can draw sustenance through such a self-perpetuating hegemonic effect even in the absence of widespread popular approval of its political project. The critical condition hinges on the political project's credibility as representing the 'only game in town'.

What are the mechanisms through which such a hegemonic effect is maintained? One can glean three complementary legs of the NDA's hegemonic tripod: the first is tactical incorporation of rival political elites through a mix of coercive measures and power-sharing incentives. The second is delegitimising the political Opposition as corrupt or pernicious, focusing attention on their 'normless' self-seeking opportunism. The third is undermining the possibilities for emergence of a broad programmatic coalition, while inundating the media spaces, with depictions of the fragmented or listless state of rival political formations, heralding the much-trumpeted certainty of coming electoral triumph.

However, even this overarching guarantee of electoral triumph remains blighted with deficits in credibility. On the question of whether the INDIA bloc can defeat the NDA, 31% of the 'MOTN' survey respondents say yes and 55% say no. Nevertheless, as the magazine adds: "the drop in voter confidence has not been as sharp even as the alliance has lost key partners".

The NDA's own political manoeuvres also betray the stubborn openness of the political contest. The portrayal of opposition alliances as woefully lacking in popular acceptability seems to be rebuffed by the regime's high-profile attempts at breaking away these very rival formations, including in the core heartland states of Uttar Pradesh and Bihar.

In the book, *Neoliberal Hegemony and the Pink Tide in Latin America: Breaking Up with TINA*, political scientist Tom Chodor examines the conditions undergirding hegemonic sustenance and breakdown. In the Latin America of the 1980s and 1990s, right-wing regimes took power by instituting neoliberal economic policies which were consistently blamed for increasing socio-economic inequality and even intensifying absolute poverty.

As Chodor explains, while their economic policies remained widely resented by the broad populace, these 'Ceasarist' regimes survived by assembling a coalition of dominant social classes: industrial bourgeoisie, rural oligarchy and upper middle classes. A steady mix of coercion and incorporation of elite challengers, buffeted by an equal emphasis on the opposition's 'unfitness to govern', helped institute a 'common sense' understanding in Latin America that there was no alternative to their respective regimes of unconstrained neoliberalism.

The pink tide of social democratic forces taking power across the continent from the early 2000s (notably in Brazil, Argentina and Venezuela), according to Chodor, succeeded through a forging together of an evolving counter-hegemonic bloc. This convergence entailed fusing the old leftist 'working class consciousness' with newly politicised 'marginalized and excluded subjectivities': an 'anti-elite' coalition built on an enlarged political bloc including women, indigenous communities and growing sectors of informal labourers.

Chodor argued that this coalition strategy followed "Gramsci's insistence that the construction of a radical collective will is 'an active and reciprocal' educative relationship...illuminating the intersecting dimensions of class, race, and gender exploitation".

A similar coalition of backward castes, labouring classes, and marginalised minorities and women was formulated more than half-a-century ago by Rammanohar Lohia. Interestingly, the choice of the newly incorporated parties in the NDA (the Janata Dal (United) and Rashtriya Lok Dal) suggests the BJP's discomfort at the possibility of an INDIA coalition which can fuse together the constituencies of caste-based social justice and agrarian discontent within its ideological umbrella.

Notwithstanding the heady hegemonic rhetoric, the NDA remains acutely cognisant of its previous losses: from the 2015 defeat in Bihar to a social justice platform of a grand Mandal alliance to the recent electoral losses in Karnataka and Telangana.

The Hindutva coalition has indeed wilted away on quite a few occasions in the recent past, faced with a backlash emanating from the backward castes and rural sectors. The only guarantee inherent in the political process is of a fluid space where alternative imaginations and possibilities can be temporarily suppressed but never foreclosed.

Green jobs and the problem of gender disparity

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The transition to low-carbon development has the potential to add about 35 million green jobs in India by 2047. The International Labour Organization defines green jobs as "decent jobs that contribute to preservation or restoration of the environment". Many of these span across sectors, such as manufacturing, construction, renewable energy, energy efficiency and automobiles, which traditionally saw a lower representation of women.

Globally, men are likely to transition to green jobs faster than women. Even as India increased its renewable energy capacity by 250% between 2015 to 2021, women comprised merely 11% of workers in the solar rooftop sector. The Annual Survey of Industries 2019-20 shows that women workers are mostly concentrated in industries such as apparel, textile, leather, food, and tobacco. In contrast, a Confederation of Indian Industry (CII) 2019 report shows that men comprise 85% of the work force in sectors such as infrastructure, transport, construction, and manufacturing.

A study in 2023 by the Skill Council for Green Jobs indicated that 85% of the training for green skills was imparted to men while over 90% of women believed that social norms limited their participation in training for green jobs. These restrictive social norms include factors such as the belief that women are unsuitable for certain technical roles, safety concerns, lower representation in science, technology, engineering, and mathematics (STEM) subjects, and familial constraints.

As India embraces a green transition, empowering women and advancing gender equity in climate actions will be one of the keys to unlock the co-benefits of a low-carbon and environmentally sustainable economy. Increasing women's representation in green jobs has several benefits.

In the short run, it can address the gender biases in the Indian labour market and improve women's labour force participation rates. In the long run, this can contribute to improving women's agency and their empowerment by creating economic, technical, and social opportunities.

Increasing women's representation in green jobs will lead to benefits such as boosting a low-carbon and environmentally sustainable economy

Address the gaps in data

There is limited data to understand the landscape of women's work for green jobs in India. Mapping emerging areas for green growth and collecting sex-disaggregated data on green jobs could be the starting point to improve women's participation. There is need to build evidence on the present and future impact of low-carbon transitions on women workers and entrepreneurs while considering the hidden and invisible roles played by women across different sectors and geographies. This could be done by conducting gender analysis, collecting gender statistics on green jobs through periodic labour force surveys and mobilising additional resources to emphasise and encourage women's role in the green transition.

Globally, women are being left behind in the worldwide race to achieve climate targets and sustainability goals. This is particularly evident in the transition to a low-carbon economy, where new opportunities are created alongside job displacement and transformation. Recently in a critical stride towards justice and inclusivity in transition planning, COP 28's high-level dialogue launched 'Gender-Responsive Just Transitions and Climate Action Partnership' with a focus on improved data, targeted finance, and skill development.

Given the unequal landscape of women's work and participation in green jobs, we need to ensure that women can access emerging opportunities from low-carbon transitions. There is a strong need to review the status quo, map the current roles of women, address structural barriers that hinder women's employment choices, and also create a conducive ecosystem to foster their participation in green jobs.

In India, despite 42.7% of the total number of STEM graduates being women, they represent only 30.8% in engineering, manufacturing and construction programmes which are the key sectors for green transition. To bridge this gap early hands-on learning, mentorship, scholarships, financial assistance, and awareness generation are crucial to empower women in green jobs-related fields.

Supporting women entrepreneurs

Gender-focused financial policies and products catering to the requirements of women entrepreneurs can spur their ability to enter the green transition market. Collateral-free lending, financial literacy training and building supportive networks are crucial steps to unlock their potential. Suitable tools must be developed to assess creditworthiness, disburse loans, and reduce operational costs for women-owned businesses.

Finally, bringing in more women into leadership positions to incorporate gender-specific needs in low-carbon development strategies can promote women's integration in green jobs.

A gender-just transition demands a multi-pronged strategy that focuses on employment, social protection, reduces the burden of care work, and enables skill development. Partnerships across government, private sector and other stakeholders are necessary to leverage the benefits of innovation, technology and finance for women entrepreneurs and workers.

Businesses must recognise the centrality of gender justice and ensure equity throughout the process of green transition by mitigating barriers that exist due to stereotyping or gender bias and fostering equitable job opportunities for a just transition that benefits everyone. This is the time to build the capacity and support women in meeting the demands of the new world of work and co-design a future pathway that is socially equitable and inclusive for all.

The views expressed are personal

LETTERS TO THE EDITOR

Poll bonds, bank plea

That the nation's premier bank which prides itself on its digital initiatives is seeking more time to collate data on poll bonds, is shocking and surprising (Inside pages, March 5). It is amply evident that the bank's nine-page application in the top court of the land is aimed at delaying the whole process beyond the general election, by which time any kind of disclosure will not affect the fortunes of the biggest gainer among the political parties.

J. Anantha Padmanabhan,
Tiruchi, Tamil Nadu

Name, name change

Long before women fought for equal rights, in Kerala, women and men used the surnames of their mothers' families. My name has the initial 'A', for 'Allath', the family name of my mother. Bravo Ms. Divya Modi Tongya (Editorial, March 5).

A. Balagangadharan,
Pollachi, Tamil Nadu

In most of the southern States, the practice of adding the father's name when a baby is born or admitted in school is not followed. The name has just the initial(s). Well-informed parents add a surname so that the name is uniform in government records. But the girl child is usually not given any surname. After marriage, some add the husband's name. Perhaps it is best to have the full name of the father in the child's name and just stick to it!

V. Lakshmanan,
Tirupur, Tamil Nadu

The dynamics of household consumption

The eagerly awaited fact sheet of the Household Consumption Expenditure Survey (HCES) 2022-23 was released recently by the National Sample Survey Office (NSSO) of the Ministry of Statistics and Programme Implementation. The results of the survey are significant as the last results on household consumption expenditure were released in 2011-12.

What the survey does

The HCES offers a close look at how households across India incur expenditures on consumable items in a given period. It captures auxiliary information on household characteristics and demographic details. The information gleaned from the HCES is instrumental in constructing a weighing diagram for Consumer Price Indices, an index that tracks retail inflation. The weights obtained from the HCES represent the relative significance of goods and services, determined by their respective shares in the overall consumption patterns of households.

The HCES has played a pivotal role in India's growth story since its inception in 1950-51. Beyond merely detailing spending habits, this survey has been a crucial factor in estimating the head count ratio, which is the percentage of the population living below the national poverty line. Moreover, the HCES has been an invaluable resource for research in diverse fields, including economics and sociology, contributing to our understanding of the nation's socio-economic landscape.

The HCES was initially scheduled to be conducted in 2020-21 but this could not happen due to the COVID-19 pandemic. The survey finally commenced in August 2022 and went on until July 2023, symbolising resilience and adaptability in the face of adversity. Another phase of HCES, ongoing in 2023-24, started after the completion of the first phase.

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The Household Consumption Expenditure Survey 2022-23 is a testament to India's commitment to a resilient statistical system embracing both tradition and innovation

The two-phase approach not only underscores the perseverance displayed in navigating the challenges in the first phase but also emphasises the commitment to capturing a comprehensive and evolving snapshot of India's household consumption patterns.

A significant stride in HCES 2022-23 was the positive shift to the modern and efficient computer-assisted personal interview method from the traditional paper-aided personal interview method. Data this time were entered using tablets. This shift expedited data collection and processing, introducing a more streamlined scrutiny mechanism across divisions of the NSSO.

Engaging a significant sample size of 2,61,746 households, strategically selected through statistically sound sampling design, the survey was designed to align with the consumption patterns of 'New India'. The questionnaire was enriched with contemporary items (such as paneer, LED bulbs, headphones, and details on online purchases) and the removal of obsolete items. To ensure a more efficient and accurate data collection process, the survey employed a strategic approach. The questionnaire was divided into three parts, and households were surveyed in three separate monthly visits within a quarter. This not only expedited the canvassing process but also resulted in an improvement in response quality, ensuring comprehensive coverage of the consumption expenditure on all 407 items.

This holistic approach to data collection, combining both conventional and contemporary practices, highlights the commitment of the HCES to accurately capture the diverse consumption patterns of households. The robust sampling design, coupled with the incorporation of new items and innovative survey techniques, reflects a dedication to staying attuned to the dynamics of a rapidly changing official statistics domain. The fact sheet provides key estimates within six months of the end of the survey, with low relative standard errors for monthly per capita expenditure at both national and State levels.

While embracing modernity, the survey also retained certain traditional practices. The age-old method of imputing the value of home-grown or produced stock, gifts, loans, and exchanges persisted. Additionally, the NSSO took a pioneering step by imputing the value of items received free of cost through various social welfare programmes for the first time.

Insights into changes, trends

The fact sheet provides intriguing and precise insights into India's economic landscape. The average MPCE stands at ₹3,773 in rural India and ₹6,459 in urban India. Notably, when considering imputed values of free items, these figures increase to ₹3,860 and ₹6,521, respectively. The fact sheet covers various aspects, including the consumption share of item groups, average MPCE by household type, and figures at both the all-India level and across States and Union Territories.

It provides trends as well. Analysing the trend from 1999-2000 to 2022-23 reveals a significant transformation in MPCE composition in rural and urban areas. There is a noticeable decline in the percentage share of expenditure on food items (especially cereals), accompanied by an increase in the share of spending on fresh fruits and processed foods. There is a surge in non-food expenditures' share, particularly on durable goods, indicating an improved standard of living and a growing preference for lifestyle enhancements.

HCES, through the collective endeavor of the Indian Statistical Service officers, the Subordinate Statistical Service officers and the entire staff, stands as a beacon of reliability, a valuable tool for shaping the trajectory of New India's economic policies.

The question of Rajya Sabha seats

The Congress has to tread cautiously with the IUML

STATE OF PLAY

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The rival political coalitions in Kerala – the Left Democratic Front (LDF) and the United Democratic Front (UDF) – have nearly hammered out the differences within their alliances to reach a consensus on seat allocation for the 20 Lok Sabha seats in the State.

Known for its adept handling of allies, the Communist Party of India (Marxist), which leads the LDF, has seen greater success in seat distribution compared to the Congress, which leads the UDF and which has encountered challenges due to its dominant partner, the Indian Union Muslim League (IUML), demanding an additional seat to contest the elections. Reportedly, both the main parties engaged in negotiations with their constituents and offered them a Rajya Sabha seat in the near future. Kerala elects nine members to the Rajya Sabha for a six-year term.

The Rajya Sabha terms of CPI(M) member Elamaram Kareem, CPI State secretary Binoy Viswom, and Kerala Congress (Mani) chairman Jose K. Mani will end on July 1. These three vacancies are likely to be a bone of contention within these coalitions soon after the Lok Sabha polls and could potentially trigger a realignment of forces in the complex political landscape of Kerala.

Currently, all these seats are held by the LDF. But the LDF will lose a seat to the UDF based on the strength of legislators from both fronts in the Assembly. The CPI(M), which has three members in the Rajya Sabha, i.e., in addition to Mr. Kareem, will have to persuade the CPI, which is contesting four Lok Sabha seats, to offer the second winnable Rajya Sabha seat to the KC(M).

With the KC(M) announcing its candidate, Thomas Chazhikadan, for the lone allocated seat in Kottayam, Mr. Mani at present holds no official position in the LDF. The KC(M) enjoys support in Central Travancore, while the CPI has built a presence in all the districts over the years, though its influence is waning now. After the KC(M) switched loyalties from the UDF to the LDF, the Left parties supported Mr. Mani for the continuation of his tenure in the Rajya Sabha.

Dilemma of the Congress

Meanwhile, the Congress party is coping with the dilemma of accommodating the IUML's demand for a Rajya Sabha seat without having one of its own members elected to the Upper House. Incidentally, the Congress had to forgo the Rajya Sabha seat that it could have easily won in 2018, as the party handed it over to the KC(M) to facilitate its return to the UDF. In 2016, the KC(M) walked out of the UDF, ending a three decade-long association, saying the Congress had not supported K.M. Mani in the alleged bar bribery scam.

At that time, the Congress' Central leaders criticised its Kerala leaders for offering the Rajya Sabha seat to its junior partner. Six years later, the prospect of the Rajya Sabha poll is again looming over the Congress ahead of the Lok Sabha elections.

The IUML's demand for a third Lok Sabha seat or another Rajya Sabha seat resonates with the rank and file. The party seeks better representation for Muslims in elected bodies, commensurate with the community's population share (28%) in Kerala. The UDF already has two Rajya Sabha members – P.V. Abdul Wahab of the IUML and Jebi Mather Hisham of the Congress; both belong to the Muslim community.

Post-delimitation, when Malappuram district gained four seats and Kannur, Kozhikode, and Palakkad districts in Malabar each gained one seat, the IUML expanded its base. This contrasts with the southern districts, with Alappuzha and Pathanamthitta losing two seats each and Kollam and Kottayam losing one each. Interestingly, the LDF secured 39% of the Muslim votes in the 2021 Assembly polls, according to the Lokniti-CSD post-poll survey.

Electoral-wise, the Congress needs the IUML, but IUML does not need the Congress, to win Lok Sabha seats in Malabar. The Congress high command is expected to make the final decision on the IUML's demand for the Rajya Sabha seat. However, if it hands over the Rajya Sabha seat to the IUML, it could spell serious trouble for the party and the UDF. Already facing accusations of appeasement, the Congress has to tread cautiously. It needs to balance electoral pragmatism and ideological integrity, while remaining mindful of the IUML's option of aligning with the CPI (M), which has been aggressively wooing the party for some time.

