



OPINION

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[OUR TAKE]

Message from US Fed rate cut

This could nudge MPC to dial down hawkishness, and facilitate flow of capital into Indian economy

That the United States Federal Reserve would reduce interest rates in its September meeting was widely expected even though the jury was out on whether the reduction would be quarter or half of a percentage point. By deciding on the latter — federal fund rates are now in the range of 4.75%-5% — the US central bank has sent a clear signal that it is more concerned about cushioning the labour market than reining in inflation. Financial markets, both in the US and outside have taken the announcement in their stride and not shown wild reactions. This underlines the claim that the decision was largely on anticipated lines. What happens now?

Unlike the Reserve Bank of India, Federal Open Market Committee (FOMC) — US equivalent of India's Monetary Policy Committee (MPC) — members give dot-plots of interest rate projections going forward. The projections indicate that rates could fall by another 50 basis points by the end of the year. FOMC also sees yesterday's pivot as the beginning of a long phase of monetary easing with interest rates expected to be just under 3% by the end of 2026. What is the import of this pivot in US monetary policy?

If Fed chairman Jerome Powell manages to ensure a "soft-landing", which would mean inflation aligning with the target rate without triggering a recession or high unemployment, he would go down as one of the most successful central bankers in the history of modern capitalism. Tailwinds from lower mortgage costs could also help the Democratic Party in its bid to regain the White House. As a corollary, the decision also risks a backlash against the Federal Reserve's independence if Donald Trump were to win the November presidential elections.

Because the US is the largest economy in the world, and the dollar the dominant currency, its monetary policy stance is consequential for the rest of the world too. What will it mean for India? Expect MPC to dial down its hawkish rhetoric for sure even if there is no rate cut in the October meeting. More importantly, a return to the days of cheap money could also end the ongoing bear phase in long-term investment flows such as from the venture capitalist route for start-ups in the Indian economy. Both of these are good news for medium-term prospects of the Indian economy.

To be sure, cheap money has its own set of complications but that is not something which would concern markets and policymakers at the moment. The world and US monetary policy has a lot of distance to cover before it gets there.

Indus Treaty must reflect new realities

India has finally served a formal notice to Pakistan for a review and modification of the Indus Waters Treaty of 1960, largely because of Islamabad's intransigence in dealing with disputes related to the management of cross-border rivers and other concerns such as the support for terrorism. Problems related to the Indus Waters Treaty, which has survived several wars involving the two South Asian rivals, have been brewing for some years now. New Delhi has threatened Islamabad several times to have a look at the treaty when ties have hit rough patches, largely because of terror attacks carried out by Pakistan-based groups.

India formally informed Pakistan of its intent to review the treaty in early 2023 and the notice served last month is in line with those efforts. One of the triggers for this action was Pakistan's decision in the past decade to refer disputes over the Kishanganga and Ratle hydropower projects on the Chenab and Neelum rivers in Jammu and Kashmir (J&K) to both the "neutral expert" mechanism and the Permanent Court of Arbitration under the provisions of the agreement. India has argued that this goes against the graded mechanisms under the treaty for handling disputes and could lead to inconsistent and contradictory rulings. India's contention that the treaty also requires a relook because of demographic changes and environmental concerns too is important, given the impact of the climate crisis.

India is contemplating changes to the agreement at a time when relations with Pakistan are at an all-time low and there are genuine concerns about a spurt in terror attacks in J&K. New Delhi should proceed with caution since the management of cross-border water resources is a complex and delicate matter, but genuine efforts to update the treaty should be welcomed.

The new grammar of India-US relations

The Modi-Biden book is tilted more towards substance than thrills. Leaders, diplomats, and security establishments in both nations have worked towards building resilience in the ties

Will Biden continue to double down on India as the refuel of the amongst experts and officials as Joseph Biden began his tenure as the 46th President of the United States (US). Four years later, it is safe to say that India-US ties have undergone a second transformation. The first was roughly between 2001 — when George W Bush came to power — and the end of the Donald J Trump presidency. That period deserves a book in its own right. Indeed, many have been written.

On Saturday, when Prime Minister (PM) Narendra Modi met President Biden for the Quad Leaders Summit in Delaware, they will be concluding a new book that underscores the ideological and material commonalities that have taken place in the past four years. This will be the last in-person and official meeting between the two leaders. So, what defines the Modi-

Biden era?

A well-defined cognitive shift to unhesitatingly strengthen different kinds of ties shaped the way both sides dealt with each other's imperatives. Some of this had to do with China's differentiated challenge to both countries. A lot of this was driven by re-discovering lost opportunities of the past and realising the present. India's increasing import of oil and deep military dependencies on Russia may have, at best, led to a quiver between the two bureaucratic States. It left the strategic design for deeper partnerships largely untouched.

The manifestations of this ideological shift were real and can be counted in investments and new industry-led arrangements alike. In January 2023, National Security Adviser (NSA) on both sides inaugurated the India-US Initiative on Critical and Emerging Technology (ICET). This was a new way of deepening cooperation. It requires as much from industry and academia as from different parts of both governments.

An American semiconductor company was the first of at least six projects (it date that traced into India's incentive scheme, Bipras and molar) to be being laid to build a new On-Site Assembly and Testing Plant (OSAT) in Gujarat. Two legacy defence agreements on the co-innovation of jet engines and the pur-

chase of armed drones were re-invigorated. Reportedly, they are close to conclusion. A chip-making facility for national security to be built in India is being negotiated.

Export controllers in the US loosened their grip. The key was to create a communication bridge between firms besieged by the enormity and complexity of controls and controllers struggling to understand the problem at hand. Of course, this process will need to be sustained. A Strategic Trade Dialogue (STD) was created to institutionalise this channel.

The third INDUS-X summit concluded in early September 2023 in Palo Alto. This new ecosystem connects those creating and investing in cutting-edge technologies in both countries. ICET deliverables have a long way to go, but much has been achieved in a relatively short period of time.

There was every likelihood that this would not have been the case. The two sides confront several global and local challenges. These include the respective stakes at play regarding the war in Ukraine, differing views on the meaning of rights, and the effects of an alleged Indian intelligence-led operation on American soil.

But, the two countries have managed to move ahead despite these. Further, defence ties are deeper than they have ever been. This is as much a function of legacy arrangements,



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established processes, and the current state of geopolitics as it is for a fresh fervour in India to diversify away, at least as far as possible, from age-old but necessary dependencies. Five 2+2 meetings (with respective defence and foreign ministers) have taken place. A key supply agreement was signed last month. C-130Js, C-17s, P8s, Apaches, Chinooks, and MH60R helicopters are changing capabilities for the Indian military. The US army has reached out to Indian defence firms to produce everything from nuts and bolts to cartridges and artillery. There are five sets of ever-more complex bilateral military exercises that include all three Indian services. In sum, the commitment to military and security ties is clear.

The combination of the ideological clarity to deepen ties and the mate-

rial benefits of the same has built a grammar for resilience that may not be irreversible but can't be taken for granted either. Leaders, diplomats, and national security officials on both sides work hard — between the two countries and within their own systems — to keep the resilience going. This is also why the Modi-Biden book is tilted more towards substance than thrills. Challenges exist. There is much to be done. But, it is well worth thinking about both the drivers and effects of this new book in India-US ties, and how that might be sustained as the 47th American president is elected later this year.

Rudra Chaudhuri is director, Carnegie India. The views expressed are personal

On semiconductor mission, learn from China's missteps

Prime Minister (PM) Narendra Modi has made building a globally competitive semiconductor industry a national priority. The Covid-19 pandemic and geopolitical tensions have exposed vulnerabilities in global supply chains, underscoring the need for domestic chip production to ensure both economic growth and national security. However, India's current investment in low-level assembly and packaging mirrors China's missteps, which limits the country's ability to move up the value chain. To truly compete on a global scale, India must aim higher.

India's semiconductor industry is in a foundational phase, with a \$15 billion initiative underway to establish its first advanced fab and packaging facilities. A joint venture between Tata's Powerchip and Tata Electronics to produce 28-10 nanometer chips for power management is a good start. As Silicon Valley entrepreneur Govind Kishanpuri said, India must "start somewhere" rather than waiting for a technology transfer of the latest semiconductor fabrication technology. However, Micron's packaging plant in Gujarat is an example of what not to do. Despite being touted as a significant milestone, this facility focuses on low-level assembly and testing, which provides minimal value in the semiconductor ecosystem. Micron continues to fabricate chips in the United States (US) and China, leaving India to handle only the final stages of assembly, offering little in terms of technology transfer or advancement in high-value areas like chip design and fabrication. With India subsidising 70% of the \$2.75 billion cost (around \$1.925 billion), the country is effectively investing in low-end jobs rather than fostering the critical advancements needed for long-term success — much like China's early efforts.

A recent paper, *China's Interdependent Positioning in the Semiconductor Global Value Chain*, by Seamus Grimes (University of Galway) and Debin Du (East China Normal University), highlights the pitfalls China encountered in its quest to build a competitive semiconductor industry. Despite significant government investments, China remains largely stuck in lower-value segments such as assembly and packaging while lagging in high-value areas like design, intellectual property (IP) creation, and advanced manufacturing. It still relies heavily on foreign IP, often acquired through questionable means.

India must avoid repeating these mistakes by fostering innovation, encouraging private-sector leadership, and pursuing global collaborations to access cutting-edge technologies. It needs a more comprehensive and forward-thinking strategy. The following areas are critical for achieving PM Modi's goals:

Invest in research and development (R&D): A strong R&D ecosystem is essential for chip design, fabrication, and advanced manufacturing. India must invest in homegrown technologies and IP creation. Innovation in the semiconductor industry is driven by new intellectual property, and countries that lead in IP creation will ultimately lead in the market. India should encourage both domestic and foreign firms to invest in R&D within the country.

Build a skilled workforce: India's large pool of highly educated workers is a strength, but the country must invest in developing specialised skills in chip design, fabrication, and semiconductor equipment maintenance. Strengthening partnerships between academia and industry will ensure graduates are ready to meet the semiconductor industry's needs. Scholarships, training programmes, and collaborations with top universities can develop the talent pool.

It is not going to be easy. As Grimes told me, "Even though India is benefiting from the reconfiguring of the technology value chain, China continues to have major advantages in the sophistication of its supply chains." But, he acknowledges that India's strong grasp on software — an important element of the chip industry — and by becoming part of trusted collaboration networks of shared IP, India can build its own niche in the global semiconductor landscape, capable of meeting domestic needs and competing on the global stage.

ing innovation. India must significantly increase its investment in relevant semiconductor research and encourage collaborations between universities, private companies, and government. Channelling the country's engineering talent into semiconductor research and establishing top-tier institutes will be key to driving breakthroughs.

Foster global collaborations: Unlike China's insular approach, India must embrace international partnerships. Collaborations with global leaders such as TSMC, Intel, and Samsung will provide India with access to critical IP and technological know-how. Joint ventures and technology transfer agreements can help accelerate India's learning curve and bolster its position in the global value chain.

Encourage private-sector leadership: Innovation thrives in competitive, market-driven environments. In addition to the big industry support that India is providing, it must create a favourable regulatory environment for startups and entrepreneurs to enter the semiconductor space by offering incentives such as investment tax breaks and funding opportunities.

Expand venture funds with deep tech expertise: Arun Kumar, managing partner, Celesta Capital, emphasises that fostering the expansion of venture funds focused on deep tech expertise is crucial to advancing India's semiconductor capabilities. Global Capability Centres of MNCs in India reportedly already employ over 200,000 chip designers working on chip design, verification, and related activities for companies like Intel, AMD, Qualcomm, and Broadcom. With the right venture ecosystem, many of these engineers could become entrepreneurs.

Develop advanced manufacturing capabilities: Building state-of-the-art fabrication facilities (fabs) is essential for India's semiconductor aspirations. However, these fabs must focus on cutting-edge technologies. India should aim to produce chips at smaller nodes, such as seven nanometers or below, to stay competitive with global leaders.

Prioritise intellectual property creation and protection: India must invest in homegrown technologies and IP creation. Innovation in the semiconductor industry is driven by new intellectual property, and countries that lead in IP creation will ultimately lead in the market. India should encourage both domestic and foreign firms to invest in R&D within the country.

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JEROME POWELL | CHAIR OF THE US FEDERAL RESERVE

We're trying to achieve a situation where we restore price stability without the painful increase in unemployment that comes sometimes with disinflation. Investors should take the Fed's rate cut as a sign of its strong commitment to achieving that goal

Building on the gains of Swachh Bharat Mission

Swachh Bharat Mission (SBM) is set to complete 10 years. Under SBM, 120 million families have been provided access to safe sanitation at their homes and most of them use the facility. Beyond some counter data crunching, there is universal and scientific admission that India's toilet revolution brought a range of benefits for human health and well-being. This includes a significant reduction in infant mortality, better school attendance for girls, fewer crimes against women, higher employment and earnings, and better groundwater quality. UNICEF reported in 2018 that, by reducing disease costs, freedom from open defecation has saved 5.2% of the Gross Domestic Product (GDP) a year.

The massive number of household latrines will need to be functional and used, not to litter away the valuable gains. Public and community toilets to cover the excluded, are over six-and-a-half lakh, but less than 4,000 cities are certified to have kept these clean and hygienic. Slippages can happen if users and managers are not alert.

The celebration of a golden decade of Indian sanitation set in motion by Prime Minister Narendra Modi, is legitimate. But now the mission faces the more slippery world of solid and liquid waste management, compared to the provision of low flush, twin-pit toilets across needy communities. For urban spaces, the task is bigger and more complex. Only 248 of the cities have broadly reached the parameters of Garbage Free Cities (GFC) covering aspects of collection, segregation, storage, scientific processing, cleaning of surface water, compliance and civic behaviour. Another 500 are reportedly approaching the goal. Still, most of the 4,500 urban bodies must do significant heavy lifting to be fully garbage-free in a shorter time.

Processing of waste is true only with the elimination of waste. It starts not at the processing plant, but with segregation at the source. The task needs to be universalised without compromise. Despite a spirited campaign, the urgency has not yet sunk into the civic mind. This calls for a full-scale revival of behaviour change, like in the last phase. By systematic action, 18% processing of waste in urban areas in 2014 has moved close to 80% today. Source segregation at the ward level moved from about nothing to 93%.

official data is encouraging. But gaps and garbage still stare us in the face.

Processing infrastructure, designed to convert waste to resources, be it compost, biogas or electricity, has caught the attention of SBM managers. Plans of all categories are over 6,000, with the highest capacity under waste-to-compost units. This is where technology, innovation and enterprise must come in. About 5,000 startups are recognised in the Water Sanitation and Hygiene (WSH) category. Plans of all categories are over 6,000, with the highest capacity under waste-to-compost units. This is where technology, innovation and enterprise must come in. About 5,000 startups are recognised in the Water Sanitation and Hygiene (WSH) category. Plans of all categories are over 6,000, with the highest capacity under waste-to-compost units. This is where technology, innovation and enterprise must come in. About 5,000 startups are recognised in the Water Sanitation and Hygiene (WSH) category.

SBM. The country has over 220 million tonnes of waste lying in landfills bordering many cities — Bhalwa, Ghazipur, Okhla, and Bandhwari in the National Capital Region, Deonar and Mulund dumping sites in Mumbai, Mitraganahalli in Bengaluru to name a few. These depressing hillocks, 2,425 of them, occupy 28,500 acres of land. The good news is that 40% of this waste has already been remediated and 4,500 acres of land recovered. Cities like Indore and Lucknow have set examples by converting recovered land to popular green-spaces. Smaller towns may find the task arduous in terms of mobilising the necessary resources for transforming garbage dumps. Also, legacy dumpsites can pose a chicken-and-egg situation during the process of getting dismantled. City waste must have an end destination. If not segregated and processed, and not allowed in old dumpsites, it may be dumped in new garbage sites.

Local communities have taken the responsibility to transform as many as five lakh specially identified spots of filth as part of a Swachhata Hi Seva programme in the run-up to Gandhi's birth anniversary. This is a great demonstration of resolve. But the Swachh Bharat Mission and the people of India will be required to do much more to deliver *sampurna swachhata* (total cleanliness) in the coming years.

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Milestones and U-turns

The optics of the 100-day mark cannot conceal changed dynamics for the BJP

As their third term in office gathers pace, the Narendra Modi government and the Bharatiya Janata Party (BJP) are eager to claim a seamless continuity with the first two terms, as a mark of effective governance and leadership. The government and the party have used the arbitrary 100-day milestone to showcase their achievements in various sectors, from renewable energy to infrastructure, and the successes of welfare schemes. They have also used the opportunity to pronounce that nothing has changed, despite the dependence of the government on a coalition in the 18th Lok Sabha. As if to prove the point that there is no rethink on any of its controversial agendas from the previous terms, the Union Cabinet, on Wednesday, approved a report by a committee headed by the former President of India, Ram Nath Kovind, that has endorsed a partisan BJP proposal for simultaneous elections to all State Assemblies and the Lok Sabha. The government has also made it clear that it will work towards a Uniform Civil Code, and continue to push for the expansion of Hindi over English. BJP functionaries are putting on a brave face but cannot wish away the new reality of coalition politics, and the changed dynamics in the party and the larger Sangh Parivar since the results of the 2024 general election.

Stability and continuity at policy and political levels are signs of good governance, but so are negotiations, compromises and consensus in a diverse democracy. In governance, as in driving, proactive and defensive approaches go together, and U-turns are wise when racing ahead can lead to a collision. The BJP has quietly learnt this lesson, though it is unwilling to own up its own new flexibility. Rigidity has been talked up as a sign of virtuous politics by strong man populism around the world, and the BJP is now haunted by the ghost of its own past bombast. On some major policy issues, the BJP has made course corrections after resistance from allies and the Opposition. It has extended the consultation on the proposed amendments to the Waqf Act, abandoned the new pension scheme and the proposed lateral entry scheme in the high bureaucracy. These are areas in need of reforms, but they can be best achieved by openness and flexibility. The BJP's rigidity on issues has also begotten equally rigid resistance from the Opposition, which is no good for governance. Similarly, the BJP itself is increasingly becoming a coalition rather than an ideological monolith. It is good that the leadership has realised this. It will be better if it articulates this more honestly.

Wrong notion

The idea of simultaneous elections is inherently anti-federal

Notwithstanding the opposition from political parties and many in civil society to the idea of simultaneous elections, the Union government has decided to accept the recommendations of a high-level committee headed by former President Ram Nath Kovind to go ahead with the scheme. The committee envisaged simultaneous Lok Sabha and State Assembly elections as the first step, followed by municipal and panchayat polls within 100 days of the general election. In order to do so, the government would need to get constitutional amendments to be passed, in Parliament and in the State Assemblies. Two key reasons have been evinced for the proposal – first, the costs of conducting these elections would be significantly reduced if held together, and second, not having simultaneous elections has kept political parties in prolonged campaign mode, impacting governance and legislative work. There has been little to no empirical data to support the first reason. Already, general elections take an inordinately long time, with some State polls being held in phases. Simultaneous elections could prolong this process. One of the committee's recommendations is that if a State Assembly gets dissolved before five years of its term, after the "appointed date" – the date for synchronising Lok Sabha and Assembly elections – fresh "mid-term" elections will be held but the new Assembly's will not have a full five-year tenure. Its tenure will end five years from the "appointed date". This provision militates against the original idea of cost cutting through simultaneous elections. It is also an anti-federal idea.

In a multi-tiered governance system, people choose their representatives based on their perception of who is best suited. The power being demarcated for different levels of government allows for distinct roles for each representative and suggests varied voter choices that could be based on party affiliation, candidate strength, ideological positions or socio-economic reasons that are constituency-specific. Each tier has its exclusive importance and so does the related election. The second reason, that representatives are in perennial campaign mode and, therefore, polls to every tier should all be held during the same period, is problematic. For one, that national representatives of parties are forever in campaign mode is a consequence of the centralising tendencies of parties that are in power today and is not a reflection of the extant electoral democratic system. Second, subsuming multi-tier elections into simultaneous mode has the potential to reduce the importance of each tier, especially the Assembly and municipal/panchayat levels, and is anti-federal. Lastly, to effect this proposal, the returns of quite a few State governments will have to be cut short. Parties and civil society actors committed to federalism must squarely reject this proposal by the Union government.

India's place in Russia-Ukraine peace-making

Two years after the Government of India held that "Europe's problems are not the world's problems" to distance New Delhi from the theatre of the

Russia-Ukraine war, speculation about its determination to help resolve the war has gained traction. Prime Minister Narendra Modi's visits to Moscow and Kyiv, a possible meeting with Ukrainian President Volodymyr Zelenskyy at the United Nations next week and with Russian President Vladimir Putin at the BRICS Summit next month, as well as the travels of National Security Adviser Ajit Doval and External Affairs Minister S. Jaishankar all point in this direction.

The fact that Mr. Modi "briefed" United States President Joseph Biden in a phone call after the Ukraine visit, and Mr. Doval told Mr. Putin that he had been tasked to "brief" him about the visit as well when he met him in St. Petersburg last week indicate that India is engaging with all parties and developing its role as an interlocutor.

The question then is how far does Mr. Modi's plan to play peacemaker stretch? And where can India's role be most effective?

India's role, the full picture

India's advantages and reasons for playing such a role are many – it is one of the few countries that is engaging both sides of the geopolitical schism over Ukraine, i.e., the West as well as the Eurasian leadership. India's long-held beliefs on non-alignment and strategic autonomy, which the Modi government has largely carried forward during the war with its abstention votes at the UN and refusal to accept western sanctions, help its image as an "honest broker" or mediator. India is an important voice for the Global South and it succeeded in ensuring its G-20 presidency focused on war outcomes such as energy and food security that matter to the developing world rather than the war itself. As a result, the increase in India's intake of Russian oil, leading to a six-fold increase in bilateral trade, has been projected as an assertion of its principles rather than profiteering.

