



Continuity, stability

The BJP has kept important portfolios for itself despite the new reality

The composition of the new Union Council of Ministers, and the distribution of portfolios, are meant to be seen as an emphatic assertion of authority by Prime Minister Narendra Modi who has won a third term, as leader of the National Democratic Alliance (NDA). The Bharatiya Janata Party (BJP) fell short of an absolute majority in the Lok Sabha by more than 30 seats, but the Council is a signature of continuity from the first two terms. Unlike the previous two terms, partners are crucial for the NDA in the third, but they have political reasons to remain aligned with the BJP. The continuation of all key Ministers in the Cabinet Committee on Security and those in charge of infrastructure portfolios suggests that no dramatic shift in policy should be expected in Mr. Modi's third term, coalition or not. The TDP, JD(U), JD(S), the Shiv Sena faction led by Eknath Shinde, the NCP faction led by Ajit Pawar, and the LJP led by Chirag Paswan, have all accepted this reality, bickering by some of them notwithstanding. The composition of the Council is in line with the BJP's strategy of seeking deeper and wider acceptance among Hindu communities across the length and breadth of the country, and representation for Christians and Sikhs, with the notable exclusion of Muslims.

Rajnath Singh, Amit Shah, Nirmala Sitharaman and S. Jaishankar continue in their previous roles, as Ministers for Defence, Home, Finance and External Affairs, respectively. Mr. Modi evidently trusts them, and their performance, though in the case of Mr. Singh and Mr. Shah, political reasons are also at play. Apart from piloting India's defence ambitions, Mr. Singh is also expected to use his famed diplomatic skills to deal with politically sensitive issues such as the Agni-path recruitment scheme for the military. Mr. Jaishankar did a commendable job of carefully balancing India's traditional ties and emerging interests in the previous term. While improving ties with the United States, he has managed to protect the strategic autonomy of India, now with an additional Hindutva hue. Ms. Sitharaman steered the economy through the COVID-19 pandemic turmoil, and has been a champion of its prospects. She has, however, not managed the contentious questions of Centre-State fiscal relations very well. Mr. Shah has a long list of politically sensitive issues to tackle in his new term – completion of the Census operation, transition of the criminal justice system with the implementation of the new criminal codes, and Centre-State relations, among other things. The Ministers have their task cut out, and stability helps. They will also be called upon to exercise wisdom.

Facts in fiction

No ban on books or films can be justified in the name of upholding order

The likelihood of protests, communal tension or prejudice to law and order ought not to be cited as a reason to suspend the screening of a film. The Karnataka government's decision to stop the release of the Hindi film, *Hamare Baarah*, for two weeks violates the freedom of expression in the name of upholding order and preventing communal tension. Such a ban on public screening of films, independent of their merit, has no place in a democratic society. The Bombay High Court, which initially stayed the release of *Hamare Baarah*, has lifted the ban, following the producer's offer to remove some controversial dialogues. Its observation that allowing an individual to stall the release of a certified film would encourage film producers being held to ransom is consistent with judicial precedents. Once it is certified by the Central Board of Film Certification, presumably after proper scrutiny of its suitability for public viewing, there ought to be no scope for a second opinion by a law enforcement authority. The position that a work, be it a book or a play or a film, may be proscribed under threat of protests or likely violence has been rebuffed by the Supreme Court of India in some landmark verdicts. "... freedom of expression cannot be suppressed on account of threat of demonstration and processions or threats of violence," the Court said in its 1989 judgment in *S. Rangarajan vs P. Jagjivan Ram* on the film, *Ore Oru Gramathile*.

The emphasis on freedom of expression does not mean that one should endorse any film whose content is distasteful or obnoxious or contains vile propaganda. As for the film now under the scanner, there is reason to believe that such criticism is justified, beginning with the overt communal overtones in its title itself. Its posters and synopsis suggest that the film draws upon sectarian allegations that the Muslim community is responsible for population growth and that its men force women to bear many children, in utter disregard of their health and well-being. The film's proponents may claim it is about spreading awareness on population control, and that watching the film may dispel such an impression. However, it cannot be denied that contemporary film-making has made stereotyping the Muslim community a significant trend. Any film that gives prominence to the claim that members of the community have more children, must be aimed at pandering to communal sections and the political establishment that encourages them. If the country is to be a free and open society, there is no need to suppress any point of view. At the same time, it must also develop the where-withal to counter sectarian propaganda with facts and without resort to unconstitutional methods.