Airlines damaged luggage of one in every two flyers: survey

While the number of lost and damaged luggage has increased over time, customer handling has become better

DATA POINT

The Hindu Data Team

In the last two years, every one in two flyers in India had experienced damaged baggage at least once, as per a survey by LocalCircles. In the same period, every two in five flyers in India had their baggage delayed or lost by an airline at least once. Moreover, one in four flyers whose baggage was lost/delayed/damaged by an airline said that when they reached out to complain, customer service and the responsiveness of the airline was poor or pathetic.

The survey, conducted through the LocalCircles platform in 2024, garnered responses from more than 41,000 airline passengers across 303 districts in India. Of them, 67% were male and 33% female. The geographical distribution of the participants included 41% from tier-1 areas, 30% from tier-2 areas, and 29% from tier-3, tier-4, and rural areas. To take part in the survey, participants were required to be verified citizens registered with LocalCircles.

Recently, after incessant complaints from passengers, the Bureau of Civil Aviation Security, which oversees regulations, issued instructions to seven leading Indian airlines to increase their staff. This directive aimed at optimising and improving the process of baggage handling at airports before the deadline of February 26. It warned that failure to comply may lead to more regulatory measures.

Chart 1 shows the times in the last two years (2022-2024) when travellers experienced delayed or lost baggage. Among respondents, 18% said that they had experienced this more than once, while 24% said that they had experienced it once. Together, 42% had experienced this at least once. Only 56% said that they had always got their baggage on time.

The same question was asked in a survey conducted by the platform in 2022, for the years 2020 to 2022. **Chart 2** shows the comparison. In 2022, only 11% said that they had experienced lost/delayed baggage more than once, while only 14% said that they had done so once; 75% of them always got it on time. So, the share of passengers whose luggage was lost or delayed by airlines has sharply increased. However, it is to be noted that the 2022 survey was conducted during the COVID-19 pandemic when airlines were not in operation for a while.

Chart 3 shows the times in the last two years (2022-2024) when travellers experienced damaged baggage. Among respondents, 26% said that they had experienced damaged baggage more than once, while 24% said that they had done so once. Together, 50% had experienced this at least once. Only 48% said that their luggage had never been damaged.

The same question was asked in a survey conducted by the platform in 2022. **Chart 4** shows the comparison. In 2022, only 35% said that they had experienced damaged baggage at least once, while 65% said that their baggage had never been damaged. So, the share of passengers whose luggage was damaged by airlines has sharply increased.

Chart 5 shows the share of flyers among those whose baggage was delayed, lost or damaged who rated the responsiveness of the airlines as excellent, good, average, poor and pathetic in 2024. Only 10% rated it excellent; 27% rated it good, 31% average, 12% poor, and a similar share said it was pathetic.

The same question was asked in a survey conducted in 2022. **Chart 6** shows the comparison. In 2022, 50% had rated the customer service as poor or pathetic. So, customer service has improved significantly in the last two years.

So, while there is a rise in the share of travellers whose luggage was lost or damaged or delayed by the airlines, the response to the crisis has improved over the years.

Handle with care

The data for the charts were sourced from a survey conducted by LocalCircles

Chart 1: The chart shows the times in the last two years (2022-2024) when travellers experienced delayed or lost baggage

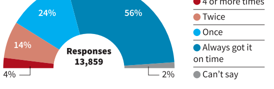


Chart 2: The chart plots the same data shown in chart 1 for 2022 & 2024

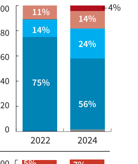


Chart 3: The chart shows the times in the last two years (2022-2024) when travellers experienced damaged baggage

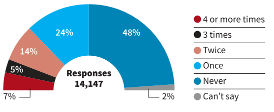


Chart 4: The chart plots the same data shown in chart 3 for 2022 & 2024

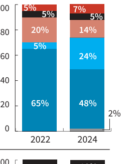


Chart 5: The chart shows the share of travellers among those whose baggage was delayed, lost or damaged who rated the responsiveness of the airlines

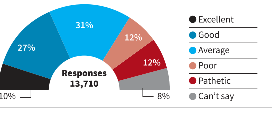
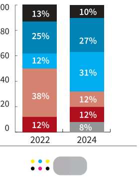


Chart 6: The chart plots the same data shown in chart 5 for 2022 & 2024



FROM THE ARCHIVES

The Hindu.

FIFTY YEARS AGO MARCH 6, 1974

Wilson returns to power in U.K.

London, March 5: The Labour Party leader, Mr. Harold Wilson, returned to power as Britain's Prime Minister last night.

Mr. Wilson, 58, accepted Queen Elizabeth's commission to form a new Government soon after Mr. Heath turned in his resignation at Buckingham Palace.

With 301 of the 635 seats in the House of Commons, the new Labour Government will be a minority administration, the first since 1929.

Mr. Wilson's moment came when the 14 MPs of the Liberal Party - the party playing its biggest role in British politics for half a century - opted out of any action to keep Mr. Heath's Conservatives in power.

The Liberal MPs expressed themselves unanimously in favour of a national government made up of members of all the three main parties.

Mr. Heath's resignation came four days after the general election in which his Conservative Party lost its majority in Parliament and emerged five seats behind the Labour Party.

He publicly said last night that he would support the new Labour Government on every policy that he considered realistic and in the national interest.

Mr. Wilson named a cabinet of familiar faces with one surprise - left-winger Michael Foot in the key job of Employment Secretary, empowered to try and settle the coal miners' strike.

Otherwise key cabinet posts went to most of the same men who served in Mr. Wilson's last Labour Government defeated in 1970, although not always in the same posts.

A HUNDRED YEARS AGO MARCH 6, 1924

Jute boom in Scotland

London, March 4: Scottish jute cloth manufacturers have received orders beyond their brightest hopes. Contracts for many million yards of Hessian cloth have been booked, delivery being as far ahead as the end of this year. Prices have risen sharply. The explanation is that consumers are purchasing heavily in view of the great demand for floor cloth which will follow the Government's housing schemes.

Business Standard
VOLUME XXX NUMBER 277
NEW DELHI | WEDNESDAY, 6 MARCH 2024

Competitive ecosystem

The dominance of app stores calls for regulation

After a brief hiatus, Google has reinstated Indian apps on its Play Store, following their removal last week. This reportedly required government intervention, after which Google decided to relist all the Indian apps. The heart of the dispute centres on compliance with Google's Play Store policies, in terms of payment and the sale/download of these apps from outside Google Play. This is a global issue affecting not only Google Play but also Apple iStore. It has sparked high-profile litigation in the US, and the European Union has also investigated the policies of these two giants. The two control close to 99 per cent of the mobile ecosystem between them, with Google servicing Android and Apple servicing iOS.

Google charges service fees and takes a cut on payments for paid apps listed in the store, and Apple does the same. Moreover, both companies have attempted to deploy restrictive terms of service that make it hard for app developers (including large companies) to sell apps by sideloading (from outside Google Play or Apple store). This may be characterised as monopolist behaviour and the Supreme Court in India and the European Commission have questioned these practices. In 2023, the National Company Law Appellate Tribunal (NCLAT) upheld a penalty of ₹1,337 crore imposed by the Competition Commission of India (CCI) for anti-competitive practices on Google, though it set aside several of the non-monetary penalties imposed by the CCI.

The rationale for Google and Apple to charge fees is clear enough. An app listed in the respective store receives a guarantee of being highly visible, as well as going through a vetting process where users may be reasonably certain that the app is not harmful. In principle, this is analogous to a physical supermarket chain taking a margin on the sale of products displayed within the store. However, developers say that the percentages charged are very high (around 30 per cent) and the policy is restrictive in that developers cannot easily offer the same apps in other outlets. Moreover, Android manufacturers have said Google Play should not be allowed to insist Play is displayed on the opening screen, since several of them (Samsung, for instance) offer their own dedicated stores as well.

This particular instance apparently involved Google removing many apps (including apps from several startups) that did not comply with the terms of service. The level of commissions charged would ordinarily be a matter for commercial negotiation. However, given the monopolist dominance of the digital giants, app developers may not have the leverage to negotiate better rates without judicial intervention. The other restrictive terms of service may also arguably be monopolistic. The government's intervention is welcome but it would be temporary until and unless it is backed up by legal rulings that clearly outline what is acceptable practice. The basic problem here is the dominance of large players with market power to decide the terms of service, where most users have little choice. In such monopolistic situations, usual checks of market mechanisms don't tend to work. It is thus often necessary to have regulatory intervention. In the present context, India needs to evolve a policy that allows free competition in this important ecosystem, benefiting both Indian app developers and mobile users.

A big leap

Investment in semiconductors is just beginning

After US chip-making giant Micron laid the foundation for constructing its first semiconductor plant in India in Gujarat last year, the country has increased its semiconductor ambitions. Recently, the Union Cabinet approved three more semiconductor units with investment worth ₹1.26 trillion, including what will be India's first semiconductor fabrication plant. Tata Electronics Pvt Ltd will set up a semiconductor fab in partnership with Powerchip Semiconductor Manufacturing Corp of Taiwan in Dholera, Gujarat. Besides, two semiconductor ATMP (assembly, testing, marking, and packaging) units will be set up in Morigaon, Assam, and Sanand, Gujarat, respectively. This is a big leap for India's semiconductor prospects, given that the country missed the opportunity for several decades despite governments' efforts to incentivise global companies to set up facilities here.

The announcement comes after the world witnessed an acute shortage of chips. Moreover, as geopolitical tensions heighten, domestic electronics manufacturing is seen as a potential driver of economic growth. Also, it is not very difficult to foresee how hostilities between mainland China and Taiwan can severely impact the production of semiconductor chips. Vulnerabilities in global supply chains make it more vital for India to ensure a steady supply of electronic components required by different sectors, though it is worth noting that capacity in India will not be on a par with the cutting-edge in the segment. Further, the government is optimistic about the employment potential of India's emerging semiconductor ecosystem. These units are expected to generate about 20,000 advanced-technology jobs and about 60,000 indirect jobs. While India has just embarked on a journey to become a significant semiconductor manufacturing nation, it already enjoys the position of being a leading semiconductor design nation, having nearly 20 per cent of the world's semiconductor design talent pool. This could be critical as manufacturers improve quality.

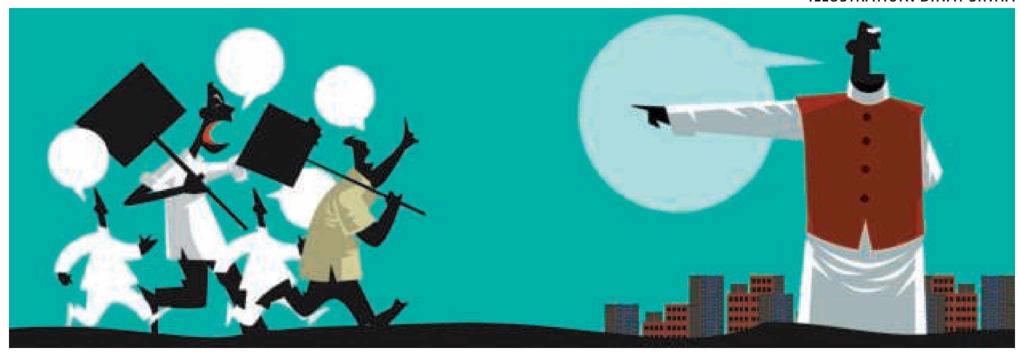
Investment in fab facilities will boost component and ancillary manufacturing, along with providing more employment opportunities for skilled workers. It must be noted, however, that skilled labour that can work on factory floors of a fab facility could be hard to find in the immediate future. In this regard, the All India Council for Technical Education has introduced courses on the manufacturing and design of integrated circuits and semiconductor chips across engineering colleges in the country. It is hoped that skilling and proper training can help resolve the talent shortage problem. Notably, several other countries are also working to bring chip production to their shores, including other developing nations like Malaysia and Vietnam. Many like the US and the European Union have rolled out more lucrative incentive schemes than New Delhi. India thus will have to wait before it starts manufacturing chips of very high sophistication.

To move forward in this direction, it is also important to focus on infrastructure bottlenecks, including the lack of reliable power supply, water resources, and transportation networks. Producing chips is a highly precise and expensive process, involving multiple complex steps. Even minute disruption in power supply can render huge losses. Nonetheless, India has done well to make a beginning, and both government protection and private-sector investment will be needed for this sector to succeed. The government has a ₹76,000 crore chip incentive scheme in place and is providing large capital subsidies. It remains to be seen if this would be enough to attain reasonable success in developing the required ecosystem.

A non-binary worldview

The Western paradigm of 'my way or the highway' is no longer workable. It is time to accept complexity and contradictions as the norm

ILLUSTRATION: BINAY SINHA



BEYOND IDEOLOGY

R JAGANNATHAN

The world is entering a dystopian era where nothing that we took for granted even a few decades ago seems to work. Democracy appears to be in trouble everywhere, and its definition is not based on commonsense but is decided by an elite consensus. The state is supposed to have a monopoly on power and violence, but non-state actors, single-issue campaigners, and special interests seem to be exercising power out of proportion to their actual share in the population. The rule of law, supposed to be sacrosanct, is violated in spirit in many countries. It is now about "show me the man and I will show you the rule". Free speech is no longer about freedom to express your thoughts and opinions fearlessly. The Ayatollahs of academia and narrow interest groups use cancel culture to decide who will be allowed to speak and who will not.

Evidence supporting the above statements is available in plenty, both in India and abroad. A small section of farmers forced the Indian government to repeal laws to reform agriculture. In another instance, a religious community prevented the government from implementing a law to fast-forward citizenship to persecuted minorities in three neighbouring countries. Denmark, once the bastion of free speech, has just legislated an anti-blasphemy law under pressure from Islamists. The military-industrial complex, aided by compromised academics, has pushed the US into supporting two wars, one in Ukraine and another in West Asia, wars that now involve more countries indirectly than at any time since World War II. It only needs a political miscalculation to bring on World War III. The world's foremost superpower is no longer in control of its borders, with thousands of illegal migrants rushing in. The term "illegal immigrant" itself is going out of fashion, and illegals are called "newcomers".

Why is all this happening? There are many factors contributing to this situation where there is no consensus on almost any issue, but here's my take: The Western paradigm of binary logic and the zero-sum game is forcing people to take black-and-white positions on matters that exist in the grey zone. The Abrahamic binary, where there can be only one true god, and the rest are false, where it is my way or the highway, and you are either for us or against us, has outlived its utility. This binary was created to simplify choices for ordinary people, but it is pushing the limits of commonsense. The world is too complex and diverse to be easily comprehended in simplistic Right Vs Wrong, or Us vs Them terms.

Consider where such binaries have led us. We are now being bombarded with either/or choices, where if you have doubts about an extreme focus on green energy, you can be labelled a climate change denier. Small groups decide on the priorities we must all accept using acronyms like ESG and DEI, and anyone who demurs is considered a bigot or a threat to equity and social justice. ESG, which stands for environment, social and governance, and DEI, which stands for diversity, equity and inclusion, are now being pushed by unelected corporate and academic bureaucracies in the US and Europe, where they will not let anyone question their relevance. Nobody in their right mind can deny the importance of caring for the environment or advocating for social inclusivity, but should we care so much about environment and diversity where the net result is a denial of energy for growth in poorer regions, and where inclusion means exclusion of those who disagree with the elite consensus? When cultural Marxists — also known as wokes — can forcibly pigeon-hole every individual, group or community into one of two categories, oppressor or oppressed, we know we have reached the absurd limits of binary logic.

State power has become problematic, as it has both strengthened and weakened. Today, the state can be disrupted by any organised interest group, but, equally, it can exercise unlimited power in alignment with the same groups. The US state is powerful because it is underpinned by a "liberal" academia and Big Tech, both of which have their own agendas. The Chinese state is powerful because it is subservient to the Communist party. The Pakistani state is propped up by its Army. In India, state power is supported by powerful caste, regional and religious groups, both majority and minority. State power is not a neutral referee anywhere.

So how do we move out of this dystopian world? One answer is to let each country decide what the best system is for it. Another is to embrace the Indian idea of plurality. There can be one truth, but complex truths are difficult to nail down. It can be perceived differently by different people, as reflected in the saying: *Ekam sat, viprah bahuda vadanti* (Truth is one, the wise call it by many names). We need to acknowledge a complex world, and stop thinking that any one solution or vision will work for everybody. We need several approaches to solving a problem, and time will tell us which one works better. In a world where artificial intelligence and powerful interests can control opinion and power indirectly, we should be devolving power to the lowest possible arm of government, which means local elected bodies and communities. If people are not in a position to decide what is right for them and what works, the right to vote alone does not add up to democracy.