In his third term, Mr. Modi would no doubt like to build a global legacy, much like India's first Prime Minister Jawaharlal Nehru was able to do by mediating between the USSR and Austria for the withdrawal of Soviet troops in exchange for a policy of neutrality, or by India leading international efforts and UN commissions on wars in Korea, Vietnam and Cambodia.

If it does essay such a role, the government would need a thorough assessment of the situation, beginning with a study of the state of war in Ukraine. Russian troops remain entrenched in about a sixth of territory of the country for more than two years now, while



Suhasini Haidar

Ukrainian forces are successfully holding the line outside of these areas. This indicates that any change in the status quo could come only from a massive escalation in the war. Mr. Zelenskyy's move to occupy Russian territory in Kursk was a novel tactic, but was perhaps only meant to be used as a bargaining chip or "leverage" as the Ukrainian President put it, in future negotiations. As he heads to New York next week, Mr. Zelenskyy will be seeking a further escalation: western permissions for the long-range Storm Shadow missiles, and Army Tactical Missile Systems (ATACM) for airstrikes deep inside Russia, which he believes is receiving lethal weaponry from Iran and North Korea. Mr. Putin has said in no uncertain terms that if the West clears the request, it would be a declaration of direct war between the North Atlantic Treaty Organization and Russia. An alternative outcome could also arise from the U.S. elections on November 5 – a win for former U.S. President Donald Trump may mean the U.S. curtails its expenditure in support of Ukraine, seen positively by Mr. Putin, and more sobering for Ukraine and Europe, while a win for U.S. Vice-President Kamala Harris will indicate continuity in the U.S.'s support.

An offering that would have to stand out

Second, New Delhi would need to offer its own proposal for conflict resolution or de-escalation taking into account that there are already a number of proposals in the arena, all of which have been rejected by one side or the other. Mr. Putin and Mr. Zelenskyy have rejected each other's proposals, that involve giving up territory on the ground. Mr. Putin rejected the Brest-Litovsk Communiqué, that India also disassociated from, which dwelt on the issues of nuclear safety, humanitarian access and the exchange of prisoners.

Mr. Zelenskyy recently rejected the six-point Brazil-China joint proposal that proposed the same measures towards a path of "de-escalation". China has, in the past year successfully brokered agreements between Iran and Saudi Arabia and Hamas and Fatah. Hungary too, a country with access to both sides, made a ceasefire proposal which has been rejected by Ukraine.

Summing up India's position in Berlin last week, Mr. Jaishankar listed a four-point principle: This is not the era of war; there are no solutions on the battlefield; Russia must be at the table for talks; and India is concerned and engaged to find a resolution to the conflict. While these principles are incontrovertible, they are by no means a concrete proposal, and India will need to work on a more comprehensive vision of its path to peace. The next step would be to study what India's

role would be. During their conversation, Mr. Zelenskyy told Mr. Modi that India is simply too large and important a country to seek a role as "messenger" between Moscow and Kyiv. In any case, recent rounds of prisoner exchanges between the two countries make it amply clear that there are enough channels to relay information between them.

A larger role would imply India serving as a mediator or even the host for a summit between the two sides, although given India's refusal from the Swiss Peace Summit outcome, may be a task left to one of the Gulf Cooperation Council countries that have been a part of the process thus far. Whatever the decision, this is an exercise that will require India to use its soft, diplomatic goodwill and other resources apart from intensified travel by officials, Ministers and the Prime Minister focused on discussing solutions to the Russia-Ukraine war.

Consistency would be the key word

At a time when the government is dealing with internal conflicts including Manipur, revving up the economy through international engagement, regional turbulence and a host of other important issues, it could justifiably question the need to spend its resources on this conflict. Externally, when civilian casualties from Israel's bombardment of Gaza or from the civil war in Sudan are far more than those estimated to be non-military casualties in the Russia-Ukraine conflict, the question over which conflict India chooses to intervene in poses a challenge. In addition, India will be judged on the consistency of its message: if "dialogue and diplomacy" are indeed the "only way forward", then it is difficult to account for the Modi government's refusal to consider an opening with Pakistan, for example.

Eventually, the balance of the pull and push factors will decide how far New Delhi will go as a peace-maker in the war that has consumed Europe and the U.S. for more than 30 months. As a country of considerable consequence in the world, one that straddles the West and the east, the Global North and South, and as the only country that is member of both the Quad (Australia, India, Japan, United States) and BRICS, India is uniquely positioned. The critical element is the timing of its foray into a field that has, thus far, only seen failure. As the late Israeli interlocutor Abba Eban once said in words that are as true for the conflict he attempted to resolve as they are for the Russia-Ukraine war: "History teaches us that men and nations only behave wisely once they have exhausted all other alternatives."

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Acclamation for an Indian leadership that still endures

During his state visit to India last month (August 19-21, 2024), Malaysian Prime Minister Anwar Ibrahim delivered a lecture at the Indian Council of World Affairs on August 20. Its subject was "Towards a Rising Global South: Leveraging on Malaysia-India Ties". Mr. Anwar dwelt on his vision of the Global South – its unity amidst "all our diversity, differences and dissections". More importantly, he said that the rise of the Global South is not "meant to exclude the Global North" but to "work together as equals within our complex strategic contexts".

High praise

He praised India's role in imparting energy to the evolution of the positions of the Global South which, he said, were in keeping with the principle of cooperating with the Global North. As he put it, "And to me, India has welcomed this reality with grace, fore-vision, and most importantly, a plan. India's excellent G20 Chairmanship last year and the inaugural Voice of Global South Summits made it amply clear that India is prepared to shape the Global South agenda with its partners, hand in hand".

This high praise came from a leader whose scholarship and intellectualism, is acknowledged worldwide. This is a scholarship and intellectualism that has been honed through years of political experience, suffering and study, which has seen Mr. Anwar's evolution from Islamism to a commitment to inclusivism. This would have been music to the ears of the Narendra Modi government but not so his references to India's leadership that emerged from the freedom movement and the leader who gave shape to the Republic in its formative years – Jawaharlal Nehru. Mr. Anwar's words about Nehru illustrate that despite all the efforts of the Sangh Parivar, Nehru's reputation abroad has not been tarnished. The Bharatiya Janata Party and the Sangh have left no stone unturned in going after Nehru. Indeed, he is held responsible for



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The Malaysian Prime Minister's speech in India, with its references to Vivekananda, the Mahatma, Tagore and Nehru, is a pointer to how the world still holds them in high esteem

almost all of the current national ills. But what Mr. Anwar says on Nehru is indicative of how large numbers globally continue to view him.

Mr. Anwar recalled Nehru's association with Malaysia's first Prime Minister Tunku Abdul Rahman and thereafter spoke evocatively about Nehru. It is only if his words are quoted fully that their meaning comes through. He said, "Whether we do go and what shall be our endeavour?" As we all know, that is the question that Pandit Nehru posed in his 'A Tryst With Destiny' speech, and so succinctly answered: "To bring freedom and opportunity to the common man, to the peasants and workers of India; to fight end poverty and ignorance and disease; to build up a prosperous, democratic and progressive nation, and to create social, economic and political institutions which will ensure justice and fullness of life to every man and woman".

Mr. Anwar thereafter said, "In a world fraught with challenges and uncertainties, it is the unwavering commitment to these principles that will guide us towards a brighter, more just tomorrow. The legacy of the founding fathers is not merely a testament to their time, but a timeless beacon, urging us to dream, to strive, and to forge ahead with undaunted courage and unshakable resolve".

Still relevant

Significantly, Mr. Anwar began his address by quoting Swami Vivekananda on the 'march' of ideas from this land accompanied by words which had "blessings" behind them and "peace" before them. Remarkably, he noted that Vivekananda was the chief disciple of Ramakrishna – perhaps no other foreign leader has done so. Pleading for multiculturalism and inclusivity, Mr. Anwar recalled what Gandhiji had said, "Hate the sin and not the sinner" is a precept which, though easy enough to understand, is rarely practised, and that is why the poison of hatred spreads in the world." And,

he concluded his address by quoting Tagore whose words he said "echo through the corridors of time, urging us to embrace not the comforts of safety, but the unyielding courage to confront adversity head long: 'Let me not pray to be sheltered from dangers, but to be fearless in facing them'".

Mr. Anwar's reference to Swami Vivekananda, Gandhiji, Tagore and Nehru point to the agonising difficulty of the Sangh Parivar. While it has denigrated Nehru and sought to co-opt some great personalities of the freedom movement and the Indian Renaissance, its own venerated ideologues and leaders are respected in many quarters in India but they continue to be known only in niche circles abroad.

Right-wing ideologues may assert that this is because they belonged to indigenous cultural traditions which were ignored by the colonialists and that that tendency continues. The fact is that the timeless message of spiritual unity of Vivekananda, the universalism of Tagore and Gandhiji's emphasis on non-violence also derived from indigenous Indian traditions but eschewed muscular exclusivism. And, Nehru's ideal of an inclusive, modern society animated by the scientific spirit was a beacon light for many newly decolonised countries as it should be to India today.

The broad view

India's present policies to ensure that the power of digital technologies are harnessed for popular welfare are gaining the positive attention of the Global South. These are practical measures which have great importance in the lives of the impoverished everywhere and are important for governance. They evoke foreign admiration but in the realm of political and social philosophies, the ideologues of the Parivar do not inspire as do Gandhiji and Nehru and others who Mr. Anwar mentioned. And, this can hardly be attributed to the conspiracies of left liberals.

LETTERS TO THE EDITOR

Simultaneous elections

India is diverse, plural, participative, federal, accommodative and, most importantly, united. Instead of strengthening it, we are introducing the prefix 'One Nation' that attempts to erase India's ethos in the name of democracy and national welfare (Page 1, "Simultaneous polls plan gets Union Cabinet nod", September 19). It is high time that we re-read the Constitution of India, listen

to the Opposition and understand the pulse of the public to know what should guide democracy and national welfare.

R. Srivatsan,
Chennai

Simultaneous elections in a diverse and populous country such as India raise significant concerns. Logistics, security concerns, and the risk of undermining regional issues are critical challenges. Implementing

such a system may lead to superficial governance, prioritising national needs over local ones, ultimately diminishing democratic representation and accountability at the grassroots level.

Sakshi Gawhade,
Indore, Madhya Pradesh

Coalitions and the subsequent collapse of governments in a multi-party system in India are not uncommon in

various States. Under the new poll plan, there could be more political meddling. How effective will oversight by the Election Commission of India be?

P. Paramasivan,
Chennai

It is unfortunate that the ruling party has not considered the pros and cons of its plan. I am afraid that such a proposal will only create chaos. The objections by the

Opposition parties seem to be based more out of their fear of being kept away from power. Though the government has talked about consultations, past actions indicate that the party in power for a third term may still try to bulldoze its way. I hope better sense prevails.

Unnikrishnan Nair R.C.,
Kuthiathode, Alappuzha, Kerala

The recommendation will definitely lead to several

benefits. Imagine the time, energy, money and man days saved. The resources can be utilised for other productive projects. I am unable to understand how simultaneous polls are against the Constitution, democracy, federalism and practicality.

A.K. Rajan,
Ayyanthole, Thrissur, Kerala

Letters emailed to letters@thehindu.co.in
new carry the full postal address and the full name.

Should children be barred from social media?



Amanda Third

Professorial Research Fellow in Digital Social and Cultural Research in the Institute for Culture and Society and Co-Director of the Young and Resilient Research Centre at Western Sydney University



Aparajita Bharti

Founding Partner of TQH, a Delhi-based public policy research firm, and co-founder of Young Leaders for Active Citizenship

PARLEY

The Australian Prime Minister, Anthony Albanese, has announced a plan to set a minimum age to use social media platforms. Should children be barred from social media? Amanda Third and Aparajita Bharti discuss the question with Mandira Moddie. Edited excerpts:

Amanda, could you tell us about the ongoing debate in Australia?

Amanda Third: This policy decision has come out of the blue. It is not a debate that we have been having for a long time. Off the back of the pandemic and the large increases in time spent online by children, along with a recognition that some children are exposed to harm via social media, the debate has heated up.

The debate in favour of a ban has largely been driven by parent groups. The government is under pressure to demand that technology platforms step up and assume responsibility for keeping children safe online. However, there is a political dimension to this too: Australia is in the lead up to a federal election (in 2025) and Meta has declared that it will no longer pay money to news agencies in order to distribute news content. So, the government is keen to keep the Murdoch empire happy. The way to do that is to go along with this impetus for a ban.

While a ban looks seductive, it may not give parents what they are looking for, which is safer spaces for their children and for technology companies to take responsibility. If children are banned from these spaces, companies will have even less of an imperative to design platforms for them and for young people. We need to put more pressure on tech platforms to deliver better spaces for children and young people.

Aparajita, what are your views on age limits?

Aparajita Bharti: When we talk about enforcing age limits, the devil lies in the details. In India, the Digital Personal Data Protection Act, 2023, says children can access any platform which collects their personal data only after getting verifiable parental consent. How do we implement this? In Australia, when the Prime Minister says there should be a social media ban until the age of 16, how would such a ban be implemented? It is unclear.

Bans are hard to enforce in a digital environment. Apart from what Amanda said, children are good at circumventing [barriers]. South Korea's Cinderella Law had banned gaming from midnight to 6:00 a.m. After the law came in, there was identity theft so children would be able to access the gaming platforms.

Age limits seem to put the burden of compliance on parents. Is that reasonable?

AB: You are right. This is specifically amplified in India, where digital literacy is quite low,



Australian Prime Minister Anthony Albanese attends question time at Parliament House in Canberra. AP

where there are many different languages, and where platforms don't always lend themselves the same way in all these languages. There is also a lot of shared device usage. We conducted a survey of 10,000 children in Tier 2 and Tier 3 cities and in government schools in Delhi and found out that 80% of children helped their parents navigate online platforms. So, to expect parents to guide children on safe online usage is not sensible. Similarly, if you look at the NSSO (National Sample Survey Office) data, only 40% Indians knew how to copy or move files on a computer (2021). This number may have increased, but if we use ID-based verification, for example, which has been proposed time and again as a means to verify age, it would be hard for people who are less literate to do that. Therefore, we also need to think about what responsibility platforms need to take and what kind of design changes they need to make to ensure the safety of children online.

Amanda, what is the conversation at home?

AT: Parents feel overwhelmed by the task of managing their children's digital engagements and that is made difficult by the fact that we have a highly inflammatory media environment where only the extreme cases of children experiencing significant harm get reported. It is a very one-sided conversation. It does not include the positives that come out of the digital engagements of children and young people. We have some wonderful organisations here generating high-quality online safety materials. But even so, the availability and distribution of those resources pales in comparison with the panic narrative that parents are exposed to. We need to moderate the media debate and make sure that we give parents good, strong advice about the things that they can do to keep their kids safe online, but also on how to maximise the value of being online. Research shows that when a parent is able to support their child to really maximise the benefits of being online, this also works to mitigate the harms.

AB: The education system also has a huge role



Children have been telling us that they perceive double standards in the use of technology: parents have one set of rules for their kids and a different set for themselves. Parenting is about role modelling. One of the most powerful things that parents can do is to regulate their own use (of platforms).

AMANDA THIRD

to play, especially in India. On the one hand, we are making our school curricula more and more digital because there is an understanding that this is a skill that is required for a person to be employable. On the other, we are always discussing screen time. So, what are we doing to our education curriculum? What is that fine balance between going tech and also emphasising physical sport, writing, etc.?

Second, as part of their core curriculum, children should be taught how to be resilient online. We teach our children about good touch, bad touch, and how to be safe in the physical world. But unfortunately, while there have been many scattered initiatives, the core curriculum in India does not include lessons on how to conduct yourself online, on how to know you are in danger, what is unsafe, etc.

Parents share their children's personal data online at the cost of the privacy of children. How do we tackle this?

AT: Spot on. Children have been telling us that they perceive double standards in the use of technology. That is, the parents have one set of rules for their children and a different set for themselves. Parenting is about role modelling. The kinds of habits that you demonstrate in front of your child influences them deeply. One of the most powerful things that parents can do is to regulate their own use (of platforms).

AB: In India, we have not really had a discussion around law on 'sharenting' (the practice of parents publicising a large amount of potentially sensitive content about their children on internet platforms). But quite a few law-enforcement agencies, such as the Assam Police, have been using their social media to warn parents against 'sharenting'. Under the data protection law, every citizen has the right to correction and erasure of personal data. It will be interesting to see how children, when they grow up, will use this law to remove certain things that their parents put out when they (the children) were minors without their consent.

There are a lot of child influencers on social media, who enter into marketing contracts. What is being done to address the issue?

AB: The National Commission for Protection of Child Rights came out with some guidelines for

child and adolescent participation in the entertainment industry in 2023. These require producers to obtain permission from district magistrates before a child can perform in any audio visual content. It is interesting that they don't put the onus on parents. However, if you look at social media now, certain accounts get flagged because the audience feels that the child is being exploited by their parents to market products. In France, the law says if a child under the age of 16 is an influencer and earns an income, their parents cannot access that income until the child turns 16. We should also consider certain regulations around this in India.

What are the responsibilities of social media platforms and tech companies in ensuring the safety of children online?

AT: We have been too focused on protecting children from possible harms and not focused enough on thinking about the kinds of environments in which we would like our children to roam around online. We have a lot of work to do in moving companies and governments away from a compliance mode into a mode of designing optimal environments for children. One of the big upcoming dilemmas is, what are we going to decide is acceptable in terms of age assurance technologies or age verification? What is our threshold of tolerance for identity verification, particularly where that identification requires private companies to collect yet more data about us?

AB: The same technology that can be used for harm is also used to keep children safe online. For example, if the child is doing something that indicates that they are close to self-harm, the companies cannot do anything about it without tracking. So, every technology can be used both for good and bad. Therefore, banning something in the digital space is difficult.

If banning is not the right way to go, what is the way to get platforms to do better? We have models from around the world. The Age-Appropriate Design Code in the U.K., 2020, has had a real impact on platforms. They have made changes, so that children have better default settings when they join the platform and are exposed to minimum risk. A recent study found that platforms such as Meta, Google, TikTok, and Snapchat have made 128 changes related to child safety and privacy. Sadly, we don't have anything like that in India yet.

There also needs to be more transparency around these design changes. It is not enough for platforms to say we have made design changes; it is also important for platforms to report the changes they see in children's behaviour after making those changes.



To listen to the full interview
Scan the code or go to the link
www.thehindu.com

NOTEBOOK

The real, the reel, and the reels

Scripted entertainment often supplants free and fair reporting in film journalism in India

Shilajit Mitra

In a recent work trip, I made myself useful. I assisted a fellow entertainment journalist with the most critical aspect of this profession: making reels. I write this in jest, just about. Shooting quirky, short-format videos has become a nagging, almost unavoidable feature of our beat. Hang back at any film event and you will observe journalists queuing up – after conducting their formal interviews – for some extra minutes with the stars. This is reel time.

There are different kinds of reels, of course. But I am referring to a particular variety: spiffily dressed reporters hobnobbing with celebrities, doing a little jig, or posing inanities: "Tell us three things we will find on your phone..."

This is not a new phenomenon. In recent years, if the lines have somewhat blurred between content creation and formal reportage, in the realm of film coverage they are practically mixed. Reels ensure instant virality. They are quick and catchy. As some may argue, they are the "fun stuff", the equivalent of pull quotes in a magazine. But while the point of pull quotes is to snag a reader's attention and direct it to the substance (I use this word loosely) of the piece, reels are their own autonomous things.

It is true that movie journalism, from its beginning, has swayed to its own rhythm. Its ethical and aesthetic boundaries are not as sharply drawn as they are – or ought to be – for, say, political reportage. A certain closeness with celebrities, an animated speaking style, a witty and likeable persona are all fair rules of the game. Often, the anchor on a talk show is the audience's surrogate, conveying the same wonder and awe that ordinary people feel for actors.

While all film journalists are now content creators, are all content creators film

journalists? It is a tough knot to untangle. The PR machinery that controls movie promotions certainly sees it that way. Increasingly, influencers, vloggers, and independent podcasters are being prioritised over traditional news outlets. They are considered pliant and less troublesome; they are willing to forgo a difficult line of inquiry if it means extended access to a star. They also bring legions of followers. The establishment media, caught in a game of hits and misses, is left playing catch up. It is sometimes humbling to see senior (and well-regarded) journalists trying to get down with the kids, recreating 'hook steps' or posting awkwardly framed selfies.

I am not writing this to vent or to assume a moral high ground. I have often clicked pictures with actors and filmmakers and travelled on junkets. In any profession, people take the perks they can get. In a 1995 piece about *The Wild Bunch*, the late film critic, Roger Ebert, wrote about first viewing the film in the Bahamas in the late 1960s, in what he termed "the golden age of the junket". He said: "It was party time, and not the right venue for what became one of the most controversial films of its time."

In the end, film journalism takes all kinds. There are anchors and creators who make genuinely funny reels – you can see their love for trivia and pop culture inform the content they create. Furthermore, no technology or format is inherently insidious or corrupting. My only concern, therefore, is with scripted entertainment thoroughly supplanting free and fair reporting. We have seen the tempests that rise whenever film celebrities are asked incisive questions, or when their films are criticised. It is not what they have come to expect from our tribe any longer. They are used to the fun stuff.