Rapid credit growth is akin to a siren song. It lures economies with the promise of prosperity only to lead them into crises. Each financial boom is framed as a story of financial innovation and good times. But each new story is just whipped-up frenzy, it is, in economist Robert Shiller's words, "irrational exuberance". As the economists Carmen Reinhart and Kenneth Rogoff explained in their celebrated history of financial folly, governments and market participants dismiss previous crises that followed credit booms by invoking the mantra "this time is different".

A lofty and dangerous narrative

India is in the midst of similar folly, driven by policymakers wedded to an unhinged hype about the country's performance and prospects. The 'this-time-is-different' theme touts India's digital infrastructure as the catalyst for financial innovation and inclusion, promising growth and equality. Ironically, this lofty narrative has enabled a poorly regulated financial sector and consumers living beyond their means to generate a lending surge.

Both international and domestic analysts are applauding this surge. In December 2023, the Board of Directors of the International Monetary Fund (IMF) praised the performance of the Indian financial sector, citing robust growth in bank lending and low levels of non-performing assets. Similarly, the March 2024 review of National Council of Applied Economic Research cheered a 20% increase in bank lending over the previous year, interpreting the particularly large increase in "personal loans" – while lending to industry struggled – as signalling bright prospects.

This celebration of credit growth deflects attention from the deep-rooted jobs' and human capital deficit; and it extends the hype into dangerous territory. The truth is that when lending expands, the financial sector looks in good health as new loans pay off old ones. But the house of cards collapses when lending slows and options for more loans to repay earlier obligations get shut. The IMF knows this history well: heavily indebted households and businesses sharply reduce spending to repay their debt, causing an economic crunch.

This distressing script is set to repeat for India especially because of the feverish expansion of households lending at between 25% and 30% a year. As financial intermediaries have pushed their loans, many lower- and middle-income households have viewed the funds as easy cash to make ends meet or to buy homes, gadgets and cars, pay for education, and indulge in 'lifestyle' spending, including vacations and elective medical procedures.

A household debt boom is a quintessentially "bad" boom. It does not add to productive capacity but, instead, bids up domestic prices, making the country less competitive. As economists Atif Mian and Amir Suhi report: the higher the household debt burden, the steeper



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the crash that follows. Add to the bad credit boom a stock market rising unmoored from weak corporate investment and anaemic consumer spending, an overvalued exchange rate, and a tendency for Indian authorities to talk up dodgy data, and India presents a textbook example of the key elements that signal a looming financial crisis. The financial crisis will cause not just economic pain but will also degrade the economy's long-term well-being.

While the two terms of the Modi government have brought us to this moment, three decades of economic and financial policy are culpable. Unable to generate job-rich manufacturing growth, successive policymakers have pushed the financial services industry to raise headline GDP growth rates: in the last decade, the financial sector has contributed over a quarter of GDP growth.

A chaotic financial services industry

Making matters worse, Indian-style liberalisation has promoted a large and chaotic financial services industry. At the top are 30-odd large providers – scheduled commercial banks and major non-banking financial institutions (NBFCs), all with a history of rogue behaviour. Alongside, thousands of smaller players, including fly-by-night NBFCs and new fintechs operate in dubious ways.

The problem is simple. There are too many financial services' providers with too few options to lend for productivity-enhancement projects. Indeed, over time, lending opportunities have narrowed as the Indian corporate sector has reduced its investment-GDP ratio and borrowing pace. Financial institutions have, therefore, been under great pressure to generate profits.

From the start of economic liberalisation in 1991, the search for easy profits spawned scams. But especially after COVID-19, financial services providers redirected lending toward households eager to borrow in lieu of stagnant incomes. The newly emergent fintechs led this charge by offering loans to desperate households at extortionary interest rates. A new set of scammers preyed on the gullible. Yet, some borrowers became addicted to such loans.