We need to give up the idea that states must have a monopoly on power, for monopolies are self-serving and prone to corruption. This means the power of the state must be counterbalanced by community groups, which can also exercise legitimate power in some areas of law-making and enforcement. In the Western paradigm of empowering individuals at the cost of older forms of community, individuals could ultimately become anti-social, as there is no community to moderate their behaviour or guide their energies in positive directions. If we leave everything to the state, we will get state tyranny, and ultimately powerful groups will subvert the law by infiltrating the state. State power must be shared with different groups legitimately in order to prevent human alienation and anti-social behaviour. The issue is not state power per se, but at which level this power should be exercised and by whom.

Complexity, the sharing of state power among many players, and the acceptance of a multiplicity of social objectives are the new realities of our world today. Universalism does not imply subscription to one idea of progress, but recognising different forms of progress at different speeds. It needs wisdom from the East, which is non-binary in nature, to move us forward. The US struggles to understand why we support Russia while still seeking partnership with it. We instinctively understand this. It is only the Indian approach of holding on to multiple realities and contradictory ideas simultaneously that is likely to deliver peace and progress. Binary logic is out of sync with reality.

The writer is editorial director, Swarajya *magazine*

Time to speak up, women

NOT FOR PROFIT

NIVEDITA MOOKERJI

The theme of International Women's Day 2024, to be celebrated later this week — Invest in Women, Accelerate Progress — is a reminder that the world needs to change to achieve anything close to gender equality. There's no better time than an election for a reality check. In the year of elections (with about 50 of them spread across 2024), when political leaders make their pitch and voters decide, how are women positioned and how central are the issues related to them?

Sheikh Hasina recently won a fourth successive term as Prime Minister of Bangladesh. While she may be the world's longest-serving woman leader, only 5 per cent of the 1,895 candidates fighting for 300 parliamentary seats in the country were women, highlighting a stark gender divide. This stands in contrast to the progress that women have made in education and socio-economic indicators.

During the February elections in Pakistan, according to media reports, more women than ever before contested in the National Assembly and provincial assemblies. Women cut across urban and rural areas campaigned tirelessly, articulating their vision for a better Pakistan, as reported by *Forbes*.

Mexico, which is headed for an election in June, may have its first woman president. In a recent piece *Al Jazeera* columnist Belen Fernandez hailed the prospect of a woman leader as a positive milestone, but questioned whether it would help resolve the existential challenges faced by women in Mexico. The writer cited a 137 per cent rise in femicides in Mexico between 2015 and 2020, adding that, on average, 10 women and girls are killed every day in the country, and a large number of femicides go unprosecuted.

When Lai Ching-te was elected Taiwan's president recently, his running mate, Hsiao Bi-khim, became the second woman to hold the office of vice-president in the country. Despite this achievement, gender issues were hardly a part of the election campaign discourse, even as significant gender disparities persist in salary and social milieu.

In poll-bound UK, women voters are a talking point. Recently, Professor Rosie Campbell, director of the Global Institute for Women's Leadership, emphasised that women voters will be critical to the outcome of the next election. At a time when concerns about household finances and public services, such as the National Health Service (NHS), loom large, political parties are watching out for what women want.

In the US, surveys using Pew Research Center's American Trends Panel throw light on why there are fewer women than men in high political offices. For instance, some 54 per cent of those surveyed believe women have to do more to prove themselves than men, 47 per cent see gender discrimination as a reason, another 47 per cent think women get less support from party leaders, and 44 per cent pin it down to family responsibilities of women.

Back home, competing with one another ahead of Women's Day and the upcoming Lok Sabha elections, political parties have begun announcing sops to benefit women. Notably, the ruling party at the Centre, the Bharatiya Janata Party, has rolled out advertisements highlighting its flagship schemes that "empower" women. These ads showcase the public's gratitude towards Prime Minister Narendra Modi for transforming the lives of women, through tap water, toilets and subsidised LPG connections — the three key welfare instruments.

The dashboards of Jal Jeevan Mission, Swachh Bharat and Pradhan Mantri Ujjwala Yojana (PMUY) present a case for each of these flagship schemes that promise to benefit the poor, mainly in rural India. The pre-poll ads link these schemes with women empowerment.

Under Jal Jeevan Mission (JJM), the Central government, in partnership with states, aims to connect every rural household with tap water supply by 2024. Har Ghar Jal, another nomenclature for the scheme, is seen as more popular among women. An estimated 74 per cent of the rural households are connected to tap water now, up from 17 per cent in 2019 when JJM was launched.

In the case of the Swachh Bharat Mission, launched in 2014 as the world's largest sanitation initiative, it led to the construction of 100 million household toilets, according to government figures. The initiative claims to have increased the sanitation coverage from 39 per cent in 2014 to 100 per cent in 2019, in the process empowering women, apart from the economic, environment and health benefits of the move. Critics, however, have pointed out execution gaps in the scheme, such as a lack of piped water supply and substandard construction of toilet substructures, making it appear less appealing than projected. The third scheme, PMUY or Ujjwala, which is aimed at providing subsidised LPG connections to women from below poverty line households, has become a symbol for clean cooking fuel. The total LPG connections released under the scheme as of February 29 surpassed 100 million.

In India, the newly enrolled female electors, at around 14 million, will surpass their male counterparts, who number around 12 million during the 2024 elections. But the total number of male voters, at 497 million, remains more than a notch higher than the 471 million women voters.

Beyond these numbers, the sops and the schemes, what is it that women want changed? This is their chance to speak up.

Caste in the business of death

BOOK REVIEW

NANDINI BHATIA

Banaras stands at the crossroads of life and death. The quaint city of salvation and redemptive waters — where faith and literature, textiles and tourism co-exist — has stood the test of time. Radhika Iyenger, in her debut book *Fire on the Ganges* resurrects the ancient city of light as seen through the eyes of the sidelined Dalit community of Doms — the corpse-burners or "death-care workers" as old as the city.

At Chand Ghat, where the book is anchored, an invisible line separates the Doms from the Yadavs. Irrespective of economic means, one could be (and often is) as poor as the next person, the "monolith of caste" is heavy. For passers-by and tourists on boat rides, the cries of "*Ram nam satya hai*" may be accompanied by the loud sound of bells and chants. To them, the city's enigma lies in its yellowed walls that speak of its eternity and the uneven stairs that rise from the river and connect one ghat to another. Meanwhile, the question of "purity" hides in plain sight; "casteism was everywhere," as Ms Iyenger writes.

At Manikarnika Ghat, revered for last rites in Hinduism, where pyres burn ceaselessly, and occasionally at the adjacent Harishchandra Ghat, where the electric crematorium stands, often empty, the Doms own the business of death. They facilitate the transaction between life and death as they have for centuries. Although they reassure themselves that this is a noble duty assigned to them by god, the award-winning writer-journalist clearly states the unspoken truth: "It is the caste system, however, that continues to ensure that only the Doms handle the dead."

Burdened by this tradition, almost all Dom men are reduced to drug addiction or alcoholism to cauterise the revolting smell of melting flesh and to make this ghoulish job bearable. Changing times — such as the unforeseeable Covid-19 lockdowns, or the construction and remodeling of the Kashi Vishwanath Corridor between 2019 and 2021 — do not alter their reality on the ground. Death remains a relentless business for the Doms.

The Dom's Banaras is full of metaphors: They live in a city where the revered river Ganges flows northward instead of its usual south, as if swimming back to its source, much like the souls of the departed; where shrouds (*kafans*) wrapped around the dead are picked up by children and brought back to the shopkeepers to be washed and resold; and where the leftover wood from pyres finds its way back to Dom homes, to be used for cooking meals, literally sustaining their livelihoods.

This cycle continues, generation after generation. Education seems to be the only "golden ticket" out; although a difficult choice for children who are pulled out of school and put to work at the *ghats*, for every earning hand is of use to these deprived families. For those who do find a way out — such as Bhola, who was the first in the *basti* to go to a private college, or Lakshaya who successfully earned his way out— do so by shedding all visible traces of their identities. This is not because they were embarrassed by their roots but because of the fear that shadowed it, of humiliation and public retaliation. Despite their efforts, the ghettos often pulled them back. The emotional dissociation that the appearance and maintenance of normality may require is another story; unimaginable for most of us.

Fire on the Ganges: Life Among the Dead in Banaras
Author: Radhika Iyengar
Publisher: Harper Collins
Pages: 352
Price: ₹599

Seamlessly aware of her privilege, Ms Iyenger writes a human story, of a community shoved to the back and its people, bearing the brunt of being below, beneath and behind, in society. At the centre are the communities' women, silenced and with little or no agency. The reality of their plight is not lost on Ms Iyenger. Dolly, widowed at 30 with five children to feed, is one such woman. She triumphs over the stifling patriarchy of her neighbourhood and her own naivety, and emerges a strong, independent woman — the first in her *basti* to own and run a shop. A working woman is an anomaly in a community where women are kept hidden, their primary function being to produce and raise children. They are required to be covered under a *chaddar* on the rare occasions they stepped out with their husband's "permission".

Researched and written between 2015 and 2023, *Fire on the Ganges* is testimony to the "unidimensional identity" assigned to (some would say imposed on) the corpse burners of Banaras. In the land of the dead, caste remains immortal; placed above, and often at the cost of, humanity. The reality is little different in the rest of the country, with various pockets of Dalit communities living with an "enduring sense of inferiority". PhD students commit suicide, school children are beaten to death for polluting wells meant for drinking water, all under the charade of a refutable superiority. It will continue until Indians stop using caste as a marker of identity.

The reviewer is a freelance feature writer @read.dream.repeat

Tata Motors, Hello, Electric Mobility Plan

Best time to build on its first-mover advantage

Tata Motors is planning to derive more value by demerging its truck and passenger car businesses as the automaker puts its charger where its money is, and shifts its electric mobility plans into higher gear. The Tatas are leading electric transition in India, a process that can be aided by the accelerated plans of its European subsidiary Jaguar Land Rover. Investors are putting a premium on electric pathways of auto companies over their current sales of cars powered by internal combustion engines (ICE). Tesla is seriously eyeing the Indian market and Suzuki, in association with Toyota, is holding on to its market share through hybrids. The timing is right for Tata Motors to build on its first-mover advantage of an expanded electric portfolio in the Indian market.

The scope for unlocking value in EVs was demonstrated by Porsche, which listed at a higher valuation than its parent Volkswagen because of its shorter electric runway. VW intends the listing to fund group-wide electric transition. JLR, too, has announced plans of going electric by next year. However, it operates in entirely different markets than its parent and offers significant synergies in automation and energy transition. For now, JLR retains its value to the Tatas as a subsidiary.

Demerger of the truck business reduces the effects of its cyclicality Tata Motors is exposed to. The separation, driven also by lack of synergies, is occurring at a time of strong truck and car sales for the company. The car business, especially EVs, can onboard new capital and technology to expand business. The need for automakers to retool their business towards semiconductors and batteries was brought out by Covid disruptions to supply chains. The Tata Motors demerger is another step in India's transition to smarter and cleaner cars. The Tatas have collected enough value within their automobile business to be at the forefront of that journey. It is time to unlock some of it.

Take on Sexual Terror As We Do Terrorism

There will be people — men and women, patriots all — who will consider what happened to a 28-year-old Spanish tourist on March 1 in Dumka, Jharkhand, to be a shameful aberration. Both statistical and anecdotal evidence will be trotted out to 'prove' that India is as unsafe or safe for women as any other country. And to tarnish it as being anything else would be to harbour prejudice. This kind of 'normalising' defence won't cut ice. What happened to a foreigner happens to our citizens with far less outbreak of outrage or shame. At the root of the problem is lack of adequate deterrence — cultural, procedural, legal — against sexual violence. We need zero-tolerance, treating rape on a par with every patriot's favourite offence, terrorism.

The Jharkhand High Court stated that the sexual assault against the visiting Spaniard is likely to bring adverse publicity to the country. That is as lopsided a way of thinking as worrying about reputational damage to a family for having a murderer in its midst, rather than being singularly concerned about bringing the murderer to justice. Logic and law dictate that sexual violence be taken out 'at the source' — when any woman, in any part of India, whether Badaun or Bengaluru, Sandeshkhali or Srinagar, comes under sexual attack.

In 2022 alone, police across the country recorded 31,516 rape cases, a 20% increase from 2021, according to the National Crime Records Bureau. And that's the number of cases in police records. Twelve years after the nation took to the streets after the 'Nirbhaya' rape and murder horror in the national capital, we have to ensure that we're shamed into action to punish sexual violence by law — and not shamed that such crimes may show India in a bad light. Which, of course, it does.

JUST IN JEST

SBI needs more time — ideally in the summer — to give electoral bonds info

'Transparency, Yes! But a Bit Later, Pls?'

Not to sound like anyone in the political fray that SBI — or GoI — doesn't like, with Digital India galloping along like a bareback horse in a Ladakh landscape, one would have thunk that retrieving info regarding purchases of electoral bonds for political party funding would be easy-peasy. Unless, of course, it's hard. Which is what SBI has stated in its request to Supreme Court to extend the deadline from March 13 to June 30 to provide details regarding the now-banned, but kosher-till-last month, bonds. Unlike us wide-eyed, ingenuous folks, the suspicious-minded have pointed out that pushing the deadline back by three months is a cunning way of having that small matter of general elections out of the way. SBI providing the court-demanded info *after* a new gov is in, so goes the convoluted thinking of the chary, could be an attempt to close the stable door after the horse has bolted.

Demand for transparency has been welcomed by all, SBI included. It's the timing of turning transparent that is causing ers and ums. Coming a couple of days after a message that the business of governance must not be delayed on account of polls was aired, can a petition to seek 'a bit more time' to get info on the 22,217 bonds that had been issued to various political parties between April 2019 and February 15, 2024, as asked by the court, seem, well, foot-dragging?

CURSOR Federal finance must globalise, with states allowed a bigger share of investments

Stop Mai-Baaping the States

T K Arun

Shake not just your moneymaker

As the world continues to globalise — accommodating new geopolitical alignments, technological paradigm shifts and climate imperatives — role of governments in their national economies is rising, both through policy and expenditure. In India, of the total gov expenditure of 30% of GDP, two-thirds is carried out by state governments, including some spending financed by the Centre. To hobble state finances, in this context, is to express a strong death wish.

Indeed, FPIs in government debt can invest in state government debt. But they do not. They have utilised hardly 2.6% of the permissible limit for state government securities. Why, then, is the Centre chary of letting state governments aggressively market a part of the debt they are eligible to raise abroad, particularly to migrants from their states?

India is the world's biggest recipient of migrant remittances — $125 billion in 2023. Mexico, the second-highest, got about half as much. NRI deposits have been the mainstay of emergency foreign borrowings for India, time and again. Remember Resurgent India Bonds (RIBs) to tide over India's post-nuclear test isolation of 1998? India Millennium Deposits (IMDs) of 2000? And the foreign currency non-resident special deposits to tide over the taper tantrum of 2013?

Migrant workers have a calculus that is a little more generous than that of FPIs, when it comes to investing in their home states. Why prevent state governments from tapping into this fount of generosity?

Kerala's Calicut International Airport faced a peculiar problem. Built as it is on top of a hill, to extend the runway to accommodate large aircraft, enormous amounts of earth had to be piled literally hill-high, along the cliff-edge, to create additional land on which to extend the runway. This would not have passed anyone's test of commercial viability.

Centre has replaced a large slice of excise duty on petro-fuels (shareable with states) with cesses (not shared). In other words, it's been dipping into the states' pocket to finance its own largesse

But the migrant workers from Kozhikode's hinterland, who wanted international flights to take off and land as close to home as possible, to ferry them to their places of work in the Gulf and back, were willing to spend the money needed to build an earth mound as big as the hill on which the original airstrip had been built.

Those who hail Vinod Khosla's endowment of his alma mater, IIT-Delhi, should not frown when smaller-scale migrant successes are offered an opportunity to help their hometown, district or state acquire vital bits of new infrastructure. Kerala sold masala bonds to raise money for infrastructure projects in Kerala, including a low-cost, statewide broadband network. This has come in for severe strictures from GoI. This reflects a closed-economy mindset.

Every state has its own credit rating, and the yields on state government debt vary, depending on the issuer's creditworthiness. True, off-budget borrowing via financing vehicles raises contingent liability. But that is precisely how the Centre has been financing its successful highway construction. Why assume the Centre has some special fiscal virtue that the states lack?

Gone is the time when the Centre outspent states. The states, together, spend more than the Centre does. Their debt is some 25% of GDP, while the general government debt is some 80% of GDP. This means that the Centre's debt, at 55% of GDP, is almost 69% of general government debt.

States drive growth, luring investment offering infrastructure, incentives and favourable policy. Why impair their ability to perform this task by curtailing their resource mobilisation efforts via borrowing from expats willing to bear the currency risk on such borrowing?