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PICTURE OF THE WEEK

Putting out fires everywhere



▲ An airplane drops water on a wildfire near Freixosa, Portugal. The country in south western Europe is fighting multiple wildfires and has mobilised more than 5,000 firefighters to contain them. At least six people have died so far and a number of residents have been forced to flee their homes. The fires have been caused by hot, dry conditions. Meanwhile, central Europe is trying to contain floods caused by heavy downpours. REUTERS

FROM THE ARCHIVES

The Hindu.

FIFTY YEARS AGO FROM THE SEPTEMBER 19, 1974 EDITION AS THERE WAS NO EDITION ON SEPTEMBER 20, 1974

Bakhia, Mastan & 7 others detained in swoop on smugglers

Bombay, Sept. 18: Nine persons including Sukur Naran Bakhia and Haji Mastan, described to be smuggling kingpins, were arrested and detained to-day under the Maintenance of Internal Security Act (MISA) within hours after it was amended by a

Presidential Ordinance late last night.

The Police, the Customs and the Directorate of Revenue intelligence are combing the Bombay underworld to catch more suspected smugglers in their net.

The tightlipped officials declined to divulge the number of smugglers they are hunting for, but authoritative sources indicated that the net had been spread for a score of notorious smugglers.

Five of the suspected smugglers – Naimal Punjaji, Shah Champalal Shah, Rajabali Hirjee Meghani, Nathalal Rupsal Shah and Kantilal Nanchand Shah – were arrested in Bombay and taken to Yeravada jail.

A HUNDRED YEARS AGO SEPTEMBER 20, 1924

Separation issue

Simla, Sept. 19: It is understood that an agreement has almost been reached between the Government and the Nationalist Party on the question of the separation of railway finance: "In view of the fact that the Assembly agrees to the resolution passed in February 1923 in favour of State management of Railways, these arrangements shall hold good only so long as the East Indian Railway and G.I.P. Railway and the existing State managed railways remain under State management."

Text & Context

THE HINDU

NEWS IN NUMBERS

The military aid to be provided by Germany to war-torn Ukraine

397 In million euros. Germany is set to approve close to 400 million euros in view of the continuously deteriorating military situation in Ukraine. German aid to Ukraine was budgeted for around 8 billion euros in 2024. REUTERS

The increase in India's exports of ready-made garments

12 In per cent. The country's ready-made garment exports (RMG) in August rose to \$1.26 billion despite challenges such as high logistic cost. Cumulatively, RMG exports during the April-August period of 2024-25 grew by 7.12% to \$6.39 billion. PTI

Number of beneficiaries under Assam's Orunodoi 3.0

37.2 In lakh. The State government rolled out the third edition of its flagship \$5,604 crore poverty alleviation scheme 'Orunodoi'. It has upped the number of beneficiaries by around 12.6 lakh people across the State. PTI

Number of tourists who visited Tripura in 2023-24

5 In lakh. Tripura Chief Minister Manik Saha said the tourism sector in the northeastern State has experienced significant growth in recent years. Around 4.7 lakh tourists who visited the State in 2023-24 were domestic while remaining 75,000 were from foreign countries. PTI

Funds to Ukraine directed by EU from frozen Russian assets

160 In million euros. European Commission President Ursula von der Leyen said that proceeds of frozen Russian assets will be allocated to meet Ukraine's humanitarian needs for this winter. REUTERS
COMPILED BY THE HINDU DATA TEAM

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Sri Lankan polls: economy takes centre stage

What caused the unprecedented financial meltdown in the island nation in 2022? What does the International Monetary Fund package entail? How have the government's austerity measures impacted ordinary people? What is the extent of the economic recovery now?

EXPLAINER

Meera Srinivasan

The story so far:

Sri Lanka's presidential election will be held on September 21. Since it is the first time that citizens will have a chance to elect their leader after the unprecedented financial meltdown in 2022, their economic concerns are the chief poll issue. This marks a departure from the island nation's last few elections that were dominated by promises of "eradicating terrorism" (the country's three decade-long civil war ended in 2009), and pledges of delivering "good governance", or "national security". All main contenders running for president this time have promised to fix the country's broken economy, offering mildly different versions of policy outlines tethered to an ongoing International Monetary Fund (IMF) programme.

What happened in 2022?

Sri Lanka's classic twin deficit problem dramatically escalated when President Gotabaya Rajapaksa resorted to rash policy decisions, including significant tax cuts, an abrupt ban on chemical fertilizers, and a failure to devise a plan to meet debt repayment deadlines, especially after foreign reserves dwindled in the wake of the pandemic and questionable policy. In April 2022, Sri Lanka announced it would default on its foreign loans as the "last resort". As the imports-reliant country ran out of dollars, essential supplies were severely hit. People were forced to contend with long queues for fuel and gas, shortage of food and medicines and prolonged power cuts. With no solution in sight, citizens took to the streets. The agitations soon grew into a formidable mass uprising and evicted Mr. Gotabaya from presidency. Soon after, President Ranil Wickremesinghe was elected to the country's top office through a parliamentary vote.

When did the IMF step in?

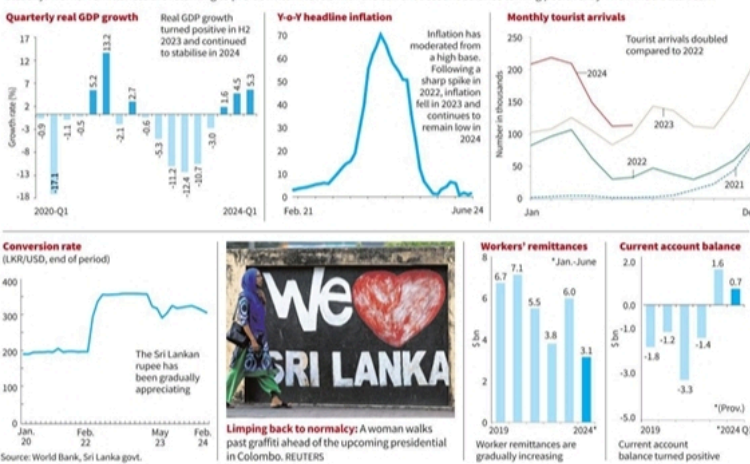
Although the outgoing government of Mr. Gotabaya was considering seeking IMF assistance, it was only in March 2023 that the agreement for a \$3-billion Extended Fund Facility (EFF) was finalised by his successor Mr. Wickremesinghe. The EFF sought to "restore Sri Lanka's macroeconomic stability and debt sustainability, safeguard financial stability, and step up structural reforms to unlock the country's growth potential". Although Sri Lanka had obtained IMF assistance 16 times earlier, this was its first agreement after defaulting on its loans. The Fund underscored the need for a "comprehensive anti-corruption reform agenda". In order to meet the targets set, the government undertook various policy measures.

It restored the taxes that were cut by the previous administration and increased the Value Added Tax (VAT) to 18% from January 2024. It went for market-pricing of fuel and energy, and agreed to "reform" state-owned enterprises, best known for their huge recurrent losses. Detractors read that as an alarm bell for a free sale of strategic assets, but the government's plans have yet to transform into actual deals. The Wickremesinghe government also passed at least 42 legislations for the country's "economic transformation".

What is the status of Sri Lanka's debt? In June this year, Sri Lanka sealed an agreement with the Official Creditor Committee (OCC), to restructure the debt

Sri Lanka shows signs of recovery

Sri Lanka is clocking consistent GDP growth with inflation remaining under control. Tourist arrivals have picked up with the currency appreciating steadily. Worker remittances are returning to pre-downturn levels with the current account balance turning positive. By The Hindu Data Team



owed to its bilateral lenders including India, and signed a separate agreement with China for debt treatment. The OCC is a platform comprising 17 countries including India and members of the Paris Club such as Japan, that Sri Lanka has borrowed from. It was formed in May 2023 to simplify Sri Lanka's debt negotiations following its default. With the OCC, Sri Lanka reached a restructuring agreement for \$5.8 billion of its bilateral loans.

Sri Lanka on September 19, 2024 said it reached agreements in principle to restructure approximately \$14.2 billion of sovereign debt with the holders of its International Sovereign Bonds. On the domestic debt front, Sri Lanka's effort at restructuring has sought to protect local banks, while transferring the burden to superannuation funds, including the Employees' Provident Fund. The move, which diminishes the rate of return on investments and the final value of workers' savings, drew huge flak and has been challenged in the Supreme Court.

Has the economy recovered?

Over the last year, authorities have been highlighting incremental gains towards macroeconomic stability.

State revenue is up from 8% of the Gross Domestic Product (GDP) in the crisis year to 11%. The staggering 70% inflation seen in September 2022 dropped to 5.9% in February 2024. Sri Lanka's economy is expected to grow around 2% to 3% this year, after the dramatic, near-8% contraction in 2022 and further contraction of 2.3% in 2023.

The IMF has commended the government for its efforts and the government sees reason for promise. Foreign investment of around \$1.5 billion made its way into Sri Lanka last year. The crucial tourism industry saw arrivals double, compared to 2022, and bring in revenue totalling over \$2 billion. In the first half of 2024, Sri Lanka's tourism revenue reached over \$1.5 billion. Remittances from workers, mostly women engaged in domestic work in West Asian countries, showed an uptick of over 50%, amounting to nearly \$6 billion in

2023. According to Central Bank data, Sri Lanka's gross official reserves rose to \$5.9 billion in August 2024. Export revenue from tea, rubber and spices increased, although the apparel and textile industry saw a drop in earnings. Flagging these macroeconomic gains President Ranil Wickremesinghe, who is among the key contenders this election, is running on the plank of economic "stability".

How do people view the government's claim of stability?

Some, especially from affluent sections, appreciate the President's efforts towards economic recovery. However, a majority of Sri Lankans are reeling under the enduring impact of the crisis, and the austerity measures introduced as part of the IMF-led recovery programme.

The electricity tariff hike in 2023 threw over a million families off the grid, as they could not afford their bills, the Parliament was told in January. Sri Lanka has the highest electricity bills in the region, with consumers paying nearly three times more than their South Asian counterparts, according to local think tank PublicFinance.lk. Early this year, the energy regulator reduced the tariff by around 20%, but those who lost their connections last year are in no position to save enough to settle the outstanding arrears. There are no power outages in Sri Lanka now, but children studying in candlelight, women cooking with firewood, and refrigerators and fans falling silent in the scorching heat are not uncommon in poor households.

What about inflation?

The reduced rate of inflation is routinely cited by the Central Bank to signal respite, but it has not softened the blow for consumers. From the time food inflation soared to 94% at the height of the crisis, shoppers have been paying much more for essentials. According to the Central Bank of Sri Lanka, food inflation (Y-o-Y) accelerated marginally to 1.5% in July 2024 from 1.4% in June 2024. Further, non-food inflation (Y-o-Y) also accelerated to 2.8% in July 2024 from 1.8% in June 2024. Inflation continued to remain below

the targeted level of 5% even after this acceleration, it noted, implying that compared to its rocketing in 2022, the rate of price increase has slowed down.

Meanwhile, higher utility bills, mainly electricity and water, cooking gas and transport costs, have only further drained the stagnant incomes of families. Add to this the 18% VAT. While some essentials, including wheat flour, baby food, and medicines are VAT-exempt, everything, from a cup of tea at the roadside shop to a lunch packet, costs three or four times as much as it did before 2022. The increased cost of producing, sourcing, and supplying items in Sri Lanka's food ecosystem travels fast to the consumer.

What is the impact on people?

While official numbers appear to scream relative macroeconomic stability, people struggle silently to put food on the table every day. Sri Lanka is recovering, but not for all. During the crushing economic crisis, at least half a million jobs were lost, food insecurity and malnutrition became widespread, poverty doubled, and inequality widened, according to the World Bank. Scores of small and medium-sized enterprises plunged into losses and are struggling to bounce back. A UNDP report published in March 2024 said approximately six in 10 (or 55.7%) of all people are multi-dimensionally vulnerable in at least three of the 12 weighted indicators of access to health, education, employment, and income.

Further, 54.9% of households in Sri Lanka are indebted, and 60.5% of households are grappling with a drop in household income after the crisis, estimates the Department of Census and Statistics. The poor are consuming less, spending a lot more for a lot less, and increasingly, borrowing to make ends meet. The survey showed 91% of households reporting an increase in their total household average monthly expenditure. That too when real wages and incomes have fallen after the pandemic, and job losses exceed one million in the construction sector alone.

Sri Lanka's election will see stability and suffering clash at the ballot box.

THE GIST

▼ Sri Lanka's classic twin deficit problem dramatically escalated when President Gotabaya Rajapaksa resorted to drastic policy decisions, including significant tax cuts, an abrupt ban on chemical fertilizers, and a failure to devise a plan to meet debt repayment deadlines.

▼ The reduced rate of inflation is routinely cited by the Central Bank to signal respite, but it has not softened the blow for consumers. From the time food inflation soared to 94% at the height of the crisis, shoppers have been paying much more for essentials.

▼ During the crushing economic crisis, at least half a million jobs were lost, food insecurity and malnutrition became widespread, poverty doubled, and inequality widened, according to the World Bank.

How Kerala reduced mortality from amoebic meningoencephalitis

Primary amoebic meningoencephalitis is caused by infection with *Naegleria fowleri*, a microscopic amoeba commonly called a "brain-eating amoeba". This infection destroys brain tissue, causing severe brain swelling and death in most cases. PAM is rare and usually occurs in healthy children, teens, and young adults, and has a high fatality rate

C. Maya

Children frolicking in neighbourhood ponds in the summer months is a common sight in Kerala, a State that has an abundance of water bodies. The summer this year, however, took all the pleasure out of the water games for children when many young children fell prey to a rare but lethal infection of the central nervous system, amoebic meningoencephalitis, caused by free-living amoebae (FLA) found in freshwater, lakes, and rivers.

Reassurances from public health experts that the infections were sporadic did nothing to ease public anxiety because of the frequency with which amoebic meningoencephalitis was being reported in the State from various districts. Most of the affected were young children from 5-15. This picture changed dramatically in the month of August when, quite unusually, an all-adult case cluster of amoebic meningoencephalitis – eight cases in all – was reported from Thiruvananthapuram.

But despite reporting an unusually high number of 19 cases of amoebic meningoencephalitis in five months, Kerala also managed to create medical history of sorts because it managed to save 14 out of the 19 cases, bringing down the mortality rate of amoebic encephalitis, from the global rate of 97% to 26%. On September 12, all 10 persons who were undergoing treatment for amoebic encephalitis at Thiruvananthapuram Government Medical College hospital were discharged, having completed the 28-day treatment course of the State-adapted U.S. Centers for Disease Control and Prevention treatment protocol.

"This is a unique feat for Kerala, which is sure to enter global literature on the disease. It was a huge learning experience in itself because we could show that if identified and treated early, we have a fighting chance to save patients with amoebic meningoencephalitis. The infection usually deteriorates so fast that there is no therapeutic window for clinicians to intervene," says R. Aravind, head of Infectious Diseases at Government Medical College Hospital, Thiruvananthapuram.

When sporadic cases of amoebic meningoencephalitis began to be reported from North Kerala in May-June, all clinical features were suggestive of primary amoebic meningoencephalitis (PAM), a disease caused usually by infection with *Naegleria fowleri*, a microscopic amoeba commonly called the "brain-eating amoeba." The State then set up an experts' group to bring out technical guidelines on the prevention,



A pond in Feroke, Kozhikode district which was closed after a 12-year-old boy who swam there was diagnosed with amoebic meningoencephalitis recently. FILE PHOTO

diagnosis and treatment of amoebic meningoencephalitis.

What is PAM?
Primary amoebic meningoencephalitis (PAM) is a disease caused usually by infection with *Naegleria fowleri*, a microscopic amoeba commonly called a "brain-eating amoeba". This infection destroys brain tissue, causing severe brain swelling and death in most cases. PAM is rare and usually occurs in otherwise healthy children, teens, and young adults, and has a high fatality rate because of rapid onset and delayed diagnosis.

"Only 11 survivors of confirmed *N. fowleri* PAM have been reported in medical literature until now. There is not much in the literature on amoebic encephalitis caused by FLA other than *N. fowleri*. Kerala has reported amoebic infections caused by *N. fowleri*, *Vermamoeba vermiformis* as well as *Acanthamoeba*. Though we do not have the genomic sequencing information on all cases, and are yet to confirm if all were cases of PAM were caused by *N. fowleri*, we just added 14 more persons to the list of survivors," Dr. Aravind says.

Unusual cases and case clusters
Kerala also reported an unusual case cluster of amoebic meningoencephalitis from Athiyannoor grama panchayat in Neyyattinkara taluk in Thiruvananthapuram. A detailed outbreak investigation, however revealed that it was not mere exposure to a mossy, green algae-ridden pond in the neighbourhood, but risky behaviour on the part of a group of youth that landed them all in the medical college hospital with the life-threatening amoebic encephalitis infection. Two weeks after the death of a youth from the locality following encephalitis, with a history of exposure to a stagnant water body, when



Only 11 survivors of *N. fowleri* PAM have been reported in medical literature. Though we do not have the complete genomic sequencing information on all cases we have added 14 more to the list of survivors

R. ARAVIND
Head of Infectious Diseases, Government Medical College Hospital, Thiruvananthapuram

a second case turned up from the same area, the health department was alerted to the unusual possibility that there could be a clustering of PAM cases. Health officials reported that youngsters in the locality were meeting by the pond, mixing tobacco, snuff, and other addictive substances with the water from the pond and then inhaling it using handmade contraption – almost akin to vaping. This was a particularly risky behaviour as it provides a direct entry for amoeba into the brain. With the help of the local body members, health officials managed to track all the youth in the locality who were known to be using snuff in this way. They were all asked to get admitted to the MCH as soon as they developed symptoms. Seven youths were thus picked up early and their CSF samples tested positive for amoebic encephalitis.

Clinicians also got to deal with a lone case wherein the patient was an urban dweller, with no contact with ponds of water bodies. The patient's history revealed that in his house, water from the well was pumped into the overhead tank and then redirected to the pipe system. The overhead tank had not been cleaned in ages, and thus it was possible that the water harboured amoeba. The patient also had a past history of a head injury, which meant that the cribriform plate

may not have been intact, aiding the quick entry of amoeba into the brain during nasal ablation.

Aggressive treatment

The State set up a special medical board, and the patients were treated as per the protocol with a cocktail of antibiotics. What turned the tide in favour of the patients was the introduction of the drug Miltefosine into the antibiotic cocktail. Miltefosine is an anti-parasitic agent, but its use is rare now, and supply is also limited. Amphotericin B has been the mainstay of PAM treatment, but Miltefosine was one of the cocktail of drugs that seemed to give good results, and all of the well-documented PAM survivors across the globe have received it as part of their treatment regimen.

It was pro-active case-finding by clinicians – checking for the presence of amoeba in CSF samples whenever acute encephalitis syndrome (AES) cases were encountered – which threw up more cases. This high degree of clinical suspicion on encountering unusual cases of AES is being maintained by all clinicians in the State since its first Nipah encounter in 2018.

New learnings and precautions

With more amoebic encephalitis cases reported from multiple locations, one should assume that amoeba is present in most water bodies except in chlorinated water and that the increased environmental heat and other aquatic factors may be aiding the increase in its concentration. The focus of the State health department is now on creating IEC campaigns for the public, to narrow down possible risks and incorporating the new learnings that emerged from this intense encounter with amoebic encephalitis.

The precautions now specify that no one should dive headlong into water bodies and that it is safer to use nasal plugs while swimming. Persons who have had head injuries or nasal surgery in the past should absolutely stay away from entering stagnant water bodies. Under no circumstances should one snort water into the nose while washing one's face or when swimming in ponds. Those in the habit of sinus irrigation should use sterilised water and not tap water.

The current directive to all clinicians is to take a close look at the CSF for the presence of amoeba in all cases of meningoencephalitis, irrespective of whether the patient has had direct or indirect contact with water bodies. This is because early diagnosis and treatment might be life-saving in an infection which is almost always fatal, a learning experience that has been unique to Kerala.

(maya.c@thehindu.co.in)

THE GIST

Most of the affected were children. This changed dramatically in August when, quite unusually, an all-adult case cluster of amoebic meningoencephalitis – eight cases in all – was reported from Thiruvananthapuram

There was a lone case of an urban dweller, with no contact with water bodies. Water at his home was sourced from an overhead tank which had not been cleaned and probably harboured amoeba. The patient also had a previous head injury, aiding the entry of amoeba during nasal ablation

With more cases reported from multiple locations, one should assume that amoeba is present in most water bodies except in chlorinated water and that the increased environmental heat may be aiding the increase in concentration

HUMERUS

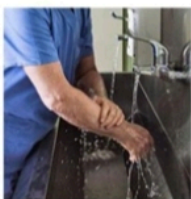


The true cost of hospital-acquired infections

Abdul Ghafur

A high-profile medicolegal case has emerged in Mumbai. An orthopaedic surgeon and a well-known hospital are facing litigation due to a post-operative infection following a knee replacement. The plaintiff, a professional with significant income, has claimed substantial losses due to months of inability to work, compounded by extensive treatment expenses.

Simultaneously, in Bangalore, a contrasting yet equally compelling situation unfolded. I was consulted by family of a patient who had been in the ICU for over two weeks on a ventilator. Unfortunately, the patient developed ventilator-associated Acinetobacter pneumonia – a serious Hospital-Acquired Infection (HAI). Despite the hospital's reputation for high standards of care, the family questioned why they should bear the burden for an infection acquired under hospital care. Their concerns were twofold: the ethical dilemma of the hospital allegedly benefiting from the extended treatment required for the HAI and the principle of the hospital's responsibility in preventing such infections. This case represents a scenario where the family sought a waiver of bills for treating the HAI, contrasting with seeking compensation. They argued that if the infection was hospital-acquired, the hospital should absorb the costs.



The family argued that if the infection was hospital-acquired, the hospital should absorb the costs. GETTY IMAGES

Both the Mumbai and Bangalore cases illustrate common but critical challenges faced in healthcare systems, particularly in accredited hospitals. They reflect the broader issues of HAI management, financial implications for patients, and the ethical considerations of healthcare delivery. HAIs are infections that patients acquire while receiving treatment for medical or surgical conditions. Globally, HAIs are among the most common complications within healthcare settings, significantly increasing morbidity, mortality, and financial costs.

Country perspectives

In the US, the Medicare and Medicaid insurance system do not reimburse costs associated with certain HAIs, a policy that incentivises hospitals to prevent infections. U.S. private insurers are also following the same system. Hospitals do not charge patients

for the cost of managing HAIs, enhancing accountability. This is supported by platforms like the Hospital Compare website, which publicly displays HAI rates among other quality indicators, allowing patients to make informed healthcare decisions.

India faces unique challenges due to its diverse healthcare standards and high levels of AMR. Despite many hospitals in India obtaining Joint Commission International (JCI) accreditation, there is no obligation for these institutions to publicly disclose their HAI rates. Though all NABH (National Accreditation Board for Hospitals) accredited hospitals generate the HAI quality indicator data on a monthly basis, they are not obliged to disclose data.

Proposed Solutions

All NABH and JCI-accredited hospitals should be required to disclose their HAI rates on a common platform, possibly under the oversight of institutions like the NABH, Indian Council of Medical Research (ICMR), or the National Centre for Disease Control (NCDC). JCI accredited hospitals should follow JCI benchmarks while NABH accredited hospitals can follow a benchmark that can be set using the ICMR-NCDC surveillance network data. Indian benchmark values will be significantly higher than the US CDC benchmark, due to inherent challenges that Indian hospitals face, especially resource limitations.

While direct non-reimbursement

for HAI-associated treatments might lead hospitals to offload costs onto patients, insurance companies could instead mandate that a portion of the payments be directed towards improving infection control standards. For out-of-pocket expenses, hospitals, especially those with JCI accreditation, should align with international practices by not charging patients for the treatment of HAIs. For NABH accredited hospitals, a no-loss-no-profit model for HAI treatment could be considered. Based on the claims of quality and the benchmark followed by the individual hospital, a reimbursement model can be followed.

Public education plays a crucial role. Patients and families need to understand that not all infections occurring during a hospital stay are due to negligence – some, like a fungal pneumonia in a cancer patient, are unrelated to hospital procedures. Patients should refrain from unnecessarily litigating, and understand that hospitals can only try their best to reduce HAI and not eliminate them.

(Abdul Ghafur is an infectious diseases consultant and health policy expert. drghafur@hotmail.com)

For feedback for 'Science', please write to science@thehindu.co.in with the subject 'Daily page'

BrandWagon

FRIDAY, SEPTEMBER 20, 2024



VIVEAT SUSAN PINTO

FEW KNOW THAT there is a World War connection to Hindustan Unilever's (HUL's) popular Kewallity Wall's ice-cream brand. In 1913, a food entrepreneur Thomas Wall from London decided to produce hand-made ice-cream to lift sales during the summer season when appetite for his popular sausages would wane. While the idea took off in the initial years, it wasn't until 1922, after World War I, that the Wall's ice-cream brand, best known by its red-and-white heart logo, came alive under new owner Unilever. The firm deployed large machines to produce, store and sell the ice-cream at scale.

Fast-forward to the 1940s, in India, entrepreneurs P.L. Lamba and Iqbal Ghal in Delhi were surprised with the response of American soldiers, stationed in the city during World War II, to their hand-made ice-cream brand Kewallity. Taste apart, the Americans would recall the quirky brand name, dropping in frequently at the Kewallity store at Regal Building, New Delhi, for a scoop of their favourite ice-cream. After World War II, Lamba and Ghal put Kewallity into commercial production, importing freezers and ice-cream-making machines for the purpose. Kewallity soon emerged as a popular brand across the country, stealing HUL's heart, which acquired the brand in the mid-1990s.

Today, Kewallity, which was merged with Unilever's Wall's brand after acquisition, is up for review along with Cornetto and Magnum, as part of a global mandate. Whether HUL decides to sell or retain the portfolio will be decided in the next few months as the internal assessment progresses, but some experts believe the decision will be a tough one, given HUL's legacy in ice-creams and the inflection point at which the market is at the moment.

"Ice-creams are very impulse-driven. Today you have quick-commerce apart from traditional and modern trade which is driving the market. I see a lot of disruption happening in the domestic ice-cream market, with new-age brands driving innovation. Many of them are available online. At a broader level, ice-creams are no longer about sales and distribution alone, but also about R&D and what

● FLAVOUR OF THE SEASON

Chocolate, strawberry or vanilla?

Here's a scoop of brand history as HUL puts its ice-cream business up for review as part of a global mandate

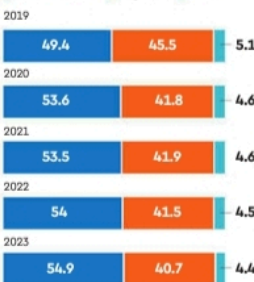
ICE-CREAM MARKET SIZE: INDIA V/S GLOBE
(figures in \$ bn, calendar years)



BREAK-UP OF INDIAN MARKET: SEGMENTS

Organised market (figures in %)

■ Take home and bulk ■ Single serve ■ Artisanal

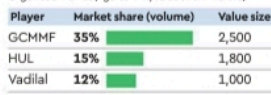


BREAK-UP OF INDIAN MARKET: ORGANISED V/S UNORGANISED
(CY2023)



MARKET SHARE OF TOP 3 PLAYERS

Organised market (figures in %, value size in ₹ crore)



Source: Wazir Advisors/Analysts/Industry

ANAND RAMANATHAN, CONSUMER PRODUCTS LEADER, S ASIA, DELOITTE

AT A BROADER LEVEL, ICE-CREAMS ARE NO LONGER ABOUT SALES AND DISTRIBUTION, BUT ALSO ABOUT R&D & INNOVATION"



RETAIL PRESENCE OF TOP 3 PLAYERS

(Figures are no. of shops in general trade)



R S SODHI, PRESIDENT, INDIAN DAIRY ASSOCIATION

THE BIG SHIFT WITHIN ICE-CREAMS IS HAPPENING AT THE HYPER-LOCAL LEVEL. CITY-SPECIFIC BRANDS ARE GOING DIRECT TO CONSUMER"



innovation a player brings to the table," says Anand Ramanathan, partner and leader, consumer products and retail sector, South Asia, Deloitte.

For HUL, these are pertinent questions to answer as it takes a long, hard look at the market and its prospects within the category, which is estimated at ₹24,000 crore in total size, growing at 15-20% per annum. The organised segment is around 65% of the total market, straddling national, regional, international and local brands.

Kewallity Wall's, along with Magnum, which was launched in India in 2013, and

Cornetto, which is a popular range of ice-cream cones under the Kewallity Wall's umbrella, turn in sales of around ₹1,800 crore annually for HUL. This is 3% of the company's nearly ₹60,000-crore turnover.

HUL's ice-cream business ranks second to market leader Amul, which does sales of ₹2,500 crore per annum, according to industry executives and experts.

Kewallity Wall's and Cornetto are estimated to earn almost 85-90% of the ₹1,800-crore business, say industry sources, while the balance comes from Magnum. The three brands are available in nearly 0.5 million

general trade outlets or 25% of the total 2 million outlets that retail ice-creams in India. Amul is available in 50% or 1 million outlets and Vadial retails in about 10% or 0.2 million outlets, say experts.

Cold war: Frozen dessert v/s ice-cream

While HUL forayed into ice-creams three decades ago through acquisitions, picking up as many as six brands including Kewallity from local players, but retaining only the latter, industry experts say that it was constrained by its absence in the dairy supply chain. So, the company used vegetable oils as opposed to milk when making its products, which meant they were called frozen desserts and not ice-creams, as Amul has emphasised repeatedly in its

advertising over the years. HUL and Amul have sparred over the issue, dragging each other to court and releasing full-page ads to counter each other in their battle for leadership of the ₹15,000-crore organised ice-cream market. Volume-wise, Amul is estimated to have a share of 35% within ice-creams, while HUL has 15% share and Vadial has 12% share, say experts.

"Consumers in India prefer milk-based ice-creams and the dairy co-operatives have had a clear advantage here, since they have the dairy backend and milk supply chain infrastructure to support them. Co-operatives also have a strong local distribution network, which gives them an edge over players that don't have a dairy backbone," says N Chandramouli, chief executive officer of Mumbai-based TRA Research, a

brand insights and advisory firm.

Industry sources say that in the initial days of its ice-cream foray in India, HUL had to contend with epithets such as "Dadla ka ice-cream" for its portfolio as it struggled to resolve taste and flavour issues associated with frozen desserts versus milk-based ice-creams. Over the years, that debate, says Chandramouli, has receded as consumers have increasingly grown aware of what frozen desserts are versus ice-creams.

HUL also innovated with new product formats such as softy cones, a sundae range and feast range among others early on in the product and business lifecycle, launched ice-cream parlours under the Swirls brand in key cities, with as many as 150-200 parlours dotting the landscape around 10-12 years ago, as

the company sought to improve its out-of-home presence for ice-creams (the retail operation has been folded up in recent years as Covid-19 and high costs caused disruption). HUL also tied-up with players such as Voltas for its cooling solutions in a bid to expand its ice-cream reach beyond metros and big cities. It also rolled out aggressive advertising and marketing campaigns over the years to fight Amul and other majors for the consumer's mind-space, complementing the effort with a push into retail shops.

In recent years, HUL has aggressively tapped the quick-commerce channel to improve ice-cream sales, now deriving over 10% of its business from this channel, according to analysts tracking the company. Growing heat waves will mean that ice-cream players have a big role to play during summers, which gives them over 75-80% of their business. This summer alone, HUL along with most other ice-cream brands registered year-on-year growth rates of over 30% as consumers flocked to shops and ice-cream parlours or ordered their favourite brand online to beat the heat.

"Growth rates apart, the big shift within ice-creams is happening at the hyper-local level. City-specific brands, who are going direct to consumer and taking away share from the big boys," says R S Sodhi, president of the Indian Dairy Association and former MD of Gujarat Co-operative Milk Marketing Federation (GCMMF), which makes the Amul brand of dairy and ice-cream products.

While rural areas demand a deeper presence of national ice-cream players, urban areas, Sodhi says, is where much of the action is centred today, since the market is evolving quickly. But it remains fragmented.

"There is a long tail of brands because the nature of the market is such. You have ice-cream makers in every part of the country, big and small. And they will have their band of loyal followers," Sodhi reasons.

HUL may have to weigh in all these factors as it takes a call on the future of its ice-cream business in the country.

● India-Singapore semiconductor partnership

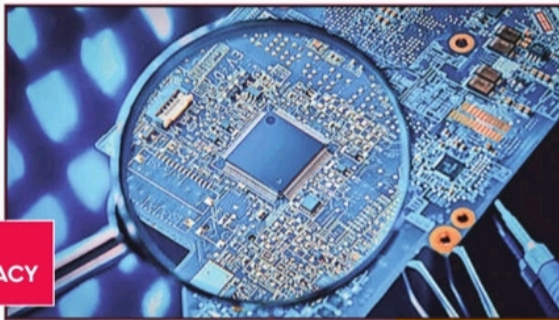
THE MEMORANDUM OF UNDERSTANDING (MOU) between India and Singapore assumes significance as India aims to establish itself as a global node for semiconductor manufacturing, driven by strong domestic demand in electronics, electric vehicles and manufacturing. As part of the plan, Singapore and India will focus on complementary strengths in their semiconductor ecosystems and tap opportunities to strengthen their respective supply chains. This will include government-led policy exchange on ecosystem development, supply chain resilience, and workforce development. A parallel business-to-business co-operation forum will be established and led by Enterprise Singapore, part of Singapore's trade and industry ministry, and the India Semiconductor Mission (ISM) to encourage private sector partnerships. The Ministry of Trade and Industry (MTI) Singapore and India's ministry of electronics and information technology (MeitY) will establish a policy dialogue to facilitate discussions, oversee the implementation of the areas of collaboration, and exchange best practices, as per the MoU.

● Singapore's semiconductor ecosystem

SINGAPORE HAS A well-developed semiconductor industry which plays an important role in the global semiconductor supply chain. As per the Singapore government, its semiconductor industry constitutes 7-8% of the country's GDP, and contributes to around 10% of the

global semiconductor output. About 20% of the world's semiconductor equipment production also happens from Singapore. Nine of the world's top 15 semiconductor firms including Texas Instruments, NXP, GlobalFoundries, Micron, Qualcomm, AMD and Applied Materials have set up

shop in Singapore. Largely known for mature chip nodes (28 nm or above), it has players in all segments of the semiconductor value chain including integrated circuit (IC) design, assembly, packaging and testing, wafer fabrication, and components production.



CHIP DIPLOMACY

Can MoUs help India in the semicon race?

India recently signed an MoU with Singapore for developing its semiconductor ecosystem. Earlier, it signed similar pacts with the US, the EU, and Japan. What does signing of such MoUs signify and do they have any bearing on the companies which finally have to decide on investments? **Jatin Grover** explains:

₹76,000 cr

ALLOCATED FOR PRODUCTION LINKED INCENTIVES UNDER INDIA SEMICONDUCTOR MISSION

THE FOCUS OF THE PARTNERSHIPS IS TO DEVELOP A RESILIENT SUPPLY CHAIN

4-5 times

INCREASE IN SKILL GAP IN NEXT 3-4 YEARS
PREDICTED AS INDIA'S SEMICONDUCTOR INDUSTRY EXPANDS

● What about MoUs with other countries?

BESIDES THE MOU with Singapore, India has partnerships with the US, the EU, and Japan. India is a late entrant in the chip industry, and the MoUs are expected to help it leapfrog into the big league with the right policy initiatives making it attractive for chip majors to invest in India. The whole focus of these partnerships is to develop a resilient supply chain, free from the dependence on China for critical components.

Working with Japan, India will benefit by getting access to experience and knowledge in chemicals, materials and

equipment, R&D, manufacturing and sales as well as training and development of human resources.

Again, the partnership between the US Department of State and the India Semiconductor Mission aims to explore opportunities to grow and diversify the global semiconductor ecosystem under the International Technology Security and Innovation (ITSI) Fund, created by the CHIPS Act of 2022. With the EU also, it's about boosting cooperation for semiconductor research and innovation and advancement of technologies.

● India's semiconductor ecosystem

AS PART OF its ₹76,000-crore semiconductor incentive scheme, the Indian government has approved five such projects worth ₹1.52 lakh crore including a chip fabrication project by Tata Electronics and Taiwan's PSMC. Other projects include chip assembly, testing and packaging by Micron, CG Power, Kaynes, and Tata Electronics. The first batch of chips from the Micron plant is likely to be ready in mid-2025. The government, so far, has committed

close to ₹62,000 crore for the five projects and is now looking at expanding the scheme. In a media interaction last week, electronics and IT minister Ashwini Vaishnaw said the new scheme is expected to be announced within 3-4 months. It will be an expanded version of Semicon 1.0 and will cover the entire value chain from materials, ingots and wafers to fabs and chip assembly units. There are 20 more proposals which the government is currently evaluating.

● Do such pacts promise investments?

NOT DIRECTLY, BUT such MoUs do create a favourable environment and instill confidence in the industry which then perhaps looks favourably at India for investment purposes. Largely, the industry falls back on the governments of their respective countries if they look for any special dispensation or resolution of any policy irritant and here such MoUs help as they build government-to-

government contact points, which can be tapped by the industry. For instance, the MoU with Singapore can help in technology-sharing, and research and development initiatives. Besides, India can also learn from Singapore about managing semiconductor industrial parks. Similar benefits can accrue from the ones signed with the US, the EU and Japan.

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FRIDAY • SEPTEMBER 20, 2024

Solar strategies

Latest investment plans are a long-term bet

The recently concluded REINVEST meet at Gandhinagar was ambition personified; it raked in a slew of renewable energy investment proposals, amounting to \$386 billion and a capacity creation of 570 GW in solar power (₹32.45 lakh crore) by 2030. Those lining up to invest include Reliance Industries (100 GW), ReNew Power Private Ltd (41 GW), Adani Green Ventures (39GW), NTPC (41 GW), Tata Power (15 GW), SECI (10 GW) and several others.

To place this resolve in perspective, India has a non-fossil fuel capacity of 207 GW (including hydel and nuclear power) and over 150 GW essentially comprising solar and wind power. Going by the recent meet, achieving the global commitment of 500 GW of non-fossil fuel capacity by 2030 seems easy even as current solar capacity stands at 89 GW. However, annual additions of 10-15 GW will have to be ramped up multiple times to get to India's estimated solar potential of 749 GW. The investment interest comes at a time when India's solar sector is once again seeing some churn. India's production linked incentives for solar cells and modules, accompanied by a hike in tariffs, have resulted in a drop in imports from China, serving India's strategic interests well. Besides, a demand impetus has also been introduced with effect from April this year, which lists out a panel of suppliers for government sponsored solar projects. These empanelled producers are likely to be at the forefront in evincing investment interest. This list is called Approved List of Models and Manufacturers (ALMM).

On imports from China, a reply to Rajya Sabha (August 8) question on solar imports, reported in this newspaper, explains the situation. China's share in imports of solar cells and modules has fallen from nearly 90 per cent in FY22 (\$4 billion out of \$4.5 billion) to 62 per cent (\$3.9 billion out of \$6.2 billion) in FY24. The trend has sustained this fiscal. A September 7 notification by the Ministry of Renewable Energy says that an ALMM list for solar cells (the existing one pertains to modules) is being drawn up. The ALMM push, abandoned in the Covid years owing to the supply shock, has been reintroduced at a time when domestic capacities are improving. However, the selection of companies as well as allocation of land must be done transparently. Finances, be it 'green' equity or bonds, including multilateral credit, must be similarly organised.

The solar push is perhaps more about geopolitics than economics. Indeed, India's solar protectionism coincides with falling module and even battery prices worldwide, which could increase domestic power costs. Domestic module prices at about ₹22 per Watt peak, are higher than Chinese prices of ₹15 per Wp. Likewise 'stationary' lithium ion battery prices have fallen from close to \$400 per kWh in 2017 to about \$150/KWh now. But a high solar capacity will boost energy security. India can emerge as a hub for module and cell production at a time when the US and others are looking at alternatives to China. Solar is a long-term bet.

POCKET

R. GOPALAN
M.C. SINGH

With the Periodic Labour Force Survey (PLFS) data on job seekers and workers now available on an annual basis since 2017-18 as against their earlier availability on a quinquennial basis, one key data constraint has moderated. The Centre for Monitoring Indian Economy (CMIE) has also been providing regular data on labour participation and employment rate for rural and urban areas for over a decade now.

At the global level, International Labour Organization provides data on unemployment on a comparable basis for all countries including India. The three sets of data on employment do not depict a uniform picture, partly due to coverage and partly due to the definition of unemployment. We propose to examine these data here.

An unemployed person as per ILO is one aged 15 or above, who simultaneously meets three conditions: being unemployed for a given week; being available to take a job within two weeks; having actively sought a job in the last four weeks or having found one starting in less than three months. Unemployment is when potential labourers of an economy are neither working nor actively searching for a job in the market.

NSSO'S APPROACH

NSSO defines unemployment either on the basis of currently weekly status (CWS) or in terms of principal and subsidiary activity status (PS-SS). In CWS, a person is unemployed if he/she is not working for a day in the preceding week of the visit but seeking actively a job. In PS-SS, a person is unemployed if he/she is not working for a reasonable part of the year. The basic issue, however, is the treatment to the unpaid family workers.

CMIE estimates the size of the labour force and the unemployment rate in India by directly interviewing a large sample of randomly selected households and all members therein of over 15 years of age.

Face-to-face interviews are conducted with each household. Responses are sought to classify each eligible member of the surveyed households into any one of the surveyed four statuses with respect to employment/unemployment as on the date of the survey; is currently employed; is not employed but is willing to work and looking for a job; is not employed, willing to work but is not

looking for a job; and is not employed, not willing to work and not looking for a job.

The estimate of the labour force in PS-SS includes: (a) the persons who either worked or were seeking/available for work for a relatively long part of the 365 days preceding the date of survey; and (b) those persons from among the remaining population who had worked at least for 30 days during the reference period of 365 days.

The estimate of labour force according to the current weekly status approach is derived by considering those who worked for at least one hour or were

While NSSO data show an increase in participation rate, CMIE shows it to be declining. Given the differences in the rates of unemployment, question may arise which number is closer to reality

seeking/available for work for at least one hour on any day during the seven days preceding the date of survey.

The differences in the way the labour force and the unemployed are defined in NSSO, CMIE are reflected in annual labour force rates and the rates of unemployment as indicated in the Table.

Even in case of NSSO, the labour force participation rate as per the CWS is lower than PS-SS and the differences have persisted over the years. Unemployment rate in CWS approach is consistently higher. Labour force participation rate in CMIE has been significantly lower compared with the NSSO CWS.

Further, while NSSO data show an increase in participation rate, CMIE shows it to be declining. Given the differences in the rates of unemployment, question may arise which number is closer to reality.

Before we make an assessment, it may be worthwhile to look at four observations based on PLFS 2022-23. First, on a current weekly basis, data show that more than 80 per cent of the workers were employed on all days.