As per the Finance Commission norm currently in force, 41% of personal and corporate I-T collections belong to states. But they have zero say on fixing the rates of these taxes, or doling out concessions on these taxes. Even as the Centre has slashed rates of tax on corporate profits, it has replaced a large slice of the excise duty on petro-fuels, which is shareable with states, with cesses, which are not shared with states. The Centre, in other words, has been dipping into the states' pocket to finance its own largesse.

Finance Commission, too, has been remiss, when it comes to appreciating the globalised dimension of federal finance. It takes developed manpower to remit large amounts back home. Kerala has traditionally devoted large chunks of its budgetary outlay to education and healthcare, and followed a socio-political culture that spares migrant workers, regardless of gender, any stigma for toiling far from home.

Migrant workers have a calculus that's a little more generous than that of FPIs, when it comes to investing in their home states. Why prevent state govs from tapping into this fount of generosity?

Remittances they send back home not only boost spending in the state but also contribute to macroeconomic stability, by reducing India's current account deficit and stabilising the rupee. In the horizontal distribution of taxes among states, the Finance Commission could give some weight to this contribution, but it does not.

Take the hit that Punjab takes on its finances by subsidising power and irrigation for its farmers to produce grain that has a ready export market. Do these export earnings, benefiting the nation as a whole, find any reflection in Finance Commission's reckoning? The 15th Commission is as insular as the first had been to the global dimensions of the Indian economy, and their implications for federal finance.

Indians celebrate the will to thrive, not any death wish.

ChatGPT SHAIRI OF THE DAY

Super Tuesday set the stage bright,
For Nikki to halt Trump's flight.
With a grin and a wink,
She jumped into the rink,
But she was more lightweight than Bud Light!

• • •

Hearing Loss

Over 400 million people globally need hearing aids, a WHO study reveals, but only 20% get them due to lack of financial and human resources, as well as stigma. A factoid:

- Over 5% of the world's population, or **430 mn people**, require rehabilitation to address their disabling hearing loss
- By 2050, more than **700 mn** – or 1 in every 10 – people will have disabling hearing loss
- **Over 1 bn young adults** are at risk of permanent, avoidable hearing loss due to unsafe listening practices
- An annual additional investment of less than **$1.40 per person** is needed to scale up ear and hearing care services globally
- Over 10 years, this would return nearly **$16 for every dollar invested**
- Nearly **80% of people** with disabling hearing loss live in low- and middle-income countries
- Around **63 million Indians**, as per WHO, are estimated to be suffering from significant auditory impairment
- **291 persons per 1 lakh Indians** suffer severe-to-profound hearing loss, with children up to 14 years making up a big share, an NSSO survey reveals

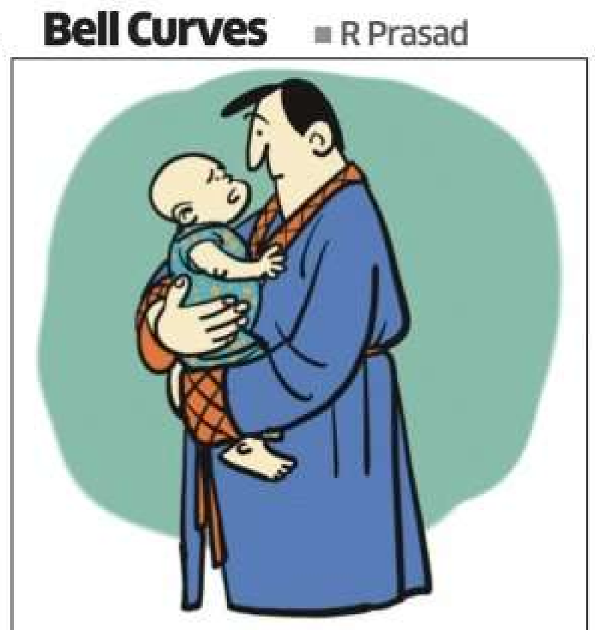
Disabling hearing loss refers to hearing loss greater than 35 decibels in the better hearing ear

Source: WHO, IANS

SANJEEV RAJ JAIN

Bell Curves

R Prasad



Can you sing something profound to reflect on as I sleep?

Alarm Those Profiteers?

Lubna Kably

It was widely perceived that the anti-profiteering mechanism set up under the GST regime was an initial nudge aimed to ensure that companies passed on the 'benefit' — be it a fall in tax rates, or an enhanced input tax credit — arising from the GST roll-out to the end consumer by way of commensurate reduction in prices. The adjudicating authority, National Anti-Profiteering Authority (NAA) set up in 2017, had a two-year tenure. But this was extended twice, till November 2022, with the mantle passed on to CCI subsequently.

This extension contrasts with international precedents, such as Australia's approach, where similar provisions were enforced, following the introduction of GST, although with a sunset clause.

In late January, Delhi High Court, responding to many writ petitions filed by India Inc across sectors from FMCG to real estate, upheld the constitutional validity of the anti-profiteering provisions. It noted that the objective of Section 171 of Central GST Act, which mandates the passing on of GST benefits, is grounded in consumer welfare and equity principles.

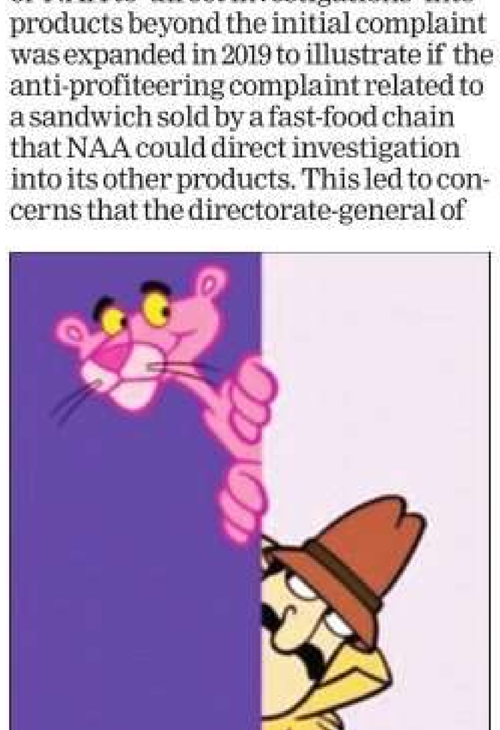
That said, the court also clarified that there may be instances where the anti-profiteering mechanism is arbitrarily applied, either by enlarging the scope of proceedings beyond the jurisdiction or by failing to consider legitimate factors, such as cost escalations, which offset the reduction, or skewed input credit situations. In such cases, the remedy lies in setting aside orders on merits.

The immediate consequence is that India Inc, contending with complexities of a multiple tax-slab structure, with competing and complicated classification and a plethora of litigation on GST rates, now faces a Damocles' sword over its head.

An interpretation of the court's decision highlights three key challenges:

1. Open-time period The court ruled that it is neither proper nor feasible to fix any specific period for the application of reduced price. This results in an indefinite period during which businesses could be scrutinised under Section 171. Consider the practical challenges if a business entity is required to produce detailed records of input and output costs dating back several years for a product to determine whether there was profiteering or not.

2. Broad scope of scrutiny Authority of NAA to 'direct investigations' into products beyond the initial complaint was expanded in 2019 to illustrate if the anti-profiteering complaint related to a sandwich sold by a fast-food chain that NAA could direct investigation into its other products. This led to concerns that the directorate-general of anti-profiteering (DGAP), 'on its own accord', was expanding the scope of the investigation.



Laws and behold

With no right to appeal, businesses' only recourse against perceived arbitrary actions by DGAP was through litigation. Thus, even though only properly documented complaints can be filed for an alleged profiteering matter, the scope is broad enough in terms of a complainant as well as authorities to keep businesses on tenterhooks.

3. Lack of prescribed methodology The court also held that no fixed or uniform method can be established for determining profiteering as circumstances of each case and industry vary. It stated that NAA (now CCI) 'may determine' the methodology rather than 'prescribe' it. That being said, for the real estate sector, the court observed that the methodology adopted by NAA was flawed. As a result, the amount to be deposited would be contested in most cases, at least by companies in this sector.

In addition to the challenges of determining profiteering, companies may also be liable for reimbursing excess profits, interest charges from the date of sale and potential monetary penalties. These financial repercussions could be compounded by the disallowance of such payments as business deductions for income-tax purposes, effectively resulting in a double whammy.

While the court's decision is always open to appeal in the Supreme Court, finmin and GST Council must deliberate on the necessity of anti-profiteering laws. Many would argue that after almost seven years of GST implementation, prices should be determined by market forces, not by statute. With possible GST rate rationalisation in the next 12-18 months, India Inc would be worried about these provisions even more.

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BLISS OF EVERYDAY LIFE

Ordering In Gourmet Food

Ordering in gourmet food provides a double joy — offering a delicious feast, without having to step out of your second-favourite destination for a fine meal: home. A smartphone order opens a menu to culinary delights brought to your doorstep.

For starters, the excitement builds as you peruse the menu, each item described in vivid detail, tempting you with its flavours and ingredients. The sheer variety available ensures there's something to suit every taste and craving, whether it's delicate sushi rolls or decadent desserts.

Then, for a side dish comes the anticipation as you await the arrival of your order. The mere thought of opening up the boxes ignites your senses, hinting at the gastronomic delights to come.

Finally, the main course. As you open the containers, a steaming gush of textures and aromas greets you, elevating your dining table, or TV dinner room, to a restaurant *not* away from home.

Ordering in gourmet food offers a respite from the mundane, letting you indulge in the finer things in life — with your legs tucked under you. It's the joy of bringing home the delish.

THE SPEAKING TREE

Two Kinds of Renunciation

K V RAGHUPATHI

There are two types of renunciation: customary and non-customary. The first kind is about abstaining from society and retiring to a remote location, ideally a monastery, by abiding by the rules established by a particular sect or faith. Here, you might have to go through several procedures, like acquiring an initiation from a guru, giving up all you own, tonsuring your head, and donning exclusive outfits. You will never turn back to the outside world after completing this rite. It signifies the end of your relationship with the material world.

The second type is non-traditional, meaning, you won't follow any traditions or go through any kind of initiation process with a guru. It begins gently with Vairagya and gradually progresses. During this process, you move away from things, objects and desires one by one. You will entirely break all ties to the material world and exist in it without being affected by it if Vairagya reaches its peak intensity. Praktriti helps you here. You build your own ashram and begin to live there. You'll traverse the world like a fish, not letting the world consume you. In Vairagya, layer after layer of your ego is removed. Consciousness becomes more apparent within you, which will serve as your mentor and compass.

In the first kind, you don't accept the world, while in the second kind, you accept the world and its complexities without being enmeshed in them. The true litmus test of your renunciation is the world. It is a constant understanding of self and living from moment to moment, both passionately and dispassionately.

Chat Room

Dear Lordship, Mind the Gap

Apropos the Edit, 'Dem Machine, Keep It Clean and Running' (Mar 5), the question that predominates in the minds of many is how the same Constitution is interpreted by different Lordships in a different manner, necessitating the apex court to clear the doubts. This is not a standalone counter-verdict and the law's interpretations conflict repeatedly. Another grievance is the time factor. By the time the verdict is delivered, the tenure of the House is over and the person in question completes his term, making the entire exercise vain. The system needs to undergo a thorough restructuring to make its functioning more scientific.

A G RAJMOHAN
Anantapur, Andhra Pradesh

Let's First Peddle Green Pathways

The Edit, 'Our Cities Must Start This Virtuous Cycle' (Mar 4), should be an eye-opener for those responsible for building and maintaining roads across the country. Dedicated pathways for cyclists and pedestrians, wherever necessary and feasible, should become a mandatory ingredient of transport infrastructure. These are conspicuous by their absence in our towns and cities. While there should be strict adherence to traffic laws by cyclists and pedestrians, providing appropriate pathways and traffic signals should precede enforcement of law.

M G WARRIER
Mumbai

The Fruits of Agroforestry

Apropos 'We Can Oil Palm It Off' by Balram Singh Yadav (Mar 4), there's a strong case for expanding palm oil cultivation in India to reduce import dependence. MGNREGA can be used for experimenting with palm oil cultivation in suitable agroclimatic zones on government and forest lands. The same logic can be used for promotion of agroforestry for other high-value cash crops such as sandalwood, mahogany, deodar as well as fruit trees. This would, over the course of a decade, enable state governments to earn substantial revenue from sale of agroforestry-based products in India and abroad.

CHANDER SHEKHAR DOGRA
Jalandhar

Letters to the editor may be addressed to
editet@timesgroup.com

Opinion

WEDNESDAY, MARCH 6, 2024

INDIA AND SPACE
Union minister Jitendra Singh

Even though talent was never lacking in the country, the missing link of enabling milieu was created...With the opening up of the Space sector, the common masses have been able to witness the launch of the mega space events

Don't hyper-regulate

Prior govt permission to launch AI-based models is uncalled for as it will only stifle innovation

THERE'S NO DOUBT that Google's generative AI platform Gemini has faltered big time. Being a tech major, a lot better was expected from a company which employs top global talent. However, the lack of proper data sets and improper training saw the platform generating several responses which were seen to be highly biased and inaccurate. Google has been prompt in acknowledging its mistake and has apologised stating that the model is still under development. In the process, however, it has done a great disservice to smaller firms, particularly startups which are in the process of developing AI-based models. It's thus amply clear that the industry, which boasts of such marquee names should behave more responsibly.

But one had clearly expected better from the government as well. The advisory issued over the weekend warning platforms against generating biased content, was uncalled for several reasons. It could have simply asked for mandatory labeling and disclaimers about the possibility of the content being unreliable. Instead, the government issued a directive that platforms need to seek the government's permission before deploying generative AI models or algorithms. The startup world rightly went into a tizzy as this would result in slowing down the speed at which innovations take place in the tech world. The language of the advisory was also very general in nature, thereby confusing the industry regarding its applicability, forcing the minister of state for electronics and IT to clarify that it would not apply to startups but only to large platforms.

The clarification, of course, did not help because the definition of what's a startup is not provided in the advisory. Also there is no answer to the question of what happens if a generative AI model developed by a startup also throws biased responses as Google's Gemini. The communications & IT minister clarified later that the advisory is restricted to social media platforms and not for platforms which develop models for sectors like health, agriculture, etc. If that's the case, then the advisory should have made it clear. It is also unclear which government body will be in charge of decisions to grant permission, what criteria it would use, etc. The government getting worked up with algorithmic bias seems rather strange. Artificial intelligence is not exactly about intelligence; it's about training. Just as a child is trained not to touch a flame of a candle, the models need to be trained how to answer queries which are subjective in nature, which was clearly not the case with Google's Gemini. However, the government should have known better rather than expecting that such models will be foolproof. The government certainly needs to be vigilant ahead of the parliamentary elections as biased content can vitiate the electoral atmosphere. However, misinformation can be countered by providing correct information. Just as the government has been able to sensitise people that what circulates on WhatsApp groups should not be treated as authentic and needs to be verified, the same can be done for AI-generated content.

The IT Act gives sweeping powers to the government in terms of blocking or removal of unlawful and undesirable content. Intermediaries which do not follow the directives run the risk of losing legal immunity provided to them under the Safe Harbour clause and can be criminally prosecuted. Armed with such supreme powers, certainly any advisory mandating prior permission of the government to launch models is unwarranted. The government should withdraw this part.

Apple's $2 billion fine heralds an antitrust dawn

ANOTHER DAY, ANOTHER multibillion-dollar regulatory fine from Europe that will barely dent the balance sheet of a technology giant. Only this time the European Commission's $2 billion penalty against Apple Inc. marks the end of an old, clunky era, and the start of a new one where trust-busters can be quicker and more efficient in policing Silicon Valley's biggest companies. Their secret weapon: a new law called the Digital Markets Act (DMA). It finally comes into force on March 6, when six companies designated as "gatekeepers" will have to comply with its 22 rules.

Apple's case is a prime example of how things will change after this week. Its €1.8 billion ($2 billion) penalty comes after an old complaint from Spotify Technology SA over the alleged stranglehold of Apple's App Store. The fine is barely a scratch for Apple, which made $120 billion in first-quarter sales, but it symbolizes a new approach for Europe's antitrust regulators, who already take more action against tech firms than their US counterparts. Now they can do more with less to challenge the growing dominance of tech firms worth north of $10 trillion.

The first reason is the DMA law itself. Until now, the European Commission has had to spend years gathering evidence and proving the anticompetitive effects of tech firm's behaviour in their cases. European law says you can only prohibit conduct if you can prove, with empirical evidence, that it has hurt consumer welfare. The result: Cases take years and are painfully expensive. But the DMA offers a new legal loophole. It doesn't require a detailed analysis of how a large company has caused consumer harm.

So as long as it can prove that a firm broke one of the law's 22 rules, the harm is presumed. That saves years of potential work.

PARMY OLSON
Bloomberg

One of the directives echoes the EU's complaint against Apple: that it blocked other companies like Spotify from telling users about lower-priced subscriptions available outside of their iPhone apps.