Labour force participation and unemployment rate

	NSSO PS-SS			NSSO CWS			CMIE		
	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total
Labour force participation rate (LFPR) (per cent of population above 15 years)									
2017-18	50.7	47.6	49.8	48.9	47.1	48.4	44.6	42	43.7
2022-23	60.8	50.4	57.9	56.7	49.4	54.6	40.5	37.5	39.5
Unemployment rate (LFPR-workers)/LFPR*100									
2017-18	5.1	7.8	6	8.4	9.5	8.7	4.5	5.2	4.7
2022-23	2.3	5.4	3.3	4.4	7	5.1	7.2	8.3	7.6

Source: CMIE and Periodic Labour Force Survey, MOSPI

Workers who were unemployed for more than five days in a week were just 4.8 per cent of total workers.

Second, in terms of hours of work, all categories of workers reported working more than 42 hours a week and in the case of salaried persons it was close to 50 hours.

Thirdly, the family help was predominantly in agriculture, trade and catering joints and though they may have not been paid, they worked for most part of the week. In the case of self-employed persons, wages are implicit in operating surplus. CMIE does not recognise family help.

Fourth, PLFS has also ascertained additional hours of work, if that is available. The number of workers who reported for the availability for additional work was 8.9 per cent of total workers.

CONTRARY TO OKUN'S LAW

CMIE's labour force participation rate (LFPR) has actually moderated, more so in the post-pandemic period. Notwithstanding the robustness of survey methodology, a near static workforce is contrary to the empirically tested Okun's Law which establishes a relationship between unemployment and GDP growth. The post Covid period has witnessed a sharp recovery and without an increase in the number of workers, such an upsurge may be rather difficult to accept.

In view of this, PLFS unemployment data are considered by us as closer to reality, and actual unemployment may be close to 4 to 4.5 per cent of LFPR only.

The writer is former Secretary, Economic Affairs, and Singh is former Senior Economic Adviser, Ministry of Finance. Views are personal

Why women's savings don't translate into credit

Lenders perceive women borrowers as riskier and costlier to serve, and many women themselves are not credit-ready

Sonal Jaitly
Ankita Bhat

India has almost eliminated the gender gap in access to bank accounts with the Pradhan Mantri Jan Dhan Yojana (PMJDY). More women have access to bank accounts, and more women are saving in these accounts. Women's accounts hold 20 per cent of all deposits by amount. In the era of shrinking bank deposits, women savers are holding up the bankers. Per capita, savings by women in bank accounts are approximately 3 per cent higher than by men, with an average bank deposit of ₹42,503 by women. Women have been good suppliers of savings to banks; however, they remain severely unserved and underserved when it comes to credit.

According to a 2020 study, women in India receive credit equivalent to only 27 per cent of the deposits they contribute to the banking system, while men receive credit equal to 52 per cent of their deposits.

IFC estimates an ₹1.37 trillion gap in the demand and supply of credit for women-led enterprises in India. Interestingly, this gender gap in credit persists despite women demonstrating lower credit risks across various loan

categories. In 2022, 57 per cent of women borrowers had a prime (credit score of nearly 700 and less risky) and above, compared to 51 per cent of male borrowers, as per TU CIBIL.

If figures from CIBIL are any indication, only 65 million women are credit active in India as compared to 156 million men. This means financial providers serve barely 14 per cent of 453 million credit-eligible women in India.

LIMITED TO SMALL VALUE

The curious case of system-wide credit allocation to women begins and ends with small ticket-size loans in India. Lending to women has become synonymous with microfinance lending under "weaker sections" and loans to individual women up to ₹1 lakh under PSL (priority sector lending) guidelines. The average ticket size of microfinance loans (with 98 per cent female clientele) in 2023 stood at ₹43,200, per the Bharat Microfinance Report.

According to RBI, which classifies loans under ₹2 lakh as "small borrowal accounts," women's share of the total outstanding amount, even under this category, was only 35.5 per cent compared to 58 per cent for men. Women constitute 20 per cent of India's 63 million MSMEs; however, they constitute only 7 per cent of outstanding



LOANS. Women don't get their due share

credit to the MSMEs sector.

The poor supply of credit to women is due to multiple factors. Primary among them is biases that impact both the supply side (the lenders) and the demand side (the women borrowers). Lenders perceive women borrowers as riskier and costlier to serve, with limited data footprint, credit history, and less formal sector experience.

Many women borrowers (individual as well as women-led collectives) are not credit-ready.

This is because they lack the documents, guarantors, and collaterals required for accessing productive credit. They also lack the time and confidence to follow through the application process in many cases.

There is also a hidden segment that is

credit-ready but credit-averse and decides not to borrow from formal lenders.

This self-exclusion is due to various reasons, ranging from bad user experience, time-consuming processes, social norms that discourage debt from formal lenders, lack of support systems, fear of backlash on loan default, and lack of confidence in their ability to repay.

It is time that the sector invests in gender-intelligent banking and does not treat women as customer segments limited to priority sector lending, government schemes, and the micro-lending portfolio. Without access to adequate credit, women entrepreneurs struggle to tap into higher-value areas of even the sectors they dominate, and lenders find it difficult to graduate them beyond microloans. A vicious cycle that needs to be broken.

Credit is an important tool to support women's growing entrepreneurial aspirations across India. Research shows that closing that gap can add as much as \$6 trillion to global GDP. When offered with the right features, in the right context, and responsibly, it can help women and India realise their economic aspirations.

The writers are with MicroSave Consulting

✉ **LETTERS TO EDITOR** Send your letters by email to blettor@thehindu.co.in or by post to "Letters to the Editor", The Hindu Business Line, Kasturji Buildings, 859-860, Anna Salai, Chennai 600002.

Flooding concerns

Aporeos "Why monsoons throw cities out of gear" (September 19), though climate change has exacerbated the flooding problem, the root cause lies in unplanned expansion of cities, extensive encroachments obliterating the centuries old water-bodies and lack of proper drainage systems and storm water drains. Political leadership doesn't think beyond their short period of five years in office and focus only on temporary solutions and cosmetic changes. Urban Planning Committees are constituted, long-term master plans are prepared, but they mostly remain on paper, as necessary funding is not provided for implementation. Now that climate change is a reality and the floods have become a recurring

problem causing extensive damage to life and property and overwhelming the entire administration, local authorities in cities must focus their attention on comprehensive long-term solutions that would enable the cities to face natural calamities with greater preparedness.

Kosaraju Chandramouli
Hyderabad

Probes by regulators

With reference to the editorial "Investigation deficit" (September 19), the investigative skills of regulators and enforcement agencies haven't been good enough in establishing proper evidence against culpable offences. Considering the long-winded procedures involved in forensic

investigation to bring out the accurate factual position, regulators may adopt AI and other scientific techniques, to save costs and the time involved in deciding trivial cases.

Sitaram Popuri
Bengaluru

Simultaneous elections

The Cabinet nod for 'One Nation, One Election' displays the misplaced priority of the government. Except for the cost factor, there is little else to back the decision. Election is an opportunity for the people to demonstrate their democratic sanction or resentment over the policies and programmes of a government. People exercising this right should not be curtailed just to reduce expense. The very idea of

mandating holding elections to assemblies along with those to Parliament goes against the very federal structure of the Constitution. The proposal to hold elections to local bodies in 100 days after general elections is also expensive and it is aimed at taking advantage of the outcome of national-level elections.

AG Rajmohan
Anantapur, AP

Antimicrobial resistance

According to a recent Lancet study, antimicrobial resistant bacteria kill five million people every year, with India bearing the brunt where the overuse or wrongful use of antibiotics is rampant. The study has set the alarm bells ringing, by pointing out that nearly 10 lakh sepsis deaths in India (deaths occur

when one's immune system has a dangerous reaction to a bacterial infection and without treatment can lead to organ failure) in 2019 were linked to AMR (antimicrobial resistance). Though AMR has been recognised as a major global public health challenge, much needs to be done to regulate the use of antibiotics. More focus has to be turned towards eliminating indiscriminate use of antibiotics over the counter. Improving diagnostics at the local level to identify disease-causing bacteria to enable doctors to prescribe appropriate antibiotics and not broad-spectrum ones that do not target the specific bacteria is the need of the hour.

M Jayaram
Sholavandan, TN

Financial skulduggery

FATF lauds India's anti-money laundering efforts

Ritvik Pandey
Smarak Swain

India's exemplary performance in the 2024 Financial Action Task Force (FATF) Mutual Evaluation Report (MER) underscores the nation's robust and multifaceted approach to addressing the critical issues of money laundering (ML) and terrorist financing (TF). As one of the few countries to be placed in the "regular follow-up" category (which is the best outcome possible), India's achievement highlights its strong commitment to financial integrity.

Authorities in India have a strong understanding of ML/TF risks, as documented in the 2022 National Risk Assessment (NRA), and various sectoral and thematic risk assessments conducted from time to time. These assessments are crucial in identifying new and emerging threats and vulnerabilities. For example, the risk arising from a cash-based economy has led to enhanced focus on developing the infrastructure for seamless digital transactions. The government's policies have been aimed at promoting digital transactions and reducing reliance on cash, which are more difficult to trace and more vulnerable to being used for ML/TF purposes. The Jan Dhan, Aadhaar and Mobile (JAM) trinity is as much about mitigating ML/TF risks as it is about financial inclusion.

The threat assessment revealed that major ML threats in the banking sector stem from loan frauds and cyber frauds. The MER acknowledges the effectiveness of many measures taken by India to address these, such as: widespread access to Central Fraud Registry (CFR); the Banking Sector Stem from Loan Frauds and Cyber Frauds (BSL) portal; establishment of a semi-automated helpline for cybercrime victims in 2021, which has helped in recovery of monies stolen in cyber frauds; and establishment of a FinTech Department within RBI in 2022 to foster innovative initiatives and to facilitate live testing of products or services in a controlled environment.

WHOLE-OF-GOV'T APPROACH
In today's volatile, uncertain, complex, and ambiguous (VUCA) global environment, it is important to embrace a strategic, adaptable, and forward-looking approach to identifying and addressing risks. A key strength of



ENSURING. Financial integrity
JSTOCKPHOTO

The Indian system is its use of a whole-of-government approach to addressing emerging risks. There is continuous domestic coordination and co-operation on Anti-Money Laundering (AML), and Countering the Financing of Terrorism (CFT) issues at both the policy and operational levels at the central level by the Inter-Ministerial Coordination Committee (IMCC), headed by the Revenue Secretary, and the Joint Working Group (JWG), headed by the Additional Secretary (Revenue), and the key bodies ensuring that all relevant ministries, departments, and law enforcement agencies work in a coordinated manner to tackle ML/TF threats effectively.

Overall supervision and monitoring is conducted at the apex level by the Economic Intelligence Council (EIC) chaired by the Finance Minister. As noted in India's MER, the goals and objectives of law enforcement agencies both at the Central and State level are in line with the ML/TF risks identified in the NRA.

Greater coordination and information sharing has also been possible due to greater digitalisation, such as through NCB's CITS, NATGRID, and FIU-India's FINNET 2.0 portal. The MER also acknowledges public-private partnership in developing a nuanced understanding of risks and in policymaking.

One of the key findings of FATF is that there is a good general understanding of risks and obligations as well as application of mitigating measures in the financial sector. Hence, what we see evolving in India is a whole-of-society approach to financial integrity, fighting financial crimes, and policymaking.

Pandey is Secretary (Finance Commission), and Swain is Director in the Department of Revenue. They were part of the Central Coordinating Team for India Mutual Evaluation. Views are personal

US immigration, abortion decoded

POLL ISSUES. Immigration has been a growth driver. Liberal abortion laws have led to reduced crime rates over time



NILANJAN BANIK

In the early nineties, crime rate in the US began to rise. Most of these crimes were committed by the teenagers.

However, starting in the early 2000s, there was a drastic decline in the crime rate. Experts attributed the decline in crime rates to strong US economic performance during the 1990s, more policing activities, and the proliferation of gun control laws, among others.

Apart from these factors, the landmark *Roe vs Wade* judgment in 1973 that legalised abortion also played a key role in reducing crime rates.

Studies show that children born into a poor income households are uneducated and are more likely to take up criminal activities when they grow up. After *Roe vs Wade*, many women from poorer backgrounds were able to choose abortion. This significant factor led to a drastic and indirect effect on falling crime rates.

This explains a lesser crime rate in the US during early 2000s, with abortion arguably playing an important role.

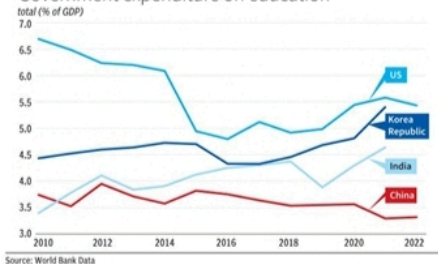
ABORTION AND IMMIGRATION
Fast forward 2024. As the battle for the next US President intensifies, a key issue that both candidates are contending with is their stance on abortion. While Kamala Harris advocates legalisation of abortion, Donald Trump is generally seen as supporting states that have enacted abortion bans. Harris criticized Trump for his role in the *Dobbs v Jackson Women's Health Organization* ruling, which rolled back abortion rights. Trump appointed three of the Supreme Court justices who voted to overturn the landmark decision. The long-term impact of abortion curtailment, studies point out, could be the growth of an educated workforce.

A higher uneducated workforce in the long run can inhibit growth. Cross-country evidence suggests that increased investment in education is associated with higher per capita income.

In the early 1960s, China, India, and South Korea had similar levels of per capita income. The dramatic rise of South Korea to high-income status and China to upper middle-income status is largely attributed to their significant



Government expenditure on education



Source: World Bank Data

investment in primary education as a proportion of GDP (see graph).

Out of the 101 middle-income countries from the early 1970s, only 23 advanced to become developed nations by 2018. Almost all of these successful countries placed a strong emphasis on education.

While the impact of abortion on a nation's economic well-being can be felt over a longer period, immigration is the other contentious issue among the US presidential candidates. Immigration can, however, have more immediate

effects on economic and social conditions.

Trump criticized the Biden-Harris administration for being lenient on immigration, claiming that their policies have allowed "terrorists," "criminals," and "drug dealers" to enter the US. Additionally, a more liberal approach to immigration contradicts Trump's own "America First" policy.

It is commonly perceived that immigrants take away local jobs. However, this may not always be the case. Whether for high-skilled or low-skilled positions, the US has historically effectively utilised foreign migrant labour without significantly displacing native workers and increasing the wage.

A recent analysis by the Brookings Institution estimated that employers could add 160,000 to 200,000 jobs per month this year without significantly leading to a rise in wage or price

inflation. Without the influx of immigrants, the job growth would likely have been closer to 60,000 to 100,000 per month. In fact, the US has plenty of jobs for the migrant population.

A study at the Yale University found that without immigration, the labour force would have decreased by about 1.2 million people from 2019 to the end of 2023 due to population ageing. The nation's ageing population is leading to labour shortages in some industries and may result in a smaller workforce paying taxes to support federal programs like Social Security and Medicare.

Take for example, the State of Maine in the East Coast. With a median age of 45.1, Maine has the oldest population of any US state. Maine is known for its abundance of lobsters and its large older population are increasingly unable or unwilling to catch, clean, and sell these crustaceans, which constitute a \$1-billion industry for the state.

As a result, companies are turning to foreign-born workers to fill the gap. As the US ages, Maine provides a glimpse into the potential economic impact and highlights the crucial role that low-skilled immigrants are likely to play in filling the labour market gaps created by the retirement of native-born workers.

While the influx may present near-term challenges, it is also enhancing the American economy's potential. Employers are able to hire more quickly, thanks in part to the influx of labour.

Immigration could help reduce the federal deficit by stimulating economic growth and expanding the working-age tax base. Data suggests that immigration has contributed to a growth of 2 million in the labour force, annually. Job growth has been strongest in leisure, hospitality and construction.

Slower growth in Japan and Europe can be attributed to an ageing population and historically a restrictive immigration policy. As populations in wealthier nations age, GDP growth tends to slow, support costs rise, and government budgets come under increased pressure.

Many empirical studies have found that GDP growth slows roughly one to one with declines in labour force and population growth. Viewed through this lens, the US's openness to labour and immigration has helped maintain the US consumption — a key component of GDP.

The writer is Professor, Mahindra University, Hyderabad

Making AI work in customer service

M Muneer

Whether it is your bank, travel agency, hospital or appliance company, you are subjected to automated voices, or chatbots that are at times so frustrating. Chatbots are nothing but AI programmes. The idea is to use them to answer in the normal conversational way when the customers rarely frequently asked questions. It avoids directing people to information like Google does.

The global chatbot market is slated to grow 8-fold in the next decade to \$43 billion and Indian market is already growing at 24 per cent y-o-y. But can they really replace humans in terms of handling specific and difficult queries? More importantly, will they have empathy, one of the key parameters to excel in customer service?

AI algorithms will have a tough journey in terms of languages and its nuances to understand and then suggest solutions. Translation and recognition will be another challenge.

The complications of AI-based chatbots will be even more in India where the diversity in culture, language and dialects is huge. The implementation of AI cannot be a one-size-fits-all model. It will face unique challenges and may result in worst-case scenarios that impact customer satisfaction and business reputation. What could be some of the scenarios?

First is potentially the failure to understand local languages and dialects.

Second, AI algorithms have a limitation to grasp cultural nuances and sensitivities, which can result in responses that seem inappropriate or offensive.

A third case is tech glitches during high demand periods. As with most things technological, AI systems can experience technical failures, especially during peak periods such as festivals or sales events.

Fourth is data privacy and security concerns. India may not yet have



AI. Tread with caution GETTY IMAGES

stringent data privacy regulations, but a breach can lead to severe consequences for businesses. AI systems that collect and process customer data can sometimes be vulnerable to security breaches, and will cause trust issues.

Fifth, an over-reliance on automation can lead to poor human support. In an attempt to cut costs, some companies over-rely on AI, reducing their human support staff to a minimum. Disaster strikes when AI fails to resolve issues and there are no human agents to take over to resolve

them. Inadequate training data that leads to poor AI performance is the sixth scenario. AI requires extensive training data to function effectively. Our customer service scenarios are highly varied or inadequate, and this leads to the US's openness to labour and immigration has helped maintain the US consumption — a key component of GDP.

Instead of blindly joining the AI bandwagon, consider the following: "Train the AI systems to understand local languages, dialects, and cultural nuances"

"Implement a hybrid approach of AI efficiency with human empathy"

"Invest in strong data protection measures to safeguard customer information."

"Ensure your AI is scalable and reliable, especially during high-demand periods."

"Regularly update and improve AI systems"

Muneer is a Fortune-500 advisor, start-up investor and co-founder of the non-profit Medici Institute for Innovation

thehindubusinessline.

TWENTY YEARS AGO TODAY.

September 20, 2004

BSNL, Reliance bag deal for community phones

BSNL and Reliance Infocomm will share the contract for setting up community phones in 50,000 villages with support from Universal Services Obligation (USO) fund. While the two companies had separately bid for most of the villages, BSNL won the contract for rolling out community phones in two-thirds of the specified villages.

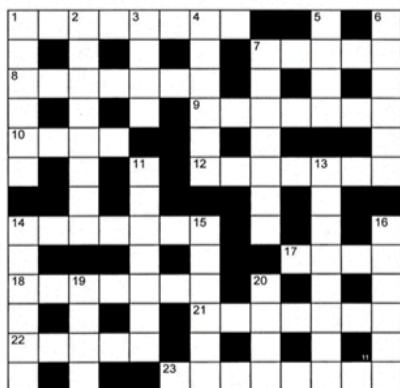
FMCG firms plan capacity expansion to prune costs

Steadily increasing input costs have pushed FMCG companies to rethink their manufacturing strategies. Many of them are moving away from contract manufacturing to begin investing in capacity expansion. According to research firm SSKI Securities, the industry could witness as much as Rs 600 crore investment this fiscal in capacity expansion.

The right 'FIT' for textiles, post quota era

With the quota abolition in the global textile trade around the corner, the Government in collaboration with UNCTAD's International Trade Centre has introduced an IT-based benchmarking tool called "The FIT" which would enable firms to compare their performance with that of competitors.

BL TWO-WAY CROSSWORD 2530



EASY

ACROSS

1. Reduce by a tenth (8)
7. Kind of lyric poem (5)
8. Back trouble (7)
9. Sudden inclination to act (7)
10. Clothed in (4)
12. General pardon (7)
14. Nuclear-powered weapon (7)
17. Sound of feline content (4)
18. Fetter somebody (7)
21. Arch of the spectrum (7)
22. Possessed (5)
23. Flower of the lily family (8)

DOWN

1. Great overflow of water (6)
2. Force into narrower space (8)
3. A repair (4)
4. Three-horse Russian vehicle (6)
5. Fencing-sword (4)
6. A cure (6)
7. The cost (7)
11. Duped (7)
13. In the outskirts of town (8)
14. Talisman (6)
15. Vim (6)
16. Gradual increase (6)
19. Female relative (4)
20. Record (4)

NOT SO EASY

ACROSS

1. Mice back in a historical occasion reduce it by a tenth (8)
7. Nothing deep maybe about this sort of poem (5)
8. Start to use balm and back pain may go (7)
9. Sudden desire to get up and smile perhaps (7)
10. Cloth in different rig at end of August (4)
12. Many set out to achieve general pardon (7)
14. Rocket-launched weapon will not hit, but lie around (7)
17. Contented sound turns up right, and right again (4)
18. Put one in chains: if slack, he might (7)
21. Arc-en-ciel depicted by artist in East End of London (7)
22. Admitted having done wrong to have put tungsten in it (5)
23. Flower from China - thy version of it (8)

DOWN

1. River will flood when it comes round the ear (6)
2. Make it smaller cross MEP has to bear (8)
3. It may be lunch made by the mill (4)
4. With a team of three it got nothing the Ark could provide (6)
5. It will frustrate one if the sword has a button to it (4)
6. My red eczema starts to be shifted by this cure (6)
7. Cost of former penny seen to change (7)
11. Deceived by use of red tick (7)
13. In the outskirts burn a bus for it (8)
14. Mother's bed may bring her good luck (6)
15. Power exerted as men without a leader turn grey (6)
16. Development of acceleration due to gravity worth adapting (6)
19. She may give her nephew a nut to chew (4)
20. Record is compact, as this shows (4)

SOLUTION: BL TWO-WAY CROSSWORD 2529

ACROSS 7. Concatenation 8. Penultimate 12. Siphon 14. Taking 16. Strine 18. Ranked 19. Professions 23. Building-block

DOWN 1. Hoop 2. Scan 3. Stolen 4. Insist 5. Stoa 6. Dove 9. Emperor 10. Thicken 11. Aged 12. So-so 13. Own 15. Ala 17. Emetic 18. Resign 19. Post 20. Owls 21. Oily 22. Sock

THE ASIAN AGE

20 SEPTEMBER 2024

Subhani

'One election' plan will be hard to implement

The Union Cabinet's approval of the report submitted by the panel headed by former President Ram Nath Kovind recommending simultaneous elections to the Lok Sabha and all state Assemblies is at best an attempt by the BJP to build a narrative for the introduction of a presidential system. The Opposition has called it an impractical idea which goes against federal principles, the Constitution and democracy.

The proposal by the panel envisages two-level elections — first, simultaneous elections to the Lok Sabha and the state Assemblies, to be followed by elections to the local self-government bodies, which are also constitutional institutions. This would essentially mean that all the directly elected representative bodies will have a fixed tenure of five years. All the elections will be conducted based on a single electoral roll and a single voter identity card. Should a government fall short of majority, and another government is not formed, then there will be election for the remainder of the term of that body; elections will again be conducted along with the general elections.

The advocates of the "one nation, one election" proposal point out that a single national poll will considerably reduce the expenditure related to elections; it can also obviate policy and governmental paralysis which often hits the decision-making process thanks to one election or the other taking place in one part of the country or the other at any given point of time.

The opponents of the idea, especially those in the Opposition, point out that the idea militates against the Constitution and the federal principles promoted by it

The opponents of the idea, especially those in the Opposition, point out that it militates against the Constitution and the federal principles it promotes as it effectively binds the will of the people of a state to be coterminous with that of the national idea of a Union government. They would argue that cost should not be a concern when it comes to elections as they are the only way to ascertain the will of the people as to who should be at the wheel whether it is a state or the Union government.

The Constitution Assembly had decided on the parliamentary system of governance after thorough deliberations which led the members to conclude that only a parliamentary system would effectively represent the diversity of this nation and will serve national goals better.

However, every live democracy should periodically introspect on the feasibility and utility of the systems it has put in place and look for opportunities to improve or overhaul them. And hence there is no harm in the nation seriously taking up a fixed tenure for legislative bodies in the country.

However, given the well-known positions various parties have taken on the topic, it is highly unlikely that a proposal which requires a series of amendments to the Constitution will pass muster unless the government works with those on the other side of the spectrum. It may be noted that the government does not enjoy the special majority required to pass constitutional amendments in either house of Parliament. If the government is serious about the proposals, it must initiate a national dialogue with an open mind, and with a commitment to go by its results. Attempts to push the proposal through are bound to fail, which was in fact the message the people sent across to the ruling front in the last general elections. The government will also need to remember that democracy is a costly affair; we have nurtured it through the years, Xi wars and all. Attempts to tinker with it without a deep understanding of it could prove counter-productive.

The India-China standoff: One border, two systems

Claude Arpi



On September 12, 2024, India's national security adviser Ajit Doval called the Chinese foreign minister, Wang Yi, to discuss the border dispute between the two nations.

However, one should not forget that the systems of governance of India and China are vastly different; in fact, they stand at opposite ends. While India is a democracy with all its good and bad aspects, China is a totalitarian regime with a leader appointed for life. Some examples show the difference between the two systems. Today's "disputed" border is an occupied country, namely Tibet, before 1950, India had no border dispute with its northern neighbour. Beijing tries to change this fact with intense propaganda.

On September 11, the Indian media published a report that the Chinese propaganda centre in Lhasa, the second highest city in Tibet, had issued a series of instructions on Tibet work. The instructions are that all is fine in Tibet.

One of the tools used by the Chinese propaganda is the Beijing-selected Panchen Lama, the second highest religious figure in Tibetan Buddhism. The *Tibet Daily* recently remarked that the lama, whom the Tibetans name as the "fake" Panchen Lama, carried out a series of Buddhist and social activities in Lhasa, the capital city of southwest China's Xinjiang Autonomous Region.

The "Panchen" gave a talk during which he stressed "the need to firmly uphold the Communist Party of China's central committee's final say on the reincarnation of Living Buddhas of Tibetan Buddhism and resist strong opposition to succession, while calling for national unity, ethnic unity, and religious and social harmony." China is already preparing for the Dalai Lama's succession.

You could ask how this is connected with the border between India and China? But forceful policies are always linked to a weakness. Remember the Great Leap Forward, during which 30 or 40 million people died of starvation following Mao's flawed agricultural policies? The years 1958-1961 witnessed more propaganda posters on the bumper harvests in the Middle Kingdom and the happiness of the masses.

The Chinese propaganda would like us to believe that all is well in Tibet, which is not the case. If it was true, why should China stop visitors from coming to Tibet or Tibetans to visit their leader, the Dalai Lama, in India?

In fact, the border dispute between India and China has been moving over the years. The line, which was agreed by Chinese Premier Zhou Enlai in 1956 and reconfirmed in December 1959 is the present Chinese claim. Recently, India's external affairs minister S. Jaishankar said that 25 per cent of the disengagement has already been achieved in eastern Ladakh, but the remaining 75 per cent is certainly the present Chinese claim.

As in previous encounters with Indian leaders, Wang

As Tibetans are today prisoners in their own country, they are shown enjoying Xi's policies; this is the crucial difference between populations on the Indian and Tibetan sides of the Himalayas

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global stage".

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One of the tools used by the Chinese propaganda is the Beijing-selected Panchen Lama, the second highest religious figure in Tibetan Buddhism. The *Tibet Daily* recently remarked that the lama, whom the Tibetans name as the "fake" Panchen Lama, carried out a series of Buddhist and social activities in Lhasa, the capital city of southwest China's Xinjiang Autonomous Region.

The "Panchen" gave a talk during which he stressed "the need to firmly uphold the Communist Party of China's central committee's final say on the reincarnation of Living Buddhas of Tibetan Buddhism and resist strong opposition to succession, while calling for national unity, ethnic unity, and religious and social harmony." China is already preparing for the Dalai Lama's succession.

You could ask how this is connected with the border between India and China? But forceful policies are always linked to a weakness. Remember the Great Leap Forward, during which 30 or 40 million people died of starvation following Mao's flawed agricultural policies? The years 1958-1961 witnessed more propaganda posters on the bumper harvests in the Middle Kingdom and the happiness of the masses.

The Chinese propaganda would like us to believe that all is well in Tibet, which is not the case. If it was true, why should China stop visitors from coming to Tibet or Tibetans to visit their leader, the Dalai Lama, in India?

In fact, the border dispute between India and China has been moving over the years. The line, which was agreed by Chinese Premier Zhou Enlai in 1956 and reconfirmed in December 1959 is the present Chinese claim. Recently, India's external affairs minister S. Jaishankar said that 25 per cent of the disengagement has already been achieved in eastern Ladakh, but the remaining 75 per cent is certainly the present Chinese claim.

As in previous encounters with Indian leaders, Wang

As Tibetans are today prisoners in their own country, they are shown enjoying Xi's policies; this is the crucial difference between populations on the Indian and Tibetan sides of the Himalayas

global stage".

LETTERS HARE-BRAINED IDEA

With 28 states and eight UTs speaking 780 languages and professing eight faiths with two monsoons and extreme climate variations, six national parties and 57 state parties besides 2,764 unrecognised ones, India is a diverse country. Now that the Ram Nath Kovind committee has submitted its recommendation for "one nation, one election", several doubts arise. Does the EC have enough EVMs? Do we have the security required in terms of paramilitary forces? How to synchronise Assembly elections of states whose governments aren't ruling concurrently with the Centre? The questions are too many to ponder.

Gopalaswamy J. Chennai

HI-TECH WARS

AFTER THE EXPLODING pagers, walkie-talkies have begun exploding across Lebanon. What next? Laptops and cellphones? The world was already a dangerous place and these attacks have made it more dangerous. Planes could become a veritable deathtrap if such explosions happen in air. The need of suspicion points towards Israel because they have the necessary skill and technology to carry them out. The UN and the United States need to step in immediately to destroy the technology that is needed for it. Just imagine it in the hands of the terrorists of the world.

Anthony Henrich Mumbai

TAKE NOTE, INDIA

TILL THE TIME that pagers and hand-held radios of Iranian terror proxy Hezbollah started exploding, the surprise element was always in favour of the terrorists. The Israeli counter-terror action has a message for Indian armed forces as well. It is to secure their communications rather than use phone and hand-held devices made in Western countries. Unless the supply chain is secure and monitored 24x7, the Indian armed forces could also be crippled by its adversaries through such attacks.

Sankar Paul Chakdhara, West Bengal

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Indranil Banerjee

Blasts in pagers, other devices in Mideast: Battle is turning dirtier

Israel's dirty tricks department has once again proved how effective and innovative it can be when it wants to. On Tuesday afternoon (Sep. 17), residents in a suburb of the Lebanese capital Beirut suddenly found the pagers they were carrying starting to beep, some lifted them up to read the screens while others pressed them to stop. That's when they began to explode. Hundreds of pagers all over the area went off, blowing up faces, obliterating fingers and leaving gaping wounds in the waist of people wearing them. The explosions continued for about an hour in a Beirut suburb, Dahiyeh, and in parts of the Bekaa Valley near the Israeli border. Within an hour, about 12 Lebanese, including two children, lay dead and almost 3,000 men and women injured. Among them was Iran's envoy in Lebanon. A day later, more pagers, walkie-talkies and other electronic devices blew up, killing at least another 20 people and injuring hundreds more.

It soon became clear that these explosions were an elaborate Israeli covert operation targeted at members and supporters of the Hezbollah militant group. The areas targeted are known to be strongholds of the militant group. An estimated 5,000 of these pagers had been imported by Hezbollah some months ago from Hungary, and distributed to its members in lieu of mobile phones that were being tracked by Israeli intelligence. A Lebanese militant leader had warned that mobile phones were more deadly than the Israelis themselves had proscribed them! Pagers were chosen

as a safer means of communications. No one had the slightest clue that these imported pagers had been tampered with by Israelis at the time of manufacture to contain a small amount of explosive that could be set off at a particular time.

The way the entire operation was executed reads like a thriller. Apparently, Hezbollah had contracted with a firm called BAC Consulting Kft based in Hungary to produce 5,000 pieces of AR-624 model pagers from Taiwanese components made by a company called Gold Apollo. Hui Ching-Kuang, the founder of Taipei-based Gold Apollo, revealed that the pagers sold to the Hezbollah was not manufactured by them but by a European company that had the rights to use its brand name. Israeli operatives seem to have infiltrated the Hungarian manufacturer and then somehow rigged the pagers. Or could it be that the Hungarian firm established only in 2022 was an Israeli set-up?

Whatever the case, the saboteurs managed to insert a miniature circuit loaded with three grams of explosives into the pagers which could be detonated by the transmission of a secret code. The motivation behind the pager blast operation is not difficult to understand. Since the beginning of the Gaza War, Israel has been battling Hezbollah, which has routinely been firing missiles into northern Israel, leading to civilian casualties and the evacuation of several thousand Israeli civilians from the area. Israel's Security Cabinet recently said that the return of its residents displaced from northern Israel

adjoining the Lebanon border was an additional war aim. The daily exchange of firing in Israel's northern borders have become commonplace.

Realising it cannot wage a conventional war with Hezbollah, the Israeli leadership has been systematically targeting Hezbollah leaders and assets in a manner that would provoke them to launch a massive attack against Israel, which would in turn compel the United States to intervene militarily in the region. The latest pager blast seems to be a continuation of the same strategy of provocation.

Washington, however, has resisted every attempt to get involved and has been urging the government in Jerusalem to desist from provoking Hezbollah in Lebanon. Washington also wishes to avoid a direct conflict with Iran, which today has a large body of combatants, fighter aircraft and sophisticated missiles capable of inflicting considerable damage on the United States. Israel's military and intelligence state department official dissociated itself from the blasts and said it was investigating who was responsible. Pointedly, the spokesman urged Iran not to take advantage of the incident to raise instability, while admitting that civilians were not legitimate targets for any type of operation.

The blasts ultimately proved that Prime Minister Benjamin Netanyahu's strategy of drawing the United States into the war is not working. Hezbollah and its patron, Iran, have been extremely restrained in the face of Israeli provocation in the

past and have desisted from any action that could draw the US into the conflict. While Hezbollah has sworn to avenge the pager blasts, it is certain its response would not be excessive.

Meanwhile, it is Mr Netanyahu's government in Israel which is losing the battle of hearts and minds both within and outside the country. The pager blasts border on terrorism, given that non-combatants including two children were killed and many more wounded. Israel started the Gaza War with much international sympathy and support, which over the months have eroded as incessant bombings of civilians in Gaza have led to over 40,000 deaths and no resolution in sight.

The international community is increasingly sickened by the continuing carnage and the latest pager blasts is being viewed as yet another instance of Israeli atrocity. This is no way to win a war. Dirty tricks are at best a sideshow and cannot alter the strategic reality of Israeli military fatigue and the futility of its war efforts. Even Israel's defence minister Yoav Gallant has said that Mr Netanyahu's avowed objective of "total victory" in Gaza is nonsense. Clearly, now is the time to take a step back, seek a deal that will bring back those Israeli hostages still alive and pull the Middle East back from the precipice on which it is currently poised.

The writer is an independent commentator on political and security issues

Why US Fed cut interest rates, how India could be impacted

UDIT MISRA
NEW DELHI, SEPTEMBER 19

THE UNITED STATES Federal Reserve (henceforth just 'the Fed'), which is in charge of the country's monetary policy, on Wednesday announced that it will cut the benchmark interest rate – the Federal Funds Rate – by 50 basis points, or half a percentage point. A cut in interest rate typically incentivises economic activity, promotes growth, and increases job creation by making it cheaper for people to borrow money. Conversely, a hike in interest rates or persistently high interest rates tend to drag down economic growth and employment generation.

Changes to the US monetary policy – be it the amount of dollars being made available in the market or the price at which they can be borrowed (the interest rate) – has an impact that goes far beyond the country's geographical borders. Among the most affected

are emerging economies like India. This is not just due to the US being the world's biggest economy but also because the US dollar is the world's most trusted and traded currency. Several countries hold US dollars as assets.

Why did the Fed cut interest rates?

To counter the economic disruption and a recession experienced in the wake of the Covid-19 pandemic, the Fed had brought down interest rates close to zero (0.25% to be precise). However, as the US economy recovered, inflation started rising fast. Russia's war with Ukraine and the associated supply disruptions made matters worse.

Initially the Fed was of the view that the inflationary spike was transitory but by March 2022, as inflation touched historic high levels, the Fed was forced to aggressively raise interest rates to cool down prices. Over the next 15 months, the Fed raised interest rates to 5.5%, and kept them at that high level

until this decision. By July, when the Fed last reviewed its policy stance, most expected a cut in interest rates because inflation had moderated considerably, and started moving towards Fed target rate of 2%. At the same time, as evidenced by jobs data, it was becoming clearer that the restrictive monetary policy was beginning to have a significant adverse impact on unemployment levels.

As such, it was widely believed that it is only a matter of time before the Fed shifts its focus from prioritising inflation-control to ensuring maximum employment. These two matters – stable prices and maximum employment – are part of the Fed's 'dual mandate'.

While announcing the cut on Wednesday, Fed Chair Jerome Powell accepted that if some of the recent reports on unemployment and inflation were known in July, the Fed would have started the cycle of cuts in July itself.

According to the latest Summary of

Economic Projections (SEP), the Fed is likely to cut interest rates by another 50 basis points before the end of 2024, another 100 basis points in 2025, and another 50 basis points in 2026. With these cuts, the Fed hopes to achieve a "soft-landing" – reducing high inflation without crashing an economy into recession – for the US economy.

Will the US economy achieve a soft-landing?

In 2022, most observers, as well as all past records, suggested that there is no way the Fed can contain inflation (which went as high as 9%) without resulting in a recession. However, as things stand, the Fed may have succeeded in threading that needle.

The US economy continues to grow robustly – SEP estimates GDP growth to be around 2% for the coming 2-3 years – and the unemployment rate, even though it has risen to 4.4%, is still fairly low and expected

to trend downwards. However, it must be remembered that the US will soon start to vote for a new President and all these projections about growth, inflation, and unemployment can change dramatically if a whole new set of policies come into the picture.

For instance, the Republican candidate and former president, Donald Trump has announced that he will impose wide-ranging tariffs on imports. But import tariffs are essentially a tax on domestic consumers – not the foreign country, as is often mistakenly assumed – and they end up raising domestic prices and fuel inflation.

How will India be affected?

There are many different ways in which India will be affected. India is a capital-scarce economy, and is always looking to incentivise foreigners to invest in India. Lower interest rates in the US will likely incentivise global investors to borrow in the US and invest in

India – be it in stocks, debt, or in the form of foreign direct investment (FDI). Repeated lowering of interest rates in the US will also lead to some weakening in the US dollar's exchange rate with other currencies such as the Indian rupee. In other words, the rupee could see its exchange rate strengthen against the dollar. This, in turn, will impact India's exporters (adversely) and importers (positively).

The RBI, India's central bank, is already under growing pressure to cut interest rates. However, it is unlikely that the US decision will be critical in RBI's calculations. This is because India and the US have significantly different inflation targets, vulnerabilities to inflation spikes, and policy mandates.

For instance, while RBI keeps an eye on GDP growth rate, it is not explicitly concerned with unemployment data. As has been seen in India over the past two decades, GDP growth can happen even without commensurate jobs growth.

TELLING NUMBERS

Gender-age divide in US politics: young women far more liberal

AMERICAN WOMEN between the ages of 18 and 29 years are taking more liberal political positions on issues like climate change and abortion rights compared to men in the same age group, according to a recent report from the analytics firm Gallup.

Reviewing more than 50 earlier trends on Americans' policy views, Gallup grouped its results into three periods: 2001-2007, 2008-2016 and 2017-2024. While some differences in the political views of men and women are not novel, the sheer proportion of women now identifying with liberal politics is unusual. "As a result, the associated gender gaps between young women and men have widened substantially," the report said.

On political labels

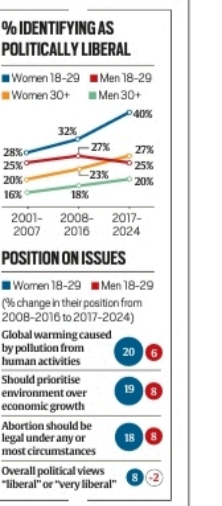
The Gallup report noted that young men have resisted the liberal label despite becoming more liberal on some issues. Therefore, there may be differences in how men and women want to define their political viewpoints. "The consolidation of young women's liberal identity could make them a potent political segment in this year's election. It makes them an important bloc for Kamala Harris to turn out to vote, and therefore, one Donald Trump can't completely ignore," the report added.

Stance on key issues

Gun control, environmental issues and abortion laws were the top three areas where young women expressed dissatisfaction with the status quo, and where the shifts in their opinions were the greatest in recent years.

These shifts were also consistent across varying education levels and races, meaning gender could be the defining factor shaping their views.

Gallup's report found that "despite the political salience of these issues for over two decades, only in the past few years has young women's identification as liberal taken off." Whether



their stronger political identification will translate into increased political engagement remains to be seen.

Although there is no definitive reason given for the divide, the report pointed to the "timing relative to real-world events" such as the rolling back of laws regarding abortion protections and the #MeToo movement.

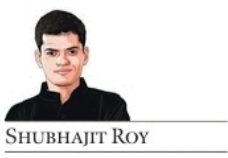
However, there is not enough data to explain why issues like climate crisis or gun control see younger women take a more liberal stance. Other data also indicate that widening gender divides are being witnessed in countries like Germany, South Korea and Tunisia.

RISHIKA SINGH

EXPLAINED GLOBAL

The escalation in West Asia

The deadly attacks on Hezbollah leaders and cadre in Lebanon mark a new phase of Israel's war against its regional adversaries. West Asia could be on the brink of a wider conflict that could draw in Iran and the US



SHUBHAJIT ROY

TENSIONS in West Asia have spiked afresh after papers and hand-held radios exploded in two days of coordinated attacks across Lebanon and parts of Syria, killing at least 37 persons and injuring more than 3,500, according to the Lebanese government.

Hezbollah, the Iranian-backed Lebanese political party and militant group, has accused Israel of carrying out the attacks, which the Israelis have neither owned nor disowned.

In a speech delivered on Thursday evening, Hezbollah leader Hassan Nasrallah said the attacks were "a terrorist act" and declaration of war against Lebanon and its people. Amid widespread anticipation of retaliation from Hezbollah and Iran, what does this latest escalation mean for the region, the world, and India?