So why did the EU pursue an expensive five-year-long case when it could have used its shiny new enforcement tool, the DMA, in two days' time? One reason might simply be the sunk-cost fallacy on a case started a long time ago. Another might be to send a message that it will continue using traditional antitrust enforcement laws even though it has the DMA's rapid, cheap and blunt approach.

"I have my doubts it will," says Anne Witt, an antitrust scholar with EDHEC Business School. "Why would you spend so much more money when you have this other tool?" The DMA, in other words, is the future.

The Apple case and the new law spotlight an increasingly popular regulatory philosophy in Europe around fairness. For years, antitrust regulators in the US and Europe followed the doctrine of the Chicago School, which aims to support consumer welfare through market-driven outcomes. Under that, many of the mergers and business practices that seem monopolistic are also considered beneficial to consumers because they lead to supposedly lower prices and increased innovation. If Facebook is free and innovative, in other words, there's no harm done.

The European Commission said Monday that a big chunk of the harm Apple caused to consumers was a "non-monetary harm in the form of a degraded user experience." The reason? The company's behaviour had amounted to "unfair trading conditions." Call this a light entrée to the new era of the DMA, which has the fairness issue baked into its rules — the words "fair," "fairness" or "unfair" appear 90 times, offering a more up-to-date and thoughtful approach to the economic pitfalls of digital dominance.

Many officials in Brussels will no doubt say "good riddance" to lengthy court battles — like the one they now face with Apple, which says it will appeal Monday's ruling — and embrace the DMA's clear structure. But risks remain. The rules might inadvertently ban some innovative or competitive corporate activities or miss bad conduct that's not on its list of mandates.

Still: "[It's] as clear as any law can ever be," says Witt. Anything that makes regulation more transparent and effective, as well as quicker to catch up with technology as it whizzes ahead, is a step in the right direction.

REGULATION FOR PROGRESS

FINANCIAL REGULATORS NEED TRANSPARENCY AND GRIEVANCE REDRESSAL FOR THE $5 TRILLION DREAM

Tackling regulatory opacity

AMAR PATNAIK
The author is an MP
Views are personal

IN INDIA, THE financial regulatory landscape has burgeoned with the emergence of bodies like RBI, Sebi, IRDA, Pension Fund Regulatory and Development Authority (PFRDA), and Forward Markets Commission (FMC), with talks of more in the pipeline. These regulators wield significant powers, from shaping policy to enforcing regulations, punishing non-compliance, and developing the market of the allocated jurisdiction. Nevertheless, opacity in functioning, regulatory gaps, overlaps, inconsistencies, and instances of regulatory arbitrage persist, posing obstacles to India's journey towards a $5 trillion economy.

In 2013, India's regulatory governance discourse escalated with the report of the Financial Sector Legislative Reforms Commission. It likened statutory regulators to mini-states, advocating for accountability mechanisms due to their substantial legislative, executive, and judicial powers.

Enhancing transparency and reducing opacity

The recent Regulations Review Authority 2.0 (RRA) report offers valuable recommendations for enhancing the regulation-making process. Formed in April 2021 to streamline RBI's regulations, the RRA recognised that preparing regulatory or supervisory instructions is akin to legislative drafting, which is both an art and a science. Weak regulations invite judicial scrutiny. In 2019, the Supreme Court amended RBI's master circular on wilful defaulters, adding procedural safeguards for borrowers. Then, in 2020, it overturned an RBI circular prohibiting regulated entities from dealing in virtual currencies.

Emphasising the need for clarity, the Financial Sector Legislative Reforms Commission in 2013 recommended that the regulator be required to articulate the objective of the regulation, a statement of the problem or market failure that the regulation seeks to address, and analyse the costs and benefits associated with the proposed regulation. They must be accompanied by a press release with the necessary background so that they are easily understood and unambiguously interpreted.

Furthermore, it has been reiterated that regulatory instructions should be issued only after public consultation, except if they are urgent or time-sensitive. Regulations carry economic costs for stakeholders. Therefore, greater certainty and predictability in regulation enable them to plan their business activities better. Conversely, regulations and diktats that come as a surprise send stakeholders into a tizzy and affect the ease of doing business.

Additionally, regulatory bodies must do away with the paternalistic urge to regulate every facet of the economy. As the Economic Survey 2020-21 pointed out, attempting to create regulations that cover all uncertainties proves impractical, leading to ineffective regulations despite good procedural compliance. It also shifts market activity toward unregulated entities where the potential for regulatory arbitrage is higher.

Regulatory bodies often lack a dedicated mechanism for addressing the grievances of entities. Currently, there are no response timelines for new licences

Periodic review

Regulators, though independent, are part of the executive and answerable to the legislature. Current parliamentary standing committees do not inherently scrutinise various sector regulators signaling a need for reform. A systematic mechanism is required for a periodic review of the regulations and working of the regulators. Furthermore, the RBI is not subjected to audit by the CAG, unlike other financial sector regulators such as Sebi, IRDA, and PFRDA. The CAG does not perform performance audits of these regulators either. In its absence, the Parliamentary Committees should be empowered to periodically review the rules and regulations notified by the regulator, including decision summaries, compliance status, and methods for soliciting public input. This process is similar to how the Bank of England submits reports to the Treasury Committee and provides evidence on those reports.

The legislation governing statutory regulators should be revised to incorporate transparency as a statutory requirement, modeled after Section 11(4) of the Telecom Regulatory Authority of India Act, 1997. Additionally, once in five years, a body of reputed experts should be constituted to propose guidelines for the evaluation of the regulator for the next five years.

Removing opacity by grievance redressal mechanisms

While regulators demonstrate proactiveness in guidelines and policies, there are notable gaps in the licensing process. Ambiguities persist in processing timelines for license applications, the removal of imposed restrictions, and the interpretation of regulations. Regulatory bodies often lack a dedicated mechanism for addressing the grievances of entities. Currently, there are no response timelines for new licenses. There are no avenues for updates either.

Many license-seekers wait indefinitely for the issue of a license. They are unaware of the defects in their applications for a long time. Enforcement action is often one-sided without adequate notice and guidance, particularly to start-ups promoted by NRIs resulting in demoralising them and killing the innovative spirit driving India's current growth.

This absence of grievance redressal mechanisms acts as a significant bottleneck that disproportionately impacts startups. While recognising this problem, the Union Budget for FY24 emphasised the necessity to simplify, streamline, and minimise compliance costs by financial sector regulators. To achieve this, a secure web-based centralised portal called PRAVAAH (Platform for Regulatory Application, Validation, and Authorization) has been mooted by the government, the effectiveness of which remains to be seen.

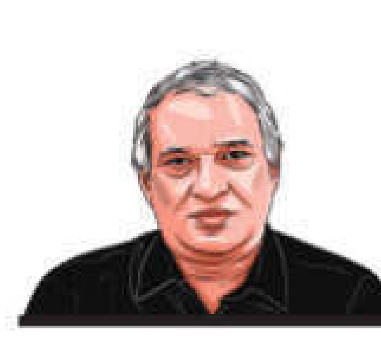
Additionally, there is a need to institutionalise grievance redressal protocols with publicly defined timelines and forums wherein entities can inquire about their next steps and receive timely, informative responses. Entities should be empowered to onboard the regulatory sandbox so that they have exposure to the nitty gritty of the country's regulations in a test environment before entering the market in a full-fledged manner.

The way forward

While the independence of these entities is vital for economic development, there is an equally essential need for transparency. To realise the vision of a $5 trillion economy, it is imperative to cultivate a regulatory environment that not only supports entrepreneurship, innovation, and risk-taking, but also ensures financial stability and safeguards the interests of investors and consumers. This regulatory landscape should be particularly favorable to startups and businesses, fostering an atmosphere conducive to their growth and success and this can only be achieved if these bodies are transparent and accountable in their functioning.

Global farmer unrest

Cultivators in India and Europe are restive as their incomes are under severe stress



N CHANDRA MOHAN
The writer is an economics and business commentator based in New Delhi. *Views are personal*

Ahead of the forthcoming national elections, farmer unions, especially from Punjab, are again restive after they forced the ruling NDA regime to scrap three farm laws couple of years ago after a year-long agitation. There is a clear and present threat of protestors heading for the nation's capital if negotiations with government representatives remain stalemated. During the last couple of months, European farmers on tractors have also taken to the streets from France to Greece before the European Parliament elections in June. Farmers are a powerful electoral lobby both in India and Europe, where farm subsidies of €60 billion account for a third of the European Union's budget, and their ongoing protest makes for terrible optics before elections.

Farmer demands of course vary. But the dominant narrative of their global protest is that cultivation at the margin is getting increasingly unviable due to costlier inputs. They are exposed to the vagaries of climate change and extreme weather. Farming thus entails huge and growing risks but yields meagre incomes. While their costs of production have steadily risen, the prices paid to them have steadily fallen or at best stagnated. In other words, the terms of trade have deteriorated against agriculture, setting up the current confrontation between the countryside and town. As if all of this weren't bad enough, Europe's net zero policies and the Green Deal particularly hits farmers as agriculture accounts for 10% of EU's greenhouse gas emissions.

In India, farmer demands are also similar to that of their earlier agitation, but their main demand is for a legal guarantee for minimum support prices for 23 crops to shore up their incomes. These farmers are from a region which was the biggest beneficiary of the Green Revolution since the late 1960s. The movement made the country self-sufficient in wheat and rice as the government provided high-yielding seeds and fertilisers. MSPs were announced and the Food Corporation of India bought whatever farmers produced. They are much richer than their counterparts in the rest of the country as they operate relatively larger farm sizes. As such, relatively prosperous farmers protesting clearly testifies to the agrarian distress that stalks the land.

Farming entails growing risks but yields meagre incomes. While their costs of production have steadily risen, the prices paid have steadily fallen

In Europe, French farmers have been demanding better incomes, less bureaucracy, and measures against foreign competition. The proximate cause for their unrest was the government's plans to reduce tax rebates on agricultural diesel. Although it backed down, the protests—comprising impoverished small farmers of the southwest—continued with their tractors blockading eight motorways leading to the nation's capital to remind denizens to not ignore the people who toil to produce their food. For a country that is EU's leading agricultural producer, the farmer unrest poignantly highlights a fast-vanishing way of life as their population has drastically shrunk over time, with those remaining much older in age.

Greek farmers, for their part, have been adversely impacted by climate change and extreme weather. Last year, wildfires through the north wiped out a fifth of annual farm revenues. There was unprecedented flooding that inundated farm land in the central region, one of Greece's bread baskets. Farmers naturally demand compensation for damage from natural disasters besides tax-free fuel, debt waivers and protection from cheaper imports. The last-mentioned demand recurs throughout Europe as farmers are affected by cheaper grain imports from war-torn Ukraine and free trade agreements the EU is negotiating. These could lead to increased imports of meat and livestock products, driving down prices and lowering the incomes of EU farmers.

The tenacity of Indian farmers' demands that the MSP regime be legally guaranteed in writing is a red line for any government, regardless of its political complexion. There is no way that this demand can be conceded as it entails a huge fiscal cost, although the ruling dispensation has secured some space to negotiate on their demands after the recent WTO ministerial 13 at Abu Dhabi. India's elusive quest for a permanent solution to the issue of public stockholding for food security purposes might be kicked down the road for the next ministerial, but it can claim that it retains full policy space for the benefit of farmers. But how far will it go, as its earlier efforts to extend to MSPs to five more crops were rejected by the farmers?

Similarly, in Europe, while there is a retreat on the planned increases in fuel taxes and some of the Green Deal measures like reducing pesticides, leaving part of the farmland fallow, or how hedgegrows should be tended, the question is how can this arrest the inexorable decline in small family farm holdings that account for the bulk of all farms in the EU? Even in France, while their numbers are dramatically shrinking, there is a process of consolidation underway with a significant presence of larger farms, where four out of every ten farms have at least 50 hectares, according to the European Parliamentary Research Service. The nation has some of the biggest agribusiness giants too. The global farmer unrest forcefully underscores the complexity of ensuring cheap food production together with decent incomes for those who till the land.

LETTERS TO THE EDITOR

Against corruption

In a remarkable judgement, a seven-judge SC constitution bench overturned a strange judgment from 26 years ago which concluded that legislators accepting bribes to influence their performance in the House were protected by the Constitution's articles on parliamentary privilege, triggering discomfort among subsequent benches. Finally, it was ruled that the Constitution doesn't give a free pass to bribery, saying that the offence of bribery is complete when the legislator accepts one and no privileges can be invoked to escape prosecution. India's track record suggests conscience votes like in RS elections usually involve trade-offs but that was never provable in courts. In principle, SC has done the right thing. Reality is another matter. But the law needs to be based on principles.
—Sanjay Chopra, Mohali

Neighbourhood turmoil

Apropos of "More of the same" (5th March), in the post-election scenario of Pakistan, the regime and democratic fragility remain intact. Nothing has changed for India, or even the West Asian perspective. In the first statement after taking oath, the Pak PM renewed his rhetoric on Kashmir and Palestine. However, no Palestinian was allowed to enter Pakistan, while POK is the worst sufferer of the Pakistan economic crisis. Shahbaz Sharif failed to handle high indebtedness, inflation, and food crisis in his previous tenure. This shows the fallacy of democratic elections as people were not allowed any choice. Pakistan will continue to be a boiling pot for India, Afghanistan, and Iran while oppression in Balochistan and POK will continue.
—Vinod Johri, Delhi

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{ OUR TAKE }

No privilege to be corrupt

SC verdict corrects a flawed legal position on privilege, raises the bar for legislators

The seven-judge constitutional bench of the Supreme Court has delivered a much-needed correction to a 1998 judgment that allowed legislators to invoke parliamentary privilege when accused of accepting a bribe during voting in Parliament or for raising a query in either of the Houses. The '98 verdict by a five-judge bench in *PV Narasimha Rao* provided immunity to several members of Parliament accused of accepting bribes to vote in favour of the Rao government in a no-confidence motion in 1993. Monday's order clarifies that parliamentary privilege can't be turned into a shield against corruption. The ramifications of this verdict are substantial as legislators accused of corruption, including during voting in Rajya Sabha polls and confidence motions, now stand the risk of facing a criminal investigation.

Parliamentary privilege is a subset of the right to free speech. In the case of legislators, it provides them a necessary shield to speak freely and fearlessly on public issues in the House. As the Court reiterated on Monday, this freedom is "at the core of the function of a democratic legislative institution". However, it was erroneous to stretch this provision to allegations of bribery and other such crimes. Legislators, by virtue of their exalted status as a people's representative, can't claim to be more privileged than voters in the face of the law. The new order has sought to define what constitutes parliamentary privilege and has proposed a two-fold test to determine if it is related to the House collectively and necessary for its functioning.

That said, it is not necessarily possible to provide proof in all cases of political corruption. It isn't easy to prove that a person has spoken in the House as a *quid pro quo*. When legislators cross-vote — most often for position, pelf, or protection — they are likely to explain their shift in preferences as a matter of conviction. Safeguards such as the anti-defection law and whip have been rendered ineffective by partisan speakers and judicial delays. In recent times, state after state has seen legislators shifting parties or legislative loyalties. Checks and balances against this will need more than just legal safeguards. And public offices and institutions will have to protect their independence and be fair in their conduct. Opposition parties claim that agencies tend to proceed slowly against legislators under probe when they align themselves with the party in the Centre. While the Court's intervention is right and laudable, parties and politicians need to be at the forefront of the war against political corruption. At stake is the very credibility of parliamentary democracy.

Delhi's welfare push, but gaps remain

The political orientation of the Delhi government's FY25 Budget doesn't surprise much, given this is an election year and the Budget is the last full Budget before the assembly elections next year. Finance minister Atishi's invocation of "Ram Rajya" as a compass for the budget was meant to underscore its welfarist push and appeal to the majority community. Consolidating sway over women voters seems high on the AAP government's agenda. After free bus travel, women in Delhi with incomes below the taxable level will now get a monthly cash support of ₹1,000. At five million, the estimated pool of beneficiaries is a significantly large cache of electoral influence.

Although Budget FY25 is slightly contractionary (at ₹76,000 crore compared with ₹78,800 crore in FY24), the party's focus on education, health, and utilities — tested at the hustings for over a decade now — remains the centrepiece of its expenditure plans. To be sure, the allocations for education and health have been trimmed from those made for the current fiscal. But the fact is, education continues to be the chunkiest spend of the Delhi government, and with good reason. The marked jump in the allocation for water and sanitation, given the free water scheme for low-consumption households, ties in well with the Budget's push to civic infrastructure in unauthorised colonies.

Still, there is room for improvement. It is surprising that the environment didn't receive as much attention as merited. The sharply lower allocation for transport, compared with the FY24 revised estimates, is also baffling. With increasing urbanisation pressure, the need was to step up investment in green transport solutions. These are critical areas that need fixing.

Guarantee procurement, not just minimum prices

MSP can lift prices of produce, but public procurement is key to improving farm incomes


Kartik Misra


Deepankar Basu

In November 2022, a year-long farmer protest movement forced the Union government to repeal the 2021 farm laws which de-regulated agricultural markets in India. Earlier this month, farmers returned to the streets to demand guaranteed minimum support prices (MSP) for their produce. By rejecting the government's offer of a five-year guaranteed MSP for farmers who diversify to cotton, pigeon peas, black urad, red lentils and corn, farmers have reiterated their demand for legalised MSP and procurement for all 23 crops.

Agricultural prices in India are crucial for over 126 million small and medium cultivators who predominantly produce wheat and rice. Since the farmer protests of 2021, government intervention in agricultural markets has been fiercely debated on ideological grounds. On the one hand, some economists have argued that price setting through the MSP restricts private firms from entering the grain market and keeps farm incomes depressed. On the other hand, farmers insist that the MSP, when coupled with actual procurement, provides them with a price floor that enables them to negotiate better prices with private traders and large corporations and thereby earn higher farm income.

In a recent study, we investigated the effect of the MSP on agricultural prices and farm incomes. Using data on farm incomes and agricultural wages during 2000-2012 period, we show that public procurement at the MSP leads to rapid improvement in farm incomes and agricultural wages in states such as Haryana and Madhya Pradesh, where state-level APMC reforms have diluted the monopoly of the *mandis* and allowed farmers to sell directly to private buyers. However, in states such as Bihar, Karnataka, and Gujarat, where agricultural markets were liberalised without any procurement, farm incomes and agricultural wages grew modestly.

These findings suggest that the guarantee of public procurement at MSP helps farmers in two ways. First, some farmers benefit due to selling directly at MSP. Second, and more importantly, even when farmers don't sell to the government, their incomes can rise because grain prices rise in these districts due to increased demand created by government procurement. This is particularly true for paddy, which is produced in many states.

Contrary to the formulation of MSP as a price ceiling, data published by the department of agriculture and farmers welfare suggests that between 2017 and 2021, the farm harvest prices for paddy exceeded MSP in several states such as Haryana and Chhattisgarh where roughly 70% of the paddy output was procured by the Union and state governments.

While our research shows that the guarantee of MSP can exert upward pressure on agricultural prices and farm incomes, the real issue is that of making this guarantee binding. Recent articles have compared the fiscal impacts of proposed MSP legalisation with that of the National Rural Employment Guarantee Act (NREGA) of 2005. Indeed, the experience of NREGA can be extremely relevant in informing the debate around a legalised MSP.

In states where NREGA is properly implemented, it has been highly successful in raising wages and addressing socio-economic disparities. However, the guarantee of 100 days of employment was never realised and there is substantial unmet demand for NREGA jobs in most districts. The national average for NREGA workdays for a household was 50 days in 2021-22 and significant variation exists in the provision of NREGA at the state level. While states like Rajasthan, Kerala and Andhra Pradesh have consistently performed better than the national average, others such as Assam, Uttar Pradesh and Bihar have struggled to provide more than 30 days of NREGA employment to rural households in a year.

Therefore, like the guarantee of NREGA employment, the legalisation of MSP may also become a promise half-heartedly implemented by a government reluctant to address the farm crisis. The fact that MSP is announced for 23 crops but procurement is confined primarily to wheat and rice from a few districts in selected states, suggests that successive governments have avoided actual procurement at MSP, especially in non-election years.


The cost of government intervention in agricultural markets has also become an ideological question AFP

According to the 2015 Agricultural Census, more than 86% of Indian farmers own less than two hectares of land. These small and marginal cultivators face two major challenges. On the one hand, crop production decisions are impacted by volatility in global and domestic prices, coupled with greater uncertainty caused by changing cropping patterns. On the other hand, farm incomes have been squeezed by rising labour costs during the last decade.

Some commentators have suggested that income support programmes such as Rythu Bandhu in Telangana and KALIA in Odisha be used as non-market distorting policies to help farmers. While these schemes are effective in raising the household incomes of farmers, they exclude the most marginalised sections of the agrarian economy such as tenant farmers and landless agricultural workers. Income support alone cannot be sufficient to address the agrarian crisis. The government must intervene directly when the market price falls below MSP. However, the credibility and timeliness of such intervention remain suspect.

The cost of government intervention in agricultural markets has also become an ideological question. For example, some economists have assumed that farmers will sell (almost exclusively) to the government and correspondingly, the total agricultural output multiplied by MSP would be the fiscal cost of the legalised MSP. Others have adopted a more dynamic model of agricultural markets to argue that the government will not buy all the produce but simply enough to keep prices above the MSP level. In fact, the actual amount of government procurement would depend on how successful it is in generating expectations of actual procurement that is enough to raise prices by allowing farmers to negotiate better with private buyers.

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Drawing a clear line on parliamentary privilege


Utkarsh Anand

Parliamentary privilege is a fundamental aspect of legislative independence, providing immunity to members of Parliament and state legislatures to enable them to perform their duties without external pressure. But in the face of accusations of wrongdoing or corruption that jeopardise the credibility of democratic institutions, this privilege cannot be unqualified. The seven-judge Supreme Court bench verdict on Monday delineates this boundary, overturning a 1998 ruling by a smaller bench that allowed lawmakers to go scot-free after receiving bribes for casting votes or making speeches on the floor of the House.

Emphasising that corruption and bribery cannot be countenanced because they erode the foundation of Indian parliamentary democracy, the Supreme Court verdict provides clear interpretations of the constitutional provisions pertaining to the immunity of lawmakers, juxtaposing this with the real objective of the pertinent provisions.

The judgment describes in detail what parliamentary privilege is and is not, given the freedom of speech and constitutionally mandated immunity from prosecution. At the same time, it sets limits and identifies certain circumstances under which parliamentary privilege cannot provide immunity, particularly in cases involving allegations of corruption and bribery against the lawmakers for casting their votes or delivering speeches in the House.

The seven-judge bench remained emphatic that the exercise of the privileges individually by the members of Parliament and state assemblies under Articles 105 and 194 must be tested on the anvil of whether it is intrinsically connected to the healthy and essential functioning of the House. Mandating the two-fold test, the Court said the privilege claimed must be tethered to the collective functioning of the House and it must also bear a functional relationship to the discharge of the essential duties of a legislator. Article 105(2) lays down that no member of Parliament shall be liable to any proceedings in any court in respect of anything said or any vote given by him/her in Parliament or any committee thereof. A corresponding provision giving immunity to members of state legislatures is contained under Article 194(2).

The Court stated that the immunity provisions were inserted by the Constitution to foster an environment free from fear or favouritism which would prevent debate, deliberations, and the exchange of ideas within Parliament and state legislatures. Lawmakers are entitled to speak before the House or any committee, and they must do so without fear or favouritism, it underlined while highlighting that the very aspect of free will is taken away when a lawmaker accepts a bribe. According to the bench, bribery cannot be protected by the immunity provisions of the Constitution because a member engaging in bribery commits a crime that is not necessary to cast a vote or determine how the vote should be cast.

The seven-judge bench also underscores how corruption undermines the integrity of democratic institutions by eroding public trust and confidence in the political process. "Corruption and bribery of members of the legislature erode the foundation of Indian parliamentary democracy. It is destructive of the aspiration and deliberative ideals of the Constitution and creates a polity which deprives citizens of a responsible, responsive and representative democracy," it said.

Prosecuting corrupt lawmakers helps restore and preserve the integrity of legislative bodies, ensuring that they serve the interests of the people rather than those of corrupt individuals or special interests. The verdict establishes clear guidelines and procedures for investigating allegations of corruption against MPs and MLAs, ensuring these processes respect the principles of parliamentary immunity while upholding accountability. In applying the principles of proportionality to adjudge whether the benefits of protecting parliamentary functions outweigh the harms of shielding corrupt practices, the Court was unequivocal that privileges and immunity belong to the House collectively and that they must be exercised only to further the principles of a responsible legislature.

The judgment acknowledges the judiciary's crucial role in interpreting the Constitution and laws regarding parliamentary privilege and corruption in the face of the imperative need to cleanse politics and impose accountability on people's representatives. It aims to foster an understanding of the ethical responsibilities of MPs and MLAs and promote a culture of integrity within the legislature because the importance of accountability in democratic institutions cannot be overstated. Acting as a guardian of public interest to ensure that legislative immunity is not used to evade accountability, the apex court reversed the 1998 ruling in the *PV Narasimha Rao* case, stating there is grave danger of this Court allowing an error to be perpetuated if the decision were not reconsidered.

The Supreme Court judgment highlights the balance between the rights afforded to parliamentarians through privilege and their duties towards the public, including the duty to maintain integrity and avoid corruption.

Parliamentary privilege must be balanced with the need to combat corrupt behaviour. This requires a multifaceted approach that includes legal frameworks, judicial oversight, mechanisms for accountability, transparency, and a culture of integrity. By carefully navigating these aspects, the judgment affirms the integrity of parliamentary processes while ensuring that legislators are held accountable for their actions, maintaining public trust in democratic institutions. The judgment balances the need for parliamentary privilege with the imperative to combat the malaise of bribery and corruption, setting a legal precedent that will serve as a guideline in disputes involving legislators in the future.

The onus is now on legislators to rise to the occasion and abide by their solemn commitment to act without favour so that the legislative body remains a respected and legitimate institution, capable of addressing the needs and challenges of society in a just and equitable manner.

The views expressed are personal

{ RAJIV KUMAR } CHIEF ELECTION COMMISSIONER

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Setting the rules in disputes over apps


Vivan Sharan

Last week, Google delisted the apps of 10 Indian businesses from its proprietary app store. This followed protracted court battles over Google's right to charge app developers for the Play Store's distribution services. This incident, which saw some apps relisted after mediated discussions, highlights the need for a thoughtful resolution of business disputes in the digital economy, increasingly contested on the notion of "fairness".

At the heart of this matter is the compression of operating margins in India's digital economy. Digital businesses have had to reduce expenses and prioritise profitability, leading to thousands of layoffs, since the digital boom during the Covid-19 pandemic. This situation highlights the importance of empathy in the face of well-functioning but harsh markets, where rivals fiercely compete for every bit of revenue and consumers display fickleness. The margins-led fight between apps and their distributors has many analogues, such as telecom companies demanding a "fair share" of app market revenues. Indian telcos operate internet networks and are demanding that large digital businesses that attract more traffic, such as video-on-demand apps, compensate them for their role in last-mile distribution. This stems from commercial concerns of telcos, linked to the high costs of their new 5G networks that remain underutilised. These fights raise the question of whether notions of fairness borrowed from social justice contexts have a place in business.

Since fairness is subjective, it could be weaponised. This is the experience in Europe which has no homegrown digital champions like India, and where the chief of the nodal antitrust authority, Margrethe Vestager, seems to be on a moral crusade. "In my work on competition, I sometimes say that what is at stake is as old as Adam and Eve," she said in a speech at the International Martin Luther Foundation. "For all the economic theories and the business models, it all comes down to greed," she stated. But policymakers need to resort to objective standards rather than political sermons to unlock dynamism in digital markets.

At the outset, policymakers should decouple the notion of fairness from the debate, focusing instead on what is best for all economic agents. When considering disputes between businesses, for instance, it's crucial to assess whether they are rivals, if there are alternative avenues for distribution, and if there are any limitations on these alternatives. The mutual dependence between apps and app stores, the existence of several app stores with different commercial terms, and the absence of limitations on alternative distribution channels are all factors to consider.

Basing economic policymaking solely on sentiments is not a viable approach. However, this doesn't imply that we should overlook the value of corporate citizenship. Even though the most successful tech companies are privately owned, they bear a responsibility to ensure their actions benefit both societies and markets. This concept of stewardship, already recognised in managing the impact of industrial activities on ecological systems, should similarly become a standard practice in the digital realm. Adopting practices that go beyond what is required by formal rules and obligations will indeed help ensure that big business is welcome in a world awash with uncertainty. In the Indian context, this could mean redefining fairness as technological parity rather than economic redistribution. That is, large companies should facilitate the flow of technology to geographies from which they profit, while the public sector should create conditions for this to happen.

Policies linked to "trusted supply chains" assume salience here — via which partner jurisdictions protect and promote trade and commerce across their borders. India has adopted early versions of this idea in the context of its Trusted Telecom Portal, where only products from "trusted sources" or countries are listed. Similarly, the data protection law enacted in 2023, in effect, provides for the free flow of non-sensitive data between trusted jurisdictions. Both these policies provide space for an enlightened corporate stewardship which does not compromise their very ethos.

Tech companies from trusted jurisdictions now have the space to forge cross-border strategic partnerships that align with India's developmental goals. For example, enhancing local computing capacity to enable Artificial Intelligence (AI) research and development is crucial. India's supercomputing infrastructure primarily serves high-performance computing for traditional use cases. However, global tech giants possess supercomputing capacities surpassing those in the developing world. Therefore, creating shared infrastructure that India's digital startups can access and leverage is an idea whose time has come.

Vivan Sharan is partner, Koan Advisory Group. The views expressed are personal

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OUR VIEW

MINT

Tata Motors' demerger is backed by a strategy

It'll unlock value by letting trucks take the slow lane while cars bet on fast-lane leadership at a key inflexion point of technology. It also proves conglomerate-sceptics wrong again

It was common once for the word 'conglomerate' to be prefixed by 'unwieldy' and 'unfocused' by reflex. If that sounds strange today, then the Tata Group could claim some credit for it. Sure, survival amid competition demands an edge sharpened in focal fields of specialization, and Tata did withdraw from some markets in the 1990s (soaps and suds, for example), but its operations still span a spectrum from salt to software. Critically, the group has proven that a clutch of diverse companies can keep business risks in control well enough to enable long-horizon plans with minimal short-term pressure from investors at large. Although a recent bout of instability at the top—the Cyrus Mistry interlude—had briefly put that advantage at threat, India's foremost conglomerate appears back in form as a strategic planner. True, the glitter of Tata's crown jewel TCS may have dimmed a bit lately, tackling which must be top priority for group chief N. Chandrasekaran, but its proposed demerger of Tata Motors reveals an approach with its sights set on emerging paths to success.

It's not a simple split-up of the group's auto business into two. Since 2021, on-a-revival Tata Motors has been operating as three distinct units under separate chief executives: one for Tata trucks and buses, another for its cars, both combustion and electric, and the third being Jaguar Land Rover (JLR), acquired in 2008. As approved by Tata Motors' board, the proposal is to place truck-making under one listed firm and merge Tata's cars unit with JLR to create a second, with shareholders to get equal shares in both. This is subject to approvals, of course, but the rationale is clear: It is likely to unlock value. As the company has stated, the motive is to further "empower" businesses to pursue their own strategies, with "considerable synergies" to be exploited across JLR's platforms and Tata's passenger cars, be they fuel-burners or battery run. As investors cheering the move have interpreted it, the basic idea is to bifurcate the path ahead into slow and fast lanes. So, while heavy-vehicle sales move in classic cyclical patterns, serving a profitable core-sectorish business, the separated part—about four-fifths of revenues, JLR being their bulk—can take a speedier lane by blending skills, extracting efficiencies and betting on a big tech shift underway. After all, a switch to electric vehicles (EVs) may turn out to be an inflexion point that resets the auto race, though it's unclear what makes for a competitive edge globally. The success of Chinese EVs would suggest that the performance of powerpacks is key. Tata Motors' domestic EV success so far is a sign that it may have a low-cost winner under its EV hood, but only an export thrust would reveal how well its models can compete across the world. Can JLR's premium aura and market reach be leveraged for bulk shipments of value-for-money Tata EVs? Investors can only wonder. What's clear is that vehicles are pivoting full-torque digital and Tata will have to draw upon a wide range of expertise, including software, to blaze a trail along this tech-led path. Indeed, Tata Motors' ambitions will test the group's ability to deploy talent.

Critics of conglomerates, awed by the complexity challenge or not, failed to consider the value of shock absorbers. They also overlooked how its alleged weaknesses could be overcome via a structure designed to devolve authority aptly. As for the complacency that group safety is said to instil, it's evidently escapable. It takes leadership. Just as Tata Motors' return to the automotive arena for a buzzy new race took.

MY VIEW | ON THE OTHER HAND

It is time Ulips are stopped from masquerading as mutual funds

Such misselling must end to protect consumers and life insurance should be promoted for what it is

VIVEK KAUL
is the author of 'Bad Money'.

Unit-linked insurance plans (Ulips) are a very important product for life insurance companies. As of March 2023, for every ₹100 of assets under management of these companies, a little over ₹11 came from Ulips. As of March 2022, this figure was close to ₹12. Ulips are basically investment plans that come with a dash of life insurance.