Context of Gaza war

After the Palestinian militant group Hamas attacked southern Israel on October 7 last year, killing around 1,200 Israelis and taking 250 hostages, Israel launched its massive retaliation, in which more than 41,000 Palestinians have been killed in Gaza so far. After 11 months of airstrikes and ground operations, about 100 hostages remain in Hamas captivity.

Throughout this period, Hezbollah has engaged Israel through shelling and rocket fire along its northern border, leading to the displacement of 63,439 Israelis from their homes close to the border, according to official Israeli government figures.

An estimated 95,000 Lebanese too, have been displaced by Israeli rocket and missile strikes in the south of Lebanon.

Signals of escalation

Hours before thousands of papers – one-way communication devices used widely by Hezbollah – started to explode on Tuesday, Israel's security cabinet updated its war goals to add the safe return of displaced Israelis to the two existing objectives of destroying Hamas and bringing back the hostages.

A statement from Prime Minister Benjamin Netanyahu's office strongly suggested the possibility of expanding military operations to get Hezbollah to stop firing at



Hezbollah leader Hassan Nasrallah speaks on TV on Thursday. Reuters

Israel's targets

A day earlier, Israel's Defence Minister Yoav Gallant had told US special envoy Amos Hochstein that "the only way left to ensure the return of Israel's northern communities to their homes will be via military action".

And on Wednesday, after the explosions of walkie-talkies and other communication devices, Gallant announced to Israeli Air Force personnel that "the centre of gravity is moving north. We are diverting forces, resources, and energy toward the north."

Twenty-six Israeli civilians and 20 soldiers have been killed in Hezbollah attacks near the northern border since the beginning of the war in Gaza. Israeli fire is reported to have killed more than 450 Hezbollah members and more than 100 civilians in Lebanon over the past 11 months.

"Believe that we are at the onset of a new phase in this war, and we need to adapt," Gallant said at the Ramat David air base in northern Israel. "We will need consistency over time; this war requires great courage, determination, and perseverance."

Pivot to the north

Israel's military believes that it has been able to "substantially" degrade the capabilities of Hamas in Gaza – having destroyed their missile and rocket factories, bombed the tunnels where they stored weapons and ammunition, killed about 15,000 Hamas fighters, and taken out its political head Ismail Haniyeh and military commander Mohammad Deif.

While Yahya Sinwar, the leader of Hamas in Gaza, continues to be active, Israel now feels confident that the group no longer has the capacity to hit back at it. Therefore, it be-

lieves, the time has come to shift focus more substantially towards Hezbollah, the much more powerful adversary in the north.

An early indication of this intent came on July 30, when an Israeli airstrike in Beirut killed Fadi Shukur, a top Hezbollah commander who Israel said was behind a rocket attack that had killed 12 children and teens in Israeli-controlled Golan Heights three days previously.

This week's targeting of communication devices used by Hezbollah is aimed at crippling the group's command and control structure.

According to a former Israeli intelligence official, the 3,000-odd individuals targeted in the two days of attacks constitute the top rung of Hezbollah's 100,000-strong membership – essentially the equivalent of ranks from colonel to general – who communicate through secret means.

The attacks are also meant to deliver a message to the leadership in Tehran, the main benefactor of not just Hezbollah, but also Hamas and the Houthis of Yemen – that enemies of Israel are not safe even in their own homes.

Fallout of the attacks

Hezbollah is widely expected to strike back at a time of its choosing. On Thursday, Nasrallah vowed a "just punishment" for the attacks, and to make sure that evacuated Israelis are not able to return to their homes. Will Israel follow up on the attacks of this week with ground operations against Lebanon?

"There is a serious risk of a dramatic escalation in Lebanon, and everything must be done to avoid that escalation," UN Secretary-

General Antonio Guterres said on Wednesday. Several scenarios are possible over the next few weeks.

Iran is seen as a pragmatic rival, which will be determined to avenge the humiliation, but will not rush to do so in a rage.

There could be a repeat of the April attack when Iran launched a wave of aerial strikes on targets in Israel, though with limited impact. Tehran could coordinate with its partners in the so-called Axis of Resistance – Hamas, Hezbollah and the Houthis – to carry out attacks on Israel. Or it could target Israeli officials in third countries, perhaps after waiting for some time.

Israel, on its part, could carry out an aerial offensive against not just Hezbollah but also the Lebanese state apparatus.

It could lead a limited ground incursion into Lebanon, targeting Hezbollah in villages and tunnels, destroying weapons and missile stockpiles, and try to create some sort of a buffer zone in southern Lebanon. On Thursday, as Nasrallah spoke, Israeli super-sonic fighter jets flew over Beirut.

The view from India

All these scenarios present serious concerns for India.

India has so far managed to walk the diplomatic tightrope between Israel and the Palestinians. But any escalation between Israel and Hezbollah will mean Iran will be part of the conflict, which could draw in the United States as well – this could present New Delhi with a far more complex diplomatic challenge.

Some 9 million Indians live and work in the region. These people are often the sole breadwinners of their families, and the largest source of remittances to India. New Delhi would be worried for their safety and security.

About two-third of India's crude oil and natural gas comes from the West Asian region, and an impact on crude prices and supply could impact the country's energy security.

In 2012, an Israeli diplomat's wife was targeted in a bomb attack in New Delhi. India would not want a repeat of that incident.

India has so far made no statements on the volatile situation in the region. In April, after the Iranian attack on Israel, India had expressed "serious concern" at the escalation of hostilities, and called for "immediate de-escalation".

External Affairs Minister S Jaishankar had discussed the situation with both Iran's Foreign Minister Hossein Amir-Abdollahian and Israel's Foreign Minister Israel Katz at the time. While this showed the trust both sides placed in India, what leverage, if any, New Delhi has in the possible new situation of war remains to be seen.

Logistics of holding simultaneous elections in India: task before the EC

DAMINI NATH
NEW DELHI, SEPTEMBER 19

THE UNION Cabinet on Wednesday accepted the recommendations of the High Level Committee on One Nation, One Election (ONOE), which laid out the roadmap to hold simultaneous elections to Lok Sabha and the state Assemblies and, ultimately urban and rural local bodies.

For ONOE to become a reality, however, the Election Commission of India (ECI) will have its task cut out.

What has been ECI's position on ONOE?

Lok Sabha and Assembly elections were held simultaneously up to around 1967, after which election cycles started to fall out of sync as many legislatures were dissolved before the end of their terms. At present, elections to the Andhra Pradesh, Arunachal Pradesh,

Odisha, and Sikkim Assemblies are held together with Lok Sabha elections.

The EC has said over the years that it supports the idea of bringing election cycles back in sync, but this would require amendments to the Constitution as well as additional funds. In 2022, however, then Chief Election Commissioner (CEC) Sushil Chandra said that the ECI was "fully geared up" for ONOE.

Parliamentary Standing Committees and Law Commissions have discussed simultaneous elections in the past. In its submission to the Parliamentary Standing Committee on Personnel, Public Grievances, Law and Justice in 2015, the EC listed several "difficulties" in implementing the idea.

"The chief issue highlighted by them is that simultaneous conduct of elections would require large-scale purchase of Electronic Voting Machines (EVM) and Voter Verifiable Paper Audit Trail (VVPAT) machines. The Commission expects that a total of Rs 9,284.15

crore will be needed... The machines would also need to be replaced every 15 years which would again entail expenditure. Further, storing these machines would increase the warehousing cost," the committee report said.

What did the EC tell the Kovind Committee?

The High Level Committee, whose recommendations the Cabinet accepted on Wednesday, was constituted under former President Ram Nath Kovind in September 2013. It wrote to the EC on January 12 and February 20 asking for inputs on ONOE.

In its submission, the ECI sent the same response that it had provided to the Law Commission of India, which had examined the issue in March 2013. It said that at least Rs 8,000 crore would be needed to procure the EVMs and VVPATs that would be

needed to hold simultaneous elections to Lok Sabha and state Assemblies. The ECI did not consider the requirement for local body polls, as they are administered by State Election Commissions.

At the time of announcement of Lok Sabha elections in March, the ECI said votes would be cast at 10,48 lakh polling stations across the country, and more than 1 crore polling and security personnel would be deployed. These numbers will increase if elections to all states Assemblies were to be held at the same time as the Lok Sabha election.

In its submission to the Law Commission and the Kovind committee, the ECI estimated that a total 53.76 lakh ballot units and 38.67 lakh control units of EVMs, and 41.65 lakh VVPATs would be needed for simultaneous elections in 2029.

This entails the addition of 26.55 lakh ballot units, 17.78 lakh control units, and 17.79 lakh VVPATs to the EC's existing inventory at an estimated cost of Rs 7951.37 crore. This amount does not include the costs of transportation, warehousing, first-level election, and other related costs, the ECI said.

The ECI also said that the two state-owned companies that make the EVMs and VVPATs, Bharat Electronics Ltd (BEL) and Electronics Corporation of India Ltd (ECIL), would need time to manufacture the additional units that would be needed for simultaneous elections.

What has been ECI's practical experience with holding simultaneous elections?

The ECI has faced challenges in scheduling elections simultaneously due to requirements of security, weather conditions, festivals, and other factors. Earlier this year, it decided against holding elections to the Jammu and Kashmir Assembly along with

the Lok Sabha election due to the additional security requirements for all candidates.

Some 400-500 additional companies of security forces would be needed, which would not be possible to mobilise with Lok Sabha elections also underway in the country. CEC Rajiv Kumar said while announcing the elections. "The entire administrative machinery said in one voice that they can't do it simultaneously," Kumar said.

Assembly elections in J&K are currently underway. Votes will be cast in Haryana on October 5, but the EC has decided to keep the election in Maharashtra, which has been held together with Haryana in the past, for later, again citing the requirement of large number of security forces, and various festivals which need to be kept in mind while preparing the election schedule.

The Maharashtra elections are now expected in November. Counting in J&K and Haryana will take place on October 8.

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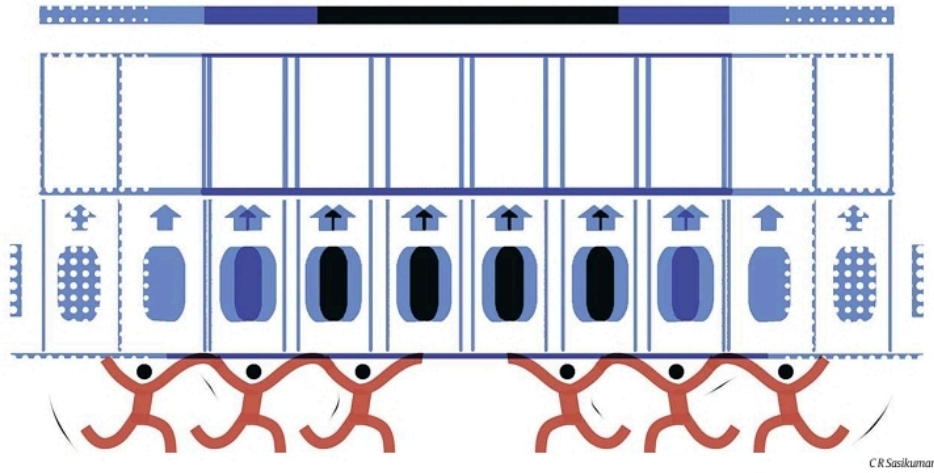
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13 THE IDEAS PAGE

DIS/AGREE
THE BEST OF BOTH SIDES

A fortnightly column, which offers not this-versus-that, but the best of both sides, to inform the debate



This week, Cabinet approved the One Nation, One Election proposal. Is it an idea whose time has come or a move to flatten India's diversity, undermine federalism?

For a more efficient democracy

Simultaneous polls will reduce burden on voter, lessen election expenditure



RAVI SHANKAR PRASAD

IT HAS BEEN 77 years since India gained Independence. The country's democratic journey has seen ups and downs and a serious aberration when Emergency was imposed and rights were curtailed. However, overall, the people of India have justified the trust reposed in them by the makers of the Constitution—that is, every Indian citizen regardless of caste, religion, gender, community or educational qualification shall vote in the election. Many problems clouded the election process—money power, boot capturing, abuse of government machinery, etc.—but over the years, changes were made, technology was used and concerns were addressed. Indian democracy became stronger. Today, people know they can unseat any government at the Centre or the state through their vote.

We need to continuously strengthen our democracy so that it reflects the popular will and simultaneously, reduces problems for the administration and Election Commission (EC). Rising expenditure and the convenience of voters must be kept in mind. The Union Cabinet's decision to accept the report of the committee headed by former President Ram Nath Kovind recommending One Nation, One Election is not only welcome but represents one of the most significant steps in the pursuit of making our democracy more meaningful and vibrant.

There were simultaneous elections to the Lok Sabha and Vidhan Sabha from the first general election in 1952 till 1967. Prime Minister Indira Gandhi opted for mid-term polls in 1971, followed by the dissolution of various assemblies and the imposition of President's Rule from time to time, all of which led to incongruities in election schedules. Today, there are, on average, five elections every year. Take 2024. In April-May, there was the Lok Sabha election, crucially, elections are being held in Jammu and Kashmir and Haryana, closely followed by Maharashtra and Jharkhand. These will be followed early next year by an election in Delhi, followed by Bihar and then West Bengal and Uttar Pradesh.

Due to the imposition of the Model Code of Conduct (MCC), development work stops. Huge expenditure is involved and a particular state election also impacts development projects at the national level. Our country remains in election mode every year and negative or positive verdicts in a particular state

also impact the stability of the polity as a whole. In Haryana and J&K, the MCC was in place during the general elections just months ago, and it is in effect once more now. Therefore, frequent elections cause inconvenience to the voters.

EC recommendations (1983), Law Commission Reports (1990/2018), the Constitution Review Commission report (2002), the parliamentary standing committee and Niti Aayog have all emphasised the need to hold simultaneous elections.

Prime Minister Narendra Modi and Home Minister Amit Shah must be complimented for constituting a high-level committee to study and report on simultaneous elections. Former President Kovind did a remarkable job. There was an elaborate consultation process. From the report, it is evident that four retired Chief Justices of India, dozens of other judges and retired high court justices, former chief election commissioners and other stakeholders, including political parties, were consulted. A majority of political parties supported the proposals. The report considers constitutional and legal issues, several relevant judgments and how simultaneous elections are held in different democracies.

The Committee has proposed various amendments to Articles 83 and 172, as well as the addition of Article 82A. The sum and substance of the amendment is that if the

Lok Sabha is dissolved before the full term of five years and if an election is held, it will be only for the balance period of five years. Further, under the proposed amendment 82A, the President on the date of the first sitting of the House of the People after the general election will bring into force Article 82A by a notification and the date of the notification will be the appointed date. All the Vidhan Sabhas constituted in any general election held after the appointed date shall come to an end on the expiry of the five-year term of the Lok Sabha.

This amendment can be made by Parliament and may not need ratification by state assemblies.

There are also other salutary provisions to make the task workable. The Committee has recommended that all the political parties should agree to make simultaneous polls effective from 2029. It has also emphasised the need for simultaneous polls for municipal corporations, and panchayats within 100 days of the Lok Sabha polls. There should be one common voter list for all polls. For municipal and panchayat elections, the Committee has proposed amendments to the Constitution, which would need ratification by 50 per cent of state assemblies.

One nation, One Election will be the biggest tool in making our democracy effective, vibrant and participative.

The writer is an MP, Senior Advocate at the Supreme Court and a former Union minister

Must be challenged in House and Court

The Kovind Committee report usurps the role of Election Commission, does not reflect the concerns of states



MANURAJ SHUNMUGASUNDARAM

EARLIER THIS WEEK, the Union cabinet met to approve the proposal for One Nation, One Election as laid out by a High-Level Committee headed by former President of India Ram Nath Kovind. The Committee had recommended a two-stage process with elections to the House of the People and state legislative assemblies held together followed by elections to the panchayats and municipal corporations. Though the pros and cons of simultaneous elections have been discussed since when it was first mooted in 2017, the modalities of this exercise along with the constitutionality of such a policy will now need to be analysed. The future of our democracy will be determined by whether the policy of holding simultaneous elections now passes the test of Parliament, constitutional courts or public opinion.

The notion of simultaneous elections

was never part of the original constitutional scheme that was set up when India became independent. There was no mention of simultaneous elections, even when the Constituent Assembly discussed extraordinary powers—under Emergency Provisions of the Constitution—providing the President of India with the authority to dissolve elected state governments. It is only fair to conclude that simultaneous elections did not seem logical, prudent or in consonance with our democratic architecture, even for a fledgling republic in 1950.

The first serious signs of holding simultaneous elections emerged from the President's Address delivered by Pranab Mukherjee on the eve of Republic Day in 2017. In the speech, the then President, speaking for the Union government led by Prime Minister Narendra Modi, called for a "constructive debate on electoral reforms" and a "return to the practice of the early decades after Independence when elections to Lok Sabha and state assemblies were held simultaneously". However, the President went on to say that it "is for the Election Commission to take this exercise forward in consultation with political parties". In contrast, in its second term, the Union government under PM Modi usurped this power from the Election Commission and appointed a High-Level Committee to look into the issue.

The very idea of free and fair elections is at stake and it is a matter of deep concern and considerable anxiety, related to the Constitution's Basic Structure, that the fundamentals of the country's election process are being modified by a committee set up by the government, not the Election Commission of India. It remains to be seen whether the Election Commission, a constitutional authority created to be independent of political regimes, will fight for its constitutionally guaranteed space or meekly give in to the whims of the executive.

Dehors the role of the Election Commission of India, the High-Level Committee itself must be questioned for the very fact that it did not represent India's diversity; it didn't reflect the concerns of states and failed to have the expertise required to understand the constitutional and legal issues attendant to this issue. The proposed scheme of recommendations of the High-Level Committee states that a two-step process should be adopted. In the first step, simultaneous elections to the House of the People (Lok Sabha) and state legislative assemblies must be held and the second step—which needs to take place within a hundred days—would include elections to all rural and urban local bodies.

This scheme further proposes that in case governments are dissolved before the completion of their full term, a separate

mid-term election should be conducted to put in place a government only for the unexpired period—what remains of the full term. Such a commitment is egregious coming from a Union government that dissolved the elected state government of Jammu and Kashmir in 2018 and did not hold elections for more than five years. Equally outrageous claims are made in the scheme that amendments concerning the term of the state legislative assemblies under Article 172 of the Constitution can be carried out without the ratification of states.

It is expected that the scheme, in its entirety and for several of its contravening portions, would be challenged in courtrooms across the country. However, the strongest challenge must emanate from the halls of Parliament and ultimately, the arena of public opinion. The bills seeking amendments to the Constitution and the Representation of People Act ought to bring out the best in our parliamentary process. This is not the time for posturing or sloganeering. All political parties and persons who are indebted to the diversity of the country and the federal structure of the Constitution must speak in one voice against simultaneous elections. The future of free and fair elections is at stake.

The writer is spokesperson, Dravid Munnetra Kazhagam and an advocate practising before the High Court of Madras

WHAT THE OTHERS SAY

"Israel has sent mixed signals, saying it does not want war, but is ready to confront Hezbollah; Sunday's pager blasts did not seem like a peace offering. Israel can fire the first shot in a new regional war, but where such a conflagration leads will be in no one's control."

—DAWN, PAKISTAN

The legacy of Paris 2024

Olympic and Paralympic Games were a display of audacity, ambition and unity. India, bidding to host the 2036 Games, can carry forward the spirit



THIERRY MATHOU

THE PARIS OLYMPIC and Paralympic Games 2024 ended a few days ago. The Games were not just an occasion to witness records breaking, including the remarkable achievements of the Indian para-athletes' delegation. They will also be remembered in history as one of the most inclusive, diverse and sustainable sports events.

From the opening ceremony on the Seine, the first ever to be held beyond the walls of a stadium, to the last parade, which took place on September 14, the Paris 2024 Games gathered, physically and virtually, hundreds of millions of sports fans. Athletes and para-athletes have made history in iconic venues in France such as the Eiffel Tower and the Grand Palais in Paris, the Palace of Versailles, as well as in the French overseas territories. Throughout this sporting extravaganza, some remarkable moments will be remembered: The triumphant comeback of Simone Biles in women's gymnastics, the new world record of Armand Duplantis in men's pole vault, French swimming superstar Léon Marchand's four gold medals, or Harvinder Singh's gold medal in men's para archery—the first ever for India in this sport.

The Paris 2024 Games were watched by almost a billion people across the world, including in India where the Alliances Françaises network had deployed "fan zones" across the country. The Games were an "unprecedented success" with over 12 million tickets sold, surpassing the previous record set in London 2012. Over a million people thronged the streets of Paris to witness the bike race, and millions more gathered in free "fan zones" across the country.

Nonetheless, the greatest success of these Games extends beyond the field of sports. In spite of the best tally of medals that French athletes and para-athletes have ever won, the legacy of Paris 2024 will lie, above all, in its contribution to a more diverse, tolerant, inclusive and sustainable society.

The Games have been a great catalyst for adapting society to persons with disabilities. One thousand seven hundred and fifty "inclusive clubs" were created in France before the Games to develop para sports and to train more para-athletes—the objective is to create 3,000 of these clubs by the end of 2025. The Games have also been an occasion to invest in the accessibility of the main sport facilities as well as to take concrete measures to facilitate the mobility of spectators with disabilities: Hundred per cent of the bus and tram networks in Paris were made wheelchair-friendly, the national railway company and the main airports doubled the number of available wheelchairs, 1,000 taxis were made available, among other measures.

The Games have also shown that sport has a much broader role to play in society—

to foster unity and encourage people

to better accept differences. For instance, Paris 2024 was marked by a picture of North and South Korean athletes standing together, as well as by the words of the Indian para-athlete Sheetal Devi after her incredible comeback to win a bronze medal: "When I started playing, no one knew me. Now the entire world knows me—they know who Sheetal Devi is, and I am proud of that." These images, these words, will definitely leave a mark on our society.