Now, the problem with broader averages is that they might reveal what is important but they conceal what is vital. So, if we leave out the primarily government-owned Life Insurance Corporation of India—the country's largest life insurance company—and look at the figures of only private life-insurers, as of March 2023, for every ₹100 of assets under management of these firms, a little over ₹41 came from Ulips. This figure was close to ₹45 as of March 2022.

So, Ulips, while being an important part of the overall life-insurance business, are the heart and soul of the business of private life insurance firms. Given this, these firms go out of their way to push this financial product. In fact, over the years, quite a few private life insurers—especially when the stock market is doing well—have tried to pass off Ulips as mutual funds (MFs), a trend that has made a comeback of late.

The private life insurers do this by using terms like 'new fund offer' (NFO), 'small-cap fund,' 'mid-cap fund,' 'diversified equity fund,' etc. These terms are normally used by equity MFs, which largely invest in stocks. An NFO is a term that usually refers to the launch of a new scheme by a mutual fund.

In the recent past, insurance companies have launched Ulips named as 'small cap fund', promising to invest in small-cap stocks—stocks ranked 251st and beyond in terms of market capitalization. Now, there are a few things that stand out in ads of such and other similar Ulips planning to invest in stocks.

First, nowhere do they mention that the product being sold is a unit-linked plan, unless one chooses to dig deep into the fine-print. Why is this important? As mentioned earlier, a Ulip is an investment plan with a dash of insurance. Given this, a major part of the premium is invested depending on the mandate. If the mandate is to invest in small-cap stocks, that is where the investment is made. If the mandate is to invest in debt securities, that is where the investment is made. In that sense, a major part of a Ulip is almost akin to an MF. But it's not an MF simply because a part of the premium paid necessarily has to be allocated for insurance (sum assured) of a certain amount. Hence, it's important for this to be highlighted upfront in all communication and not be relegated to the fine print, given that most retail investors are not really financially savvy.

Second, such advertisements tend to highlight the recent fantastic performance of the stock market. A newly-launched Ulip held up the superlative performance of small-cap stocks over the last few years. Nonetheless, small-cap stocks on the whole were a loss making proposition from 2008 to 2017. And that's the risk of investing in stocks. Of course, if these things are clearly highlighted in advertisements, selling a Ulip becomes more difficult. Given this, over-simplified communication that alludes to a Ulip acting like an MF makes it easier to sell the product.

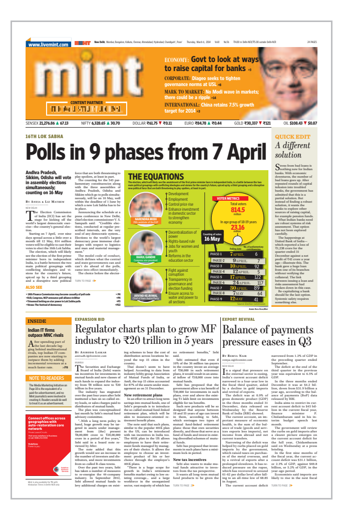
So, what's the way out? In an ideal world, MFs should be selling schemes that invest in stocks and other investment assets, and life insurance companies should be selling term insurance. A term insurance policy is a policy that leads to a payout to the nominee(s) in case the policyholder dies during the term of the policy; and if the policyholder outlives the term of the policy, then no payments are made.

But then, that's really not going to happen, given that the current system of life insurance companies selling investment-oriented insurance plans—not just Ulips but traditional plans like endowment and money-back as well—is too well entrenched. From the central government to life insurers and from banks that own such firms to individual agents trying to make a living by selling investment-oriented insurance, most of those involved have an incentive to keep the system going. Also, any such change will be highly disruptive before any benefits start to accrue, and hence cannot be initiated. Nonetheless, there are a few things that can be done.

First, all advertisements selling Ulips should clearly say so. So, an insurance company should mandatorily say that it is selling a small-cap Ulip and not a small-cap fund. Second, like MFs, every Ulip advertisement should state clearly that "Ulip investments are subject to market risk," and not hide this in the small print. Of course, when the going is good, most people will not pay attention to such disclaimers. Nonetheless, life insurance firms, or any other investment firm for that matter, should not be seen encouraging risky behaviour when it comes to investing.

Third, term insurance needs to be promoted at an aggregate industry level and people should be made to realize its importance. It is time that insurers seek inspiration from the MF industry and run a "term insurance *sahi hai* (is right)" kind of campaign. At the end of the day, life insurance companies should make an effort to sell genuine life insurance and not just insurance packages that masquerade as mutual funds.

10 YEARS AGO



JUST A THOUGHT

> All human beings have three lives: public, private and secret.
>
> **GABRIEL GARCÍA MÁRQUEZ**

MY VIEW | EX MACHINA

The state needs new ways to assert its authority online

RAHUL MATTHAN

is a partner at Trilegal and the author of 'The Third Way: India's Revolutionary Approach to Data Governance'. His X (formerly Twitter) handle is @matthan.

In 1919, Max Weber delivered a lecture titled "Politics as a Vocation," in which he argued for the first time that the state has a monopoly over the use of physical force. He was looking for a way to justify the state's use of force and chose to do so by elevating it to the level of a crucial feature of the social contract.

In those days, authority was manifest through tangible expressions of control—institutions like the police and military, and coercive constructs like laws and regulations. The state's ability to wield this power came to be seen as essential to the maintenance of public order and necessary for the protection of its people.

Over a century has passed since Weber first presented this thesis in 1919. In that time, our world has so dramatically de-materialized that almost all our interactions today take place within the digital realm. Not only has this fundamentally changed the way individuals interact with each other, it has given rise to new behaviours, the establishment of new marketplaces, and the rise of new loci of political power. Given how significantly things have changed, it is probably worth evaluating whether or not Weber's theory still holds true.

Today, our activities in the digital sphere are intermediated by technology platforms—social media applications, e-commerce sites and digital media services—all of which are owned by Big Tech companies. To access these platforms, we must give our consent to their terms of service.

These agreements are the modern social contract—the new rules of the digital road that determine exactly what we can or cannot do online. The private players we enter into a social contract with have the power to constrain our interactions in new ways that represent a significant variation to the classic Weberian social contract.

As much as the modern digital world has given rise to various benefits, it has also unleashed new forms of violence that can be perpetrated on people in ways that were simply not possible in 1919. Today, citizens need protection against a whole host of new crimes—cyberbullying, cyberstalking, doxxing, fake news and the like. To safeguard them, the state needs to deploy new forms of violence that are relevant to the digital age. For instance, one of the more effective ways in which the spread of fake news can be curbed is by deploying algorithmic de-amplification—a process that aims to dampen the virality of an online post by adjusting the priority with which it surfaces in the platform's feed. Other (blunter) interventions include outright censorship and the de-platforming of repeat offenders.

The state depends on private enterprises to deploy these new forms of digital violence in tackling those who violate their social contract. These businesses, today, are our last line of defence against the new harms of the digital world.

All of which gives rise to an additional complication.

As long the state retained an exclusive monopoly over violence, it was possible for countries to exercise their monopoly over violence in slightly different ways—based on the political reality of each nation-state. Given that the social contract in a liberal democratic country differs from that in, say, a theocratic state, it could be enforced in slightly different ways in each of these different types of states.

> **Its influence over the digital sphere is reliant on execution by private firms but this isn't an ideal scenario**

This, however, is not easy to do in the digital context. Technology companies take pains to ensure that their users agree to the same terms of service no matter where they access these services from. As a result, regardless of which country a user may reside in, there is no difference in the terms of the contract she signs. This means that so long as the activities of the individual do not offend the platform's terms of service, it could resist orders issued by the state that call upon its management to inflict digital violence on the user in order to uphold the political values of the state.

Unlike the state, which is accountable to its citizens through a democratic process, private companies are only answerable to their shareholders, who end up imposing their own values on its actions. As a result, governments find that their ability to influence actions in the digital sphere ends up being constrained by the whims of corporate shareholders.

Today, the monopoly over violence stands dispersed across private networks in ways that elude the state's ability to constrain. If we are looking to reinstate Weber's philosophy of political control in the modern age, we will need to re-imagine our existing governance structures to adequately take into account new realities of the digital world.

One way to give effect to this might be for governments to establish the protocols by which all digital services are to be delivered within their sovereign territory. This will allow them to retain control over essential elements of state power while still allowing private enterprise to build out additional services on top of these protocols, extending them as required in response to market demand.

This will allow the state to retain enough control over digital activities for it to be able to enforce domestic legal obligations, while still letting society benefit from the innovation that only private enterprise can deliver. To give effect to this approach, the state will need to engage more fully with technology and realize that it takes much more than a monopoly over violence to influence the digital sphere.

GUEST VIEW

Updated urban definitions could optimize our resource allocation

The 16th Finance Commission should redefine cities and rework the formula used for determining urban fund devolutions

KESAVAN SRINIVASAN & SRIKANTH VISWANATHAN
are, respectively, former deputy comptroller and auditor general, and CEO of Janaagraha.

India's local governments are weak despite the 73rd and 74th Constitutional amendments. They effectively serve as extended implementation arms of state governments, rather than as an independent tier of government. If India has to deliver on its promise of Viksit Bharat by 2047, we must radically change how we view our local governments. Most economies that have graduated to developed status, including a totalitarian China that is fast moving towards it, have done so through the economic growth generated in and by cities, catalysed in turn by strong local governments. A paltry 4% of the divisible pool is allocated to local governments by Finance Commissions (FCs), with cities getting a minuscule 1.4%. India's investment in cities averaged 0.6% of GDP during 2011-2018 as against 2.8% of GDP for China during 2000-2014 (*World Bank, 2022*). If India has to develop rapidly, we need to empower cities and transfer resources commensurate with 18 constitutionally identified functions to realize the vision of the 74th Amendment of the Constitution.

One of the first challenges is defining a city. We have 88 municipal acts across 28 states and seven Union territories, and five different criteria to define a city—comprising population, density, employment, revenue generation and those from guidelines under Article 243Q of the 74th Amendment. These do not cover modern criteria, such as data on mobility and labour markets, density and built-up forms, and night-time data. Census 2011, already outdated in a rapidly urbanizing India, had identified 3,892 "census towns" governed as village panchayats but actually urban in character based on three criteria: Population of over 5,000, density of at least 400 persons per sq km and an outdated, gendered one of at least 70% of the male main working population being in non-farm jobs. There were 4,041 statutory towns governed as municipal areas. Census 2011 also identified 53 urban agglomerations (UAs). These UAs are not just large cities as defined by their municipal boundaries, but form a larger metropolitan area, including smaller urban local bodies (ULBs) and panchayati raj institutions (PRIs). However, PRIs falling within UAs were still treated as rural. We need a far more coherent way of thinking about urbanization and the central government must provide thought-leadership on it. The Odisha government has published a rural-urban transition policy for a more systematic approach to preparing urbanizing panchayats for urban governance that could serve as a reference point.

We make five recommendations to ensure that urban allocations do not undercount urban populations and serve as a catalyst for higher economic growth and human development.

ULB coverage

Urban local bodies could be the focus of a new formula for resource allocation.

City population category	Urban local bodies in the category	ULBs + census towns in 60-km radius	Total urban population in 60-km radius	Share (%) in India's total urban population
>4 mn	8	971	110.4	29
>1 mn	45	2,242	188.4	50
>0.5 mn	86	3,331	237.3	63
>0.1 mn	470	6,310	348.2	92

The population cuts across state boundaries if the 60-km radius of a ULB also flows into a neighbouring state. Analysis excludes Jammu and Kashmir and cantonment boards.

City population category	Number of urban local bodies	Population	Share of population of urban local bodies (%)
>4 mn	8	57.8	18.2
1-4 mn	38	57.8	18.2
0.5-1 mn	42	28.9	9.1
0.1-0.5 mn	388	75.1	23.6
<0.1 mn	3,565	98.7	31
Total	**4,041**	**318.5**	**100**

mint

Source: Janaagraha's Annual Survey of India's City-Systems (2023); Analysis based on Census 2011

ISTOCKPHOTO

First, the 16th FC should consider identifying cities using advanced geospatial tools and alternate data as an additional dimension, instead of relying only on the 2011 census for resource allocations. Solely relying on 13-year-old data to identify cities would be sub-optimal, given a pace of urbanization that makes it one of the world's most significant demographic transitions. With geospatial tools accessible now, the FC may explore the use of advanced mapping capabilities and alternative data to identify cities. For example, population projections of the Union ministry of health and family welfare, night-time luminosity and consumption expenditure, apart from vehicle and property registrations. The FC has an opportunity to break new ground.

Second, allocations for metropolitan areas must continue to be treated differently, with outcome-based funding for ambitious goals linked to economic growth and jobs, environment sustainability and equity considerations. This should cover the entire metropolitan area, essentially the UA as per census 2011 data but further informed by geospatial analysis. Census towns in metropolitan areas too need to be treated as urban rather than rural for resource allocation purposes. The UK's model of 'city deals' may be appropriate to learn from and adapt to our context.

Third, the 16th FC needs to support the progressive trend of differentiating between the needs and capabilities of different types of cities and suitably tailoring resource allocations. Our larger metropolitan areas have the economic might and scale to raise their own resources to finance development. However, mid-sized cities with a population range of 100,000 to 1 million may need support for some more time to create capabilities that will help them grow economically. The long tail of 4,200-plus smaller cities would need more long-term unconditional support to evolve as robust institutions. A one-size-fits-all approach will not work.

Fourth, the 16th FC should carefully evaluate the role and relevance of the district as a unit of resource allocation, particularly from the standpoint of Indian cities' spatial contiguity. Districts continue to be the best understood and capacitated level of administrative governance in India and are best placed to rise above the rural-urban binary and plan for integrated and coordinated economic and ecological development. The FC needs to evolve this concept further and consider spatial contiguity arising out of India's unique pattern of urbanization for better resource optimization and efficiency.

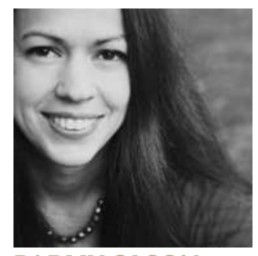
Fifth, and most importantly, while the 15th FC ascertained a state's share of local-government grants on the basis of total state population and then worked its way to individual ULB shares through a complicated process, we would recommend a simpler local-government-centric (rather than state-centric) approach to ascertain individual ULB shares across India. It should be done directly on the basis of their individual share in total ULB population (excluding metropolitan areas as mentioned in the second recommendation).

The 16th FC has an opportunity to redefine and reimagine urban allocations, albeit grounded in sound logic and spatial data. Allocations using new and improved underlying principles could help usher in Viksit Bharat ahead of time, particularly for the 4,200-plus cities in the under-100,000 population category, by placing them on the path of planned urbanization.

MINT CURATOR

Apple's $2 billion fine marks a new dawn for antitrust rules

The EU has taken a welcome lead in taking on digital dominance



PARMY OLSON
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Spotify's row with Apple over its App Store led to the EU's decision AP

Another day, another multibillion-dollar regulatory fine from Europe that will barely dent the balance sheet of a technology giant. Only this time, the European Commission's $2 billion penalty against Apple marks the end of an old clunky era, and the start of a new one where trust-busters can be quicker and more efficient in policing Silicon Valley's biggest companies. Their secret weapon: a new law called the Digital Markets Act (DMA). It finally comes into force on 6 March, when six companies designated as "gatekeepers" will have to comply with its 22 rules.

Apple's case is a prime example of how things will change after this week. Its penalty comes after an old complaint from Spotify over the alleged stranglehold of Apple's App Store. The fine is barely a scratch for Apple, which made $120 billion in first-quarter sales, but it symbolizes a new approach for Europe's antitrust regulators, who already take more action against tech firms than their US counterparts. Now they can do more with less to challenge the growing dominance of tech firms worth more than $10 trillion.

The first reason is the DMA law itself. Until now, the European Commission has had to spend years gathering evidence and proving the anticompetitive effects of tech firm's behaviour in their cases. Spotify's complaint against Apple was made five years ago. Another recent investigation by the EU into Google took seven years. European law says you can only prohibit conduct if you can prove, with empirical evidence, that it has hurt consumer welfare. The result: Cases take years and are painfully expensive.

The DMA offers a new legal loophole. It doesn't require a detailed analysis of how a large company has caused consumer harm. So as long as it can prove that a firm broke one of the law's 22 rules, the harm is presumed. That saves years of potential work.

There are rules against things like self-preferencing to stop a company like Google from making its products look better than its competitors in search results, or reusing people's data across different platforms, such as between Meta's Facebook and WhatsApp. Rule-breakers will be hit with fines worth as much as 10% of their turnover. Worse, they could be banned from making acquisitions.

One of the directives echoes the EU's complaint against Apple: that it blocked other companies like Spotify from telling users about lower-priced subscriptions available outside of their iPhone apps.

So why did the EU pursue an expensive five-year-long case when it could have used its shiny new enforcement tool, the DMA, in two days' time? One reason might simply be the sunk-cost fallacy on a case started a long time ago. Another might be to send a message that it will continue using traditional antitrust enforcement laws even though it has the DMA's rapid, cheap and blunt approach.