The role of sports in strengthening health and preventing illnesses has also been put forward. The Games have been an occasion to further develop sports in French schools (30 minutes of sports have been added to the daily programme of elementary schools), as well as to reach new publics with "sports dating" everywhere in France, along with swimming projects and investment programmes throughout the country.

Sustainability has been a key priority during the Games and will remain one of their main legacies. Paris 2024 will create a long lasting heritage in our cities. Two thousand French companies have been involved in the Games to ensure sustainability. Four thousand apartments in La Seine-Saint-Denis will be turned into a new neighbourhood and the new Olympic aquatic centre, built in the north of Paris, will be turned into a green park for the public. The Games will accelerate the eco-transition of many facilities and places: The cleaning of the Seine will probably be remembered as one of the most relevant examples. The Paris 2024 Committee worked tirelessly over years, with one of the smallest budgets ever for such an event (€4.4 billion, of which 95 per cent came from private funding) to achieve this great success.

The Paris 2024 Olympics also made history by achieving gender parity on the field of play, ensuring equal representation of male and female athletes.

Overall, these Games have been a display of audacity, ambition and unity and France is convinced it will show the same qualities in its bid to host the 2036 Games. As President Macron underlined in a recent interview, we are willing to share our experience of hosting the Games as we strongly believe in the future of India. France is ready to transfer knowhow, in particular by exchanging expertise regarding the organisation of major international sporting events, as well as to encourage the participation of French companies to support India's candidacy. In this context, joint work has already started: India helped France by sending a canine squad for security purposes. Indian officials, including Sports Secretary Sujata Chaturvedi, were welcomed in Paris during the Games to meet French experts, and a bilateral working group on sports cooperation will soon be launched to boost exchanges and links between economic and institutional actors.

"Faster, Higher, Stronger" is the motto of the Olympics and Paralympics. This is also the spirit of the partnership between our two nations. In sports, as in many other areas, the Indo-French ability to partner and innovate together will allow us to set new records.

The writer is the ambassador of France to India

LETTERS TO THE EDITOR

TWISTING TRUTH

THIS REFERS TO the article, "Rahul needs an education" (IE, September 15). I am the daughter of M.S. Gill. I was very surprised to read your columnist Tawseem Singh attacking Rahul Gandhi, and referring to my father as someone who was "nominated to the Rajya Sabha as soon as he retired and made a minor in the government the controlled" (Sonia Gandhi). This is a mischievous misrepresentation of the truth. My father stepped down from the Chief Election Commissioner's post in 2001 and was elected as Rajya Sabha MP three years later. He had offers from other political parties as well because of his reputation for honest work. I remember him being well retired, weighing the decision carefully. He said that since a fair amount of time had passed, this could now be another way to serve the country, and Punjab. It's very different from being made an MP right after retiring from a government job, as your columnist has written! I am writing this because he is no longer alive to defend himself—not that he would have bothered to, because he believed the record spoke for itself.

Gauri Gill, via email

UNEQUAL GROWTH

THIS REFERS TO the editorial, "Part and whole" (IE, September 19). Economic Advisory Council to the Prime Minister, which studied the trajectory and trends

of economic growth of states over the past six decades, has revealed that the Southern and Western states of Gujarat and Maharashtra have performed better and are richer compared to North-Central and Eastern states. Even though Southern states contribute 30 per cent to GDP, their share of the divisible tax pool fell from 21.1 per cent to 15.8 per cent during 1911 to 15th Finance Commission. In effect, rich states are subsidising lower-income states. This contentious fiscal issue is bound to get aggravated with delimitation.

L.R. Murmu, New Delhi

A PLAY AT POWER

THIS REFERS TO the article, "One Election, many problems" (IE, September 19). The BJP, with its One Nation, One Election proposal, seeks to be in power at all levels—Centre, state and municipal. It hopes to reduce to insignificance the Opposition, regional parties particularly. It will put local issues on the back burner. Moreover, it is not a practical idea. In the event of the collapse of a state government, party politics will grab the centre and will grab the opportunity to rule under the garb of the President's Rule, throwing the popular will to the winds. Frequent elections keep a check on those in power. The idea of simultaneous elections may put the nation on the path of authoritarianism and must therefore be opposed tooth and nail.

S.H. Quadri, Bikaner

The Editorial Page

The Indian EXPRESS

FOUNDED BY
RAMNATH GOENKA
BECAUSE THE TRUTH INVOLVES US ALL

THE FED'S PIVOT

US central bank cuts rates as inflation moderates, unemployment rises. Its reverberations will be felt across economies

IN ITS SEPTEMBER meeting, the US Federal Reserve has begun to ease policy, cutting interest rates by 50 basis points. The federal funds rate is now in the range of 4.75 to 5 per cent. The Fed's policy pivot follows other central banks who have in recent months started lowering rates — the European Central Bank has now cut interest rates twice, while the Bank of England cut rates in August. This, however, marks only the beginning of the rate cut cycle. The Fed's dot plot indicates further easing of 50 basis points by the end of this year. Additional cuts are expected in 2025 and 2026.

The quantum of the cut indicates that the Fed is comfortable with the trajectory of prices. The committee said that it had "greater confidence" that inflation was moving towards its target. CPI inflation has fallen to 2.5 per cent in August. As per the projections by Fed officials, as measured by the personal consumption expenditures index, inflation is expected to fall to 2.3 per cent in 2024, and further to 2.1 per cent in 2025. The cut also suggests that the Fed's focus has now shifted to employment. It noted that the "unemployment rate has moved up", though it "remains low". The unemployment rate, which stood at 3.7 per cent at the beginning of this year, has risen to 4.2 per cent in August, and is expected to rise further to 4.4 per cent this year, pointing to weakness in the labour market. There are expectations that quick action by the Fed could ensure a soft landing for the economy. When the Fed had begun to raise rates in 2022 to fight inflation, some had argued that the central bank should have raised rates earlier, that it was behind the curve. This time, too, similar concerns have been voiced, with some pointing out that, considering the signs of weakness in the labour market, policy action should have come earlier. Jerome Powell, Fed Chairman, sought to address these concerns, saying "We do not think we're behind, we think this is timely". He sought to underline the strength of the US economy, saying that it was in good shape and "growing at a solid pace".

The reverberations of the Fed's policy action will be felt across economies. The Bank of Indonesia cut its interest rate just a few hours before the Fed's policy. In India, the next meeting of the RBI's monetary policy committee is scheduled to be held on October 7-9. In committee meetings in the past, there has been dissent on maintaining the status quo, with two external members voting in favour of changing the policy stance and for cutting rates. According to reports, three new external members on the committee are expected to be appointed this month. Members' assessments of the domestic and global scenario, their expectations of the domestic growth-inflation dynamics, will determine the path of monetary policy.

DIVIDING WATER

Indus Water Treaty has survived war, terrorism. Both India and Pakistan need to tread cautiously

NEW DELHI has followed up last year's notice to Islamabad on the "modification" of the Indus Waters Treaty (IWT) with a stern message asking for a "review and modification" of the more than six-decade-old agreement. The two countries have a longstanding dispute over two run-of-the-river power projects — the fully operational Kishanganga on the Jhelum, and the under-construction Ratle project on the Chenab. IWT asks India to "let flow" the waters of these western rivers to Pakistan. At the same time, the Treaty allows India to use these rivers' waters for non-consumptive purposes, including projects that use the natural flow of these water bodies. Pakistan, however, has objected to these projects, despite the Hague-based Permanent Court of Arbitration (PCA) giving India a go-ahead for Kishanganga. Islamabad has also refused intergovernmental negotiations. Mediation by a World Bank-appointed neutral expert would have been the next step under the IWT's dispute resolution mechanism. Pakistan had indeed requested such an arbitration in 2015. However, it retracted the application a year later and the Bank too "paused" its intervention, asking Pakistan to seek an "amicable way out". Then, in July last year, the PCA intervened and said it has the "competence" to adjudicate on Kishanganga and Ratle. India disagreed on the ground that the next step under the IWT's graded approach should be mediation by a neutral expert — not by the Hague-based body.

A large part of Delhi's latest claim pertains to the role India assigns to renewable energy in its climate action plans. The 850-MW Ratle hydroelectric project is a part of its approach. Ratle's employment-generating capacity too cannot be understated. New Delhi's notice to Islamabad emphasises "the need to accelerate development of clean energy to meet emission targets". The IWT provides for "modification from time to time". But the two countries should continue to safeguard the spirit of cooperation underlined in the treaty. Climate change, in fact, has amplified the IWT's underlying principle — water doesn't recognise national borders and upper riparians have a responsibility to lower riparians.

If Islamabad has been intransigent, New Delhi has not always fully upheld the IWT's spirit. After the Uri attack, Prime Minister Narendra Modi said: "Blood and water cannot flow together". India has legitimate ecological and economic concerns but talks on an energy-sharing agreement, which should have been the next step to IWT, have proved a non-starter. IWT has withstood war and terrorism. Both India and Pakistan should make efforts to protect the treaty in times of myriad ecological crises.

GOING PLACES

This year's Booker Prize shortlist features an unprecedented number of women. That's as it should be

IN 1991, WHEN the Booker Prize shortlist was announced, it featured no women. It was a year when a significant percentage of books published had been by women: the year when the Nobel Prize for Literature had gone to a woman, Nadine Gordimer, for the first time in 25 years. That the statistics were skewed against women was a given but the extent of it troubled several writers, publishers, agents and editors enough to institute an award for women five years later. The Women's Prize has grown to be one of the most prestigious annual prizes but it is also a reminder of the gendered reading of literature.

The 2024 Booker Prize shortlist, therefore, comes as a happy exception: It has five women on it for the first time in its 55-year-old history — Anne Michaels (*Held*), Rachel Kushner (*Creation Lake*), Samantha Harvey (*Orbital*), Yael Van Der Wouden (*The Safekeep*) and Charlotte Wood (*Stone Yard Devotional*). The only man on the list is Percival Everett for *James*. Over the years, international literary awards such as the Nobel and the Booker have attempted to become more diverse and representative, even though equality seems to be a long way off. Of the 116 Literature Nobels awarded between 1901 and 2023, only 17 have gone to women writers. The Booker Prize, too, has had a similar trajectory.

At the heart of this anomaly is the way in which literature by men and women is received. Women's literature is seen as what Nobel Laureate and Booker winner VS Naipaul had dismissed as "sentimentality, the narrow view of women" in 2011 — a smaller canvas against the purportedly wider scope of male writing. Books by women are ghettoised variously as "chick lit" and "women's writing", reducing them to subsets of the larger world of male writing. And yet, in their world building or their interiority, there is little that sets apart male and female writers. The difference, then, is only in attitude. As Margaret Atwood once put it: "When a man writes about things like the dishes, it's realism; when a woman does it, it's an unfortunate genetic limitation."



Maja Daruwala

THERE HAS BEEN many a furrowed brow and heavy hand on the pen about whether there was a need for a new criminal code, the abbreviated legislative process of its enactment and the content of the Bharatiya Nyaya Sanhita (BNS), Bharatiya Nagrik Suraksha Sanhita (BNSS), and the Bharatiya Sakshya Adhiniyam (BSA). They replace the longstanding IPC, CrPc, and Evidence Act with the stated intention "to safeguard the rights of the public and to eliminate obstacles in the people's access to those rights" and "adapt them according to present-day needs". The question now is how to give effect to these new mandates. That remains a matter of immense disquiet.

One of the ambitious aspects of the new laws is the emphasis on speeding up trials. Judgments must now be delivered within 45 days after trial completion, and charges must be framed within 60 days of the first hearing. This raises concerns about the system's preparedness to cope with the stringent timelines. National Judicial Data Grid (NJDG) data show that 5.1 crore cases are pending across all courts. The workload that averaged 2.391 per judge in 2022 has gone up to 2.474 in 2024. This means trials take longer. The cascading effect is seen in the number of people being held in prisons while awaiting trial or investigation. Between 2020 and 2022, the number of undertrials has gone up from 3.7 lakh to 4.2 lakh.

Concerned that prisoners must be afforded more opportunity for bail, the BNSS now extends the provision of bail, as provided under CrPc Section 436A, to allow first-time offenders who have served a third of their sentence to apply for bail. Earlier, this provision, known in the jargon as the "statutory right to bail", kicked in only after an undertrial had served half of the maximum period of imprisonment. Policy-wise, this shortening of time is welcome. Practice, however, indicates a considerable laxness across the justice system in ensuring that "bail not jail" is a reality, or that the judicial maxim that holds life and liberty "paramount" is honoured.

Several safeguards against unjust incarceration exist within the system. To mention a few — free legal aid and prison visiting lawyers for anyone without representation,

Success of reframed criminal laws will hinge on plugging infrastructure deficits and knowledge gaps

The move from coercion towards more rigorous evidence-based law enforcement must be welcomed. However, current capacities to assist law enforcement are wanting by a long measure — a chronic shortage of labs and trained forensic professionals, inadequate infrastructure, mismatches between human resources, equipment and demands from the ground, and of course underfunding. This situation could be exacerbated by the recent legal mandates despite the government's launch of the National Forensic Infrastructure Enhancement Scheme, which aims to inject Rs 2,254 crore for upgrading and expanding forensic capacities.

undertrial review committees that recommend which inmates could be given bail; State Human Rights Commissions whose members can visit jails anytime to see if there are overstay. However, to come close to making intention a reality — leaving out, for a moment, issues of quality and infrastructure — the entire system, from police to legal aid to the judiciary, will need significant increases in numbers. The India Justice Report records a 21 per cent vacancy in lower courts and a 30 per cent vacancy in higher courts. In other words, one in three judges is missing from the bench. Every increase in the number of judges will require a bump up in physical infrastructure and supporting administrative manpower and machinery. Between 2022-23 and 2023-24, budgets for the judiciary have increased but not in proportion to increases in state GDP, nor have they kept up with inflation. A cost-benefit analysis that measures the cost of increasing human resources and infrastructure against the administrative cost of lengthening trials and incarceration seems imperative.

The BNSS also mandates that statements of victims in sexual violence cases must be recorded in the presence of female police officers and must be video-graphed. It's uncertain how many complainants would want to be recorded, what that means for privacy if she agrees and what that means for the continuation of the complaint if she refuses.

The mandate assumes women may be more likely to report complaints if a woman is present, though evidence for this is uncertain. Serious logistical challenges are more certain. Despite the sharp rise in gender-based violence cases, only a small percentage of women officers are at ranks qualified to take statements — 80 per cent of women police personnel are in the constabulary. The growing press of cases on a small number of officers can stunt the willingness of victims to come forward and jeopardise the nascent trust being built between victims and law enforcement.

The new laws also mandate forensic investigations for crimes punishable by seven years or more and videography for searches and seizures. Failure to comply with these strict requirements can have significant consequences.

quences at trial. Chargesheets could be rendered invalid and courts can dismiss cases or exclude evidence if proper procedures are not followed. This is how it should be. The move from coercion towards more rigorous evidence-based law enforcement must be welcomed. However, current capacities to assist law enforcement are wanting by a long measure — a chronic shortage of labs and trained forensic professionals, inadequate infrastructure, mismatches between human resources, equipment and demands from the ground, and of course underfunding. This situation could be exacerbated by the recent legal mandates despite the government's launch of the National Forensic Infrastructure Enhancement Scheme, which aims to inject Rs 2,254 crore for upgrading and expanding forensic capacities.

The embrace of technology assumes that electronic evidence presented in court is tamper-proof and that the chain of evidence has remained intact as it passes from hand to hand over time. Standards to ensure that the integrity of all kinds of evidence has been maintained will need to be overhauled with rapid changes in technology. Judges will need to be upskilled to be able to provide reasoned decisions for accepting or rejecting its authenticity. They do have the benefit of relying on experts who must be independent, qualified, and available for cross-examination that tests their conclusions.

The success of the new laws hinges on more than addressing structural deficits. It requires comprehensive, across-the-board training to upgrade quality and knowledge and change mindsets. Decades of neglect in training infrastructure requires urgent correction, ensuring that all stakeholders — police, forensic personnel, public prosecutors, defence counsel, and judges — are equipped to apply the law with utmost fairness.

Without utmost attention to these foundational issues, the promise of a faster, more accessible and equitable criminal justice system will wither on the vine.

The writer is Chief Editor, India Justice Report and Senior Advisor, Commonwealth Human Rights Initiative



Devdutt Pattanaik

THAT GOD TREATS all humans equally is an Islamic and Christian belief, not a Hindu, Buddhist or Jain one. Certainly not a Chinese or Japanese one. This idea of equality shaped the Enlightenment discourse and gave rise to ideas like nation-state and individualism. French revolutionaries spoke of equality and freedom in the same breath. It spread to all corners of the world through colonial forces and is now considered a global discourse. Equality sounds good — in theory.

Hinduism has been accused of amplifying inequality using caste. Even in urban ecosystems, where caste is not prioritised, we see amplification of class divides in Hindu temples and festivals. The rich, the powerful, the popular, the connected get easier access to the deity enshrined in a temple or a pandal. This has been amply evident in the Ganesh celebrations in Mumbai in recent years. If you point this out, you become a liberal person, one who frowns upon inequality. Never mind the fact that the opinion makers often use their own wealth, power, celebrity status and networks to get easy access to crowded shrines. The VIP line. The VIP pavilion.

There is generally no segregation of women in Hindu temples. Nothing on the scale that is visible in Muslim communities. In the mosques and on the streets, during Friday prayers, and during Eid, we see images of hundreds of men. Women, when seen, are hidden behind masks. In recent times, the masks are becoming more and

THE ILLUSION OF EQUALITY

The point is — it feels great to be treated as special in crowded spaces

IN GOOD FAITH

Human beings are competitive. And competition implies inequality. There is always someone higher and lower than us. Society creates scales to enable measurement and comparison. And we would rather be up than down. We want to live in better neighbourhoods. We want our Instagram posts to get more likes. The rich want to feel rich, the powerful want to feel powerful, the famous want to feel famous, and the only way to do that is to get a spot ahead in the queue.

more homogenous across Islamic nations that wish to stamp out local differences. Thus all women appear equally masked.

Buddhism is believed to be egalitarian. But then, as many neo-converts have noticed, it privileges the male monk over the nun. There is no equality between the many Buddhist sects.

In Bhutan, the happiest nation in the world, only the king is allowed to wear a yellow cloth, and the people are told what clothes they must wear in public. So they all appear as belonging to a single group — and distinguish themselves from the non-Bhutanese.

A celebrity weddings of the rich and famous where parties go on for months, segregation is clearly established by who is invited to which party. Bands on wrists tell guests which areas they can access. The more famous you are, the richer you are, the closer you get to the host. You get access to private lounges, where special food is prepared for the special people. But since this is a private function, not a religious one, this is acceptable. Like service lifts and staff toilets in building societies. We can rationalise inequality by using words like efficiency.

The idea of equality has played a key role in shaping societies since the World Wars. People have challenged oppression based on race, caste and gender. Women know they deserve the same opportunities as men. LGBTQIA+ people seek the same rights as their heterosexual counterparts. Black men

and women demand the same opportunities as White folks in America.

Positive discrimination is aimed at reducing inequality in society. Increasingly, however, the equality discourse is being challenged — we now have movements that reject the idea of merit, that challenge common understandings of gender. People are wondering why pride parades are being blocked in Muslim neighbourhoods in Europe and America, why tribal communities are expected to follow the practices of dominant communities around the world. Not every tribe believes in judgement day.

Human beings are competitive. And competition implies inequality. There is always someone higher and lower than us. Society creates scales to enable measurement and comparison. And we would rather be up than down. We want our children to go to better schools. We want to live in better neighbourhoods. We want our Instagram posts to get more likes. The rich want to feel rich, the powerful want to feel powerful, the famous want to feel powerful, and the only way to do that is to get a spot ahead in the queue. This applies to work, life and religious spaces. We can rationalise this using politics and economics, or spiritual ideas like karma. The point is — it feels great to be treated as special in crowded spaces. That is why even myths of heaven and hell have levels.

Pattanaik is a writer and mythologist

SEPTEMBER 20, 1984, FORTY YEARS AGO

CONGRESS MP EXPELLED

F M KHAN, MP, who undertook a fast at the AIICC headquarters recently to protest against the raw deal given to loyalists by the Congress (I) leadership, was summarily expelled from the party for "gross indiscipline and anti-party activity". The expulsion is seen as a major bid by the party leadership to crush a possible revolt by the followers of Sanjay Gandhi who have been sidelined ever since Rajiv Gandhi took over the reins of the party.

UNDP VS INDIA

THE LOCAL OFFICE of the UN Development

Programme has evoked the Indian government's wrath over the defection of three senior officials of Air India Airlines in New Delhi. Reports said that the three officials pulled the shutters on the airline officials, went to the UN agency's office in New Delhi and succeeded in getting certificates ensuring refugee status for themselves and their families.

AKALI DAL MEET

THE AKALI DAL reached a consensus that the Shimroni Gurdwara Parbandhak Committee (SGPC) should not accept any condition imposed by the government for taking control of the Golden Temple complex from the army.

About 60 Akali leaders, including district presidents, legislators and other special invitees attended the meeting, which discussed the launching of the march on October 1 to liberate the Golden Temple complex.

YOUTH CONGRESS CRISIS

THE DELHI PRADESH Youth Congress (I) is in the throes of a crisis. A convention of Delhi Pradesh Youth Congress (I) functionaries has been called by general secretary Shadi Lal to discuss the leadership issue. The convention has been called against the wishes of the Delhi Youth Congress (I) president, Brahm Yadav, who is sought to be ousted.