"I have my doubts it will," says Anne Witt, an antitrust scholar with EDHEC Business School. "Why would you spend so much more money when you have this other tool?" The DMA, in other words, is the future.

The Apple case and the new law also spotlight an increasingly popular regulatory philosophy in Europe around fairness. For years, antitrust regulators in the US and Europe followed the doctrine of the Chicago School, which aims to support consumer welfare through market-driven outcomes. Under that philosophy, many of the mergers and business practices that seem monopolistic are also considered beneficial to consumers because they lead to supposedly lower prices and increased innovation. If Facebook is free and innovative, in other words, there's no harm done.

European regulators have caught on to how irrelevant that approach is in today's digital markets.

The European Commission said that a big chunk of the harm Apple caused to consumers was a "non-monetary harm in the form of a degraded user experience." The reason? The company's behaviour had amounted to "unfair trading conditions."

Call this a light entrée to the new era of the DMA, which has the fairness issue baked into its rules, offering a more up-to-date and thoughtful approach to the economic pitfalls of digital dominance.

Many officials in Brussels will no doubt say "good riddance" to lengthy court battles and embrace the DMA's clear structure. But risks remain. The rules might inadvertently ban some innovative or competitive corporate activities or miss bad conduct that's not on its list of mandates.

Still: "[It's] as clear as any law can ever be," says Witt. Anything that makes regulation more transparent, effective and quicker to catch up with technology as it whizzes ahead, is clearly a step in the right direction.

THEIR VIEW

India's weakening FDI fulcrum: Act before it's too late

DIVA JAIN

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Many shall be restored that now are fallen and many shall fall that now are in honour—Horace

After having fallen during covid, the Indian economy now finds itself among the most honoured globally. Most high-frequency indicators are firing vigorously and recent headline GDP numbers have been buoyant beyond expectations. A fiscally restrained budget in an election year and sensible policy interventions have ensured that confidence in the economy and the government's ability to manage it is high, and the stock market is undergoing one of its periodic bouts of exuberance.

But behind the clinking of champagne glasses on Dalal Street and self-congratulatory chatter on social media lies a structural story of India's economy that's relatively sombre. Gross capital formation has been stagnant below its past peak for a decade and private capex is still anaemic. With an economic multiplier that is orders of magnitude higher than other forms of spending, capex is critical for India to convert the economy's upward momentum into a structural trend. The government, cognizant of this, has been spending furiously on capex in the hope of crowding in the private sector, which has so far been circumspect.

Historically, investment has been the fuel that has boosted developing economies to attain the escape velocity required to leave poverty behind and join the middle-income orbit. Unfortunately, India has seen its net household savings rate fall to multi-year lows. This begs the question: Where will low-cost capital to fund India's massive investment needs come from?

Poor economies with similarly low capital stock have typically solved this problem by accessing sticky foreign direct investment (FDI). Sadly, India has been a laggard on this count. Net FDI as a percentage of GDP now stands at about 1.2%, its lowest since 2005. In comparison, Vietnam has absorbed net FDI inflows at an average rate of above 5% of GDP since 2007. Similarly, while it was industrializing, China absorbed net FDI at an average rate of above 4% of GDP from 1993 till 2011. Even America's industrialization from 1800 to 1870 was driven by copious British capital. The only exceptions to FDI-driven growth have been Japan and South Korea. But in lieu of FDI, both were funded by massive reconstruction aid from America, free access to US technology and easy access to American markets, which allowed them to run export surpluses that fulfilled their investment needs.

Neo-classical purists might argue that India receives foreign portfolio investment (FPI), which is equivalent to FDI, but practically speaking, they are as different as chalk and cheese. One, FDI flows are sticky and thus provide patient capital required for industrialization. Second, academics have long proven that FDI is highly correlated with increases in total factor productivity, as foreign capital brings with it global skills and expertise. Third, FDI has massive spillover effects for local firms as foreign technology slowly gets absorbed and disseminated across the wider economy. In the 1990s, China had a lower tax on FDI projects than on local firms, especially if these investments were in areas that were export, technology, or manufacturing intensive.

An emerging economy short of savings must make good use of FDI as a strategic pivot to prosperity

India's substantial underperformance in attracting FDI remains a large structural chink its economic armour, requiring quick redressal. India has many strengths that make it an attractive destination for FDI, including a large domestic market and depth of human capital, but factor market frictions and bureaucracy remain a significant dampener of FDI flows. While factor market reforms will take major political will, there are several easy policy levers that the government can use to crank up FDI flows.

Primarily, India first needs a national framework to identify and target industries where FDI is likely to have the largest impact in terms of job creation, productivity, technology and exports. Next, the government should roll out a comprehensive set of national tax incentives/holidays on FDI investments in those areas. Simultaneously, the DESH bill or an amended version of the SEZ Act, which seems stuck in bureaucratic wrangling, needs to be activated at the earliest with explicit provisions targeting FDI.

Most importantly, we must recognize that state governments play a significant role in attracting and retaining FDI. In most countries, especially China, regional governments compete vigorously to attract FDI with incentives over and above those offered by the central government. In China in the 1990s, regional governments were offering incentives worth as much as $1,000 (a princely sum there) per job to foreign firms. In India, barring a few exceptions, most states are indifferent towards foreign investment. These also tend to be the states that need it the most. The Centre could encourage competition among states by linking its fiscal support to them with their performance on attracting FDI.

In sum, there is no escaping the economic reality of FDI in driving investment in an emerging economy that is savings deficient. Addled by the warm embrace of hot portfolio flows, we have ignored this reality for many years. Unless we make a vigorous attempt to attract FDI and use it to convert our current economic momentum into a long-term trend, we might find ourselves staring helplessly at Horace's ominous warning to those who were once in honour.

UTTAR PRADESH
THE GROWTH MANTRA

ODOP: THINK GLOBAL, BE LOCAL.

The ODOP policy in Uttar Pradesh has sparked economic growth by empowering local communities, preserving cultural heritage, and fostering innovation across various sectors, paving the way for inclusive and sustainable development

Mayura Shanbaug

KALANAMAK RICE SIDDHARTHNAGAR

SILK PRODUCTS OF VARANASI

BLACK POTTERY OF AZAMGARH

MOONJ AMETHI

PERFUME KANNAUJ

JAGGERY AYODHYA

LEATHER KANPUR

BANGLES FIROZABAD

> ODOP is not only promoting products of each district, but also giving them a new design along with access to the global market
>
> **YOGI ADITYANATH**
> **Chief Minister, Uttar Pradesh**

> One District, One Product' is a commendable initiative of the Uttar Pradesh Government, which will safeguard the well-being of all those associated with MSMEs, especially weaving and handicrafts
>
> **NARENDRA MODI**
> **Prime Minister**

PICS: DIPR

The intricate Chikankari embroidery of Lucknow, the world-renowned carpets of Bhadohi, and a host of products and services have turned into a major export potential for Uttar Pradesh and India. Uttar Pradesh, the state with a geographical expanse of 2.5 lakh sq km and population of nearly 16% of India, has fast turned into an Uttam Pradesh adding to India's export numbers. The culturally vibrant state armed with its 'One District, One Product scheme' has leveraged a crucial scheme to fuel India's economic ambitions. From fertile agricultural lands feeding millions, to the silent industrial revolution, the state's ODOP scheme has fast turned into a success story worth emulating for other Indian states.

Launched in 2018, ODOP empowers each of Uttar Pradesh's 75 districts to focus on a unique product, leveraging local specialties and fostering grass-root innovation. ODOP celebrates local heritage while propelling it towards global markets. ODOP's economic impact to the state economy goes beyond the export potential of billions. The scheme has infused a spark in its local artisans, thereby creating a wave of self-reliance and economic mobility. This is not just a story of economic growth; rather it's a testament to the power of empowering local communities. This UP model is a classic case study for inclusive and sustainable development across India and beyond.

WHAT'S DIFFERENT WITH ODOP

The success of ODOP can be gauged from how it has emerged as role model worth emulating in adjacent states such as Gujarat, Madhya Pradesh, Jharkhand, Manipur and Telangana. Within one year of announcing the scheme, the UP government showed an increase in exports by 28%. The scheme also channelised new employment avenues and opportunities for the MSME sector. Between 2017-20, an additional 28,000 jobs were created and financial assistance worth Rs 2,600 crores was channelised.

The broad impact beyond numbers with ODOP has been the revival and preservation of cultural heritage, creating sustainable of livelihoods, empowerment local communities, and showcasing Uttar Pradesh's unique identity on the global stage. The scheme succeeded, thanks to the scheme touching across various industries and departments as an over-arching umbrella initiative. The initial budget for this scheme was Rs 500 crore.

What set apart UP's approach was its continual reinvestment in the scheme. As of 2018-19 state budget, a provision of Rs 250 crores was earmarked towards the ODOP scheme. In 2021-22, and despite the pandemic impact, the state reserved Rs 112 crores towards the scheme. Encouragingly, UP reserved Rs 100 crores of this towards skill development alone. Rather than targeting individual sectors, the state categorized schemes broadly dividing them into - market development assistance, branding scheme, financial assistance scheme, CFC (Common facility center) scheme, and skill development scheme. UP also integrated access to other departments such as Commerce, Finance, Industries, and MSME for swifter approvals.

NEW FARM REVOLUTION

Since ODOP identifies and promotes unique products specific to each district, the biggest benefactor has been the farming sector. A targeted approach allows for tailored interventions, addressing the distinct challenges and needs of each region. For example, Malihabad, renowned for its mangoes, the ODOP facilitates improved farming practices, high-yielding varieties, and even cold storage facilities to minimize post-harvest losses.

Besides encouraging MSMEs and innovators with funding, the ODOP Cluster Development Scheme provides financial assistance to a host of agro-processing centers such as establishing common processing facilities, storage units, and even transportation networks. This streamlines operations, reduces costs, and improves product quality, making farmers more competitive. By connecting farmers with organized retailers, exporters, and e-commerce platforms, ODOP has improved the market reach and offered fair prices to cultivators. Additionally, branding initiatives such as Geographical Indications (GIs) have orbited Brand-UP to the next level.

By addressing key bottlenecks and enhancing quality, ODOP has led to a significant increase in the volume and variety of agricultural exports from Uttar Pradesh. For example, exports of Banarasi silk sarees and Agra Petha have witnessed a notable rise. The scheme has also encouraged the widening of India's export basket by infusing previously unheard products - Jaggery, Desi Ghee, Amla, Banana, Banana fiber products, Kala-namak Chawal, etc.

UP ENGINEERING A NEW INDIA

Although the ODOP scheme may not be solely responsible for UP's rising popularity among electronic and engineering goods manufacturers, the scheme certainly is a mainstay. Cities such as Ghaziabad, Noida, Kanpur, and Aligarh have succeeded from the ODOP's economic vision. Aligarh's lock industry, for example, has witnessed a rise in exports and increased adoption of automation. Similarly, Moradabad's brassware industry has seen improved product quality and market access due to design interventions and brand promotion schemes.

The success of ODOP in boosting the engineering goods sector hinges on several factors. Streamlining approvals for setting up businesses, providing access to affordable credit, and fostering a culture of innovation has always been crucial.

Additionally, the UP-government's focus on provisioning effective marketing and branding initiatives such as organizing tradeshows have established UP-made engineering products as a reliable and competitive avenue in the global market. The biggest USP of ODOP, however has been its focus on skilling initiatives.

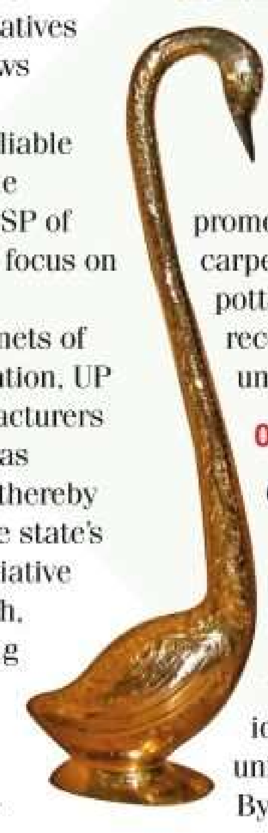
By focusing on the core tenets of skill development and innovation, UP has empowered local manufacturers as well as new players such as Samsung to create jobs and thereby contribute significantly to the state's industrial growth. As the initiative evolves and expands its reach, the impact on the engineering goods sector is likely to become even more pronounced, positioning UP as a formidable player in the national and global market.

REINVIGORATING TEXTILE & HANDICRAFTS

The biggest benefactor of ODOP in UP are the state's artisans employed in textile and handicraft sector. The success of the scheme can be gauged from the state government's relentless pursuit of improving productivity for artisans. In 2018 alone, the UP government distributed loans of over Rs 1,000 crores to nearly 12,000 artisans across UP. Sensing the need for a viable eco-system, the state government onboarded ecommerce majors such as Amazon, Wipro, GE Healthcare, Bombay Stock Exchange, National Stock Exchange, as well as the Quality Council of India to encourage partnerships with MSMEs and artists.

Textile products such as Banarasi silk, Zari Silk, Jute products, power-looms, and block printing have witnessed phenomenal return in recent years. This can be understood from the investment made by ODOP under Chikankari artwork renowned in UP. The 'Chikankari Cluster Development Scheme' in Lucknow received an investment of Rs 150 crores. This scheme focuses on promoting the exquisite Chikankari embroidery, a traditional art form synonymous with Lucknow's cultural identity. By providing training to artisans, enhancing infrastructure facilities, and facilitating market linkages, the scheme aims to preserve and propagate this cherished heritage craft while generating employment opportunities for skilled artisans.

Furthermore, the 'Handloom Cluster Development Scheme' in Azamgarh district, with an investment of Rs. 100 crores has rejuvenated the handloom sector by modernizing infrastructure, enhancing design capabilities, and facilitating access to credit and marketing channels for weavers. Similarly, schemes promoting brassware in Moradabad, carpet weaving in Bhadohi, and pottery in Khurja have also received significant investments under the ODOP initiative.



ODOP: ALLIED BENEFITS

ODOP has encouraged investors, innovators, and integrators. Having an umbrella-model has complimented the state's targeted approach of identifying and promoting unique products in each district. By partnering with investors, the state has also integrated potential sectors with established production, infrastructure, and government support. The ODOP scheme naturally has resulted in an unparalleled ease in doing business what with the reduced timeline in approvals, land acquisition, and swifter access to credit. Also, by prioritizing infrastructure development within designated clusters, the state has cemented its position as an attractive destination to do business.

ODOP fosters collaboration between industry and academia, providing skill development programs and fostering innovation through knowledge sharing and research partnerships. ODOP fosters job creation directly in manufacturing, processing, and allied services, while indirectly impacting tourism, transportation, and logistics. The initiative provides a supportive ecosystem for startups focused on agriculture, handicrafts, and allied sectors, with access to government grants, mentorship, and market linkages.

By unleashing innovation and economic integration, the scheme has also pushed the outlook for growth of other sectors in the state. Sectors such as Tourism, BFSI, technology and trade have not only seen a spurt in investments, but also better value for their buck. The ODOP initiative is not just about promoting specific products; it's about unlocking the immense potential of Uttar Pradesh. As the market matures, the impact of ODOP is expected to snowball, transforming Uttar Pradesh into a vibrant hub of economic activity and opportunity.

ONE DISTRICT ONE PRODUCT
UTTAR PRADESH

> One District One Product (ODOP) is an initiative which has a great potential for inclusion of grassroot artisans, MSMEs , agro processors in the India growth story. Uttar Pradesh has taken a lead in the ODOP scheme which can be emulated by other states as well. Fiscal incentives, accompanied by technology upgradation and ease of doing business can really integrate the ODOP scheme into global supply chain with signature regional features of the products. Hand holding by different state and central agencies and credit support by banks can make the scheme a big success
>
> **DEEPAK SOOD**
> **Secretary General, ASSOCHAM**

> The One District One Product Scheme (ODOP) stands as a transformative stride towards elevating Uttar Pradesh and India into manufacturing powerhouses. Rooted in the ethos of indigenisation, self-reliance, creativity, and fostering an efficient rural economy, ODOP perfectly aligns with the government's vision of Make in India and Vocal for Local, extending its impact globally. The Government of Uttar Pradesh aims to establish product-specific traditional industrial hubs in all districts of UP, encouraging indigenous specialties like Bhadohi carpets, Kannauj perfumes, etc. ODOP is set to not only enhance exports but also strengthen rural and semi-urban manufacturing, turning each district into a thriving export hub and propelling traditional businesses towards exponential growth. As ODOP paves the way, it exemplifies how the right policy framework can transform local gems into global phenomena, fostering a sustainable and inclusive economic ecosystem
>
> **AKASH GOENKA**
> Chairman, CII UP State and Director, Goldie Group