Today, a dangerously growing share (approaching a quarter) of household loans is "unsecured," backed by no collateral. The poster child for unsecured consumer borrowing is credit card debt. In January 2024, Indians owned almost 100 million credit cards, up from 20 million in 2011. While the cards bring convenience, aggressively peddling them to low-creditworthy individuals builds up stress for both borrowers and the financial system. As the Reserve Bank puts it, explosive credit card growth has attracted "below-prime" or riskier borrowers.

Twenty-five-year-old Rohan (not his real name) is an example. He used his card to buy a TV, a laptop, and a smartphone. Drawn by rewards, cashbacks, and "no-interest EMLs" (which bundle interest costs into the purchase price and upfront fees), he quickly fell behind on payments and soon was neck-deep in debt.

The country presents a textbook example of the key elements that signal an emerging calamity

The social sciences, a shelter for the 'excluded' student

The general election is just over and a sizable share of India's youth is scrambling for college admissions; their contributions are crucial in realising the dream of Viksit Bharat@2047.

The month of May was important for the youth of India as the results of many examinations were released, generating ecstasy, agony, and heartbreaks. The publication of results triggers a rush for seats in higher education institutions, and, in turn, another series of examinations to qualify for these. This transition to higher education is important as it determines the quantity and quality of human capital, which is vital for economic growth. In developing economies, including India, this transition is plagued by a mismatch between demand and supply. The extent of excess seats in some courses and institutions, and shortages in some others, determines the magnitude of exclusion in the system. Persistence of exclusion leads to a scenario of courses in some disciplines emerging as the last resort for higher education for a large section of students, culminating in the creation of a reservoir of the excluded. Recent trends in India reveal that the social sciences are turning out to be one such large reservoir.

The reasons

Demand-supply mismatches in higher education arise due to the incongruence between aspirations of students and parents, and the availability of courses and seats, which is determined by market forces in private institutions and government policies in public institutions. Perpetual discrepancies in the system lead to three types of exclusions: exclusion due to excessive competition; exclusion due to financial factors, and exclusion based on subjects and courses of study. The first is evident in the case of premier institutions, which have multiple rounds of filtering mechanisms. The fact



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However, in an era of disruptive change, reaping India's demographic dividend depends on how the vast pool of social science students is tapped

that these are few and command high social prestige and pole position in the labour market intensifies competition to enter, resulting in focused elimination. The second is common in the case of private institutions as fee fixation is not bound by statutory regulations and is often akin to dynamic pricing in other services. Reduction in government financial grants to public institutions has pushed these institutions to resort to self-financing through higher fees. The third kind of exclusion is due to systemic issues as the availability of courses and institutions gets concentrated in some specific regions, with other regions having generic courses (with outdated topics and syllabus). The prevalence of these three types of exclusions undermines the quality of human capital in the long run.

According to the 2021-22 All India Survey on Higher Education (AISHE), the growth of enrolment during the period 2017-18 to 2021-22 for the undergraduate (UG) level is 4.1% and the post graduate level, 5.9%. The Bachelor of Arts (BA) programme, which has the highest enrolment at the UG level, registered an increase of around 15% from 2017-18. There is an increase of 26.5% in the Master of Arts (MA) programmes from 2017-18 to 2021-22. The share of enrolment in the BA programme in total enrolment of BA, BSc and BCom is 51% in regular mode and 75% in distance mode, while the corresponding share for MA is 12% (regular) and 42% (distance). The larger share and a lower transition indicates that BA programmes are turning out to be a generic pool, accommodating a large number of students who are excluded for a variety of reasons.

The surge of empirical orientation

There are stark differences in preferences for courses within the social sciences. Three things have contributed to this. First, there is a rise in popularity for courses with more empirical

Eventually, he took a cheaper loan to pay off his credit card dues. Multiply the Rohans manifold and you have a macroeconomic threat point.

Indian household debt, at 40% of GDP, is low by international standards, but household debt-service-to-income ratio, at 12%, is among the highest in the world because of high interest rates and predominantly short duration loans. Indeed, the Indian household debt-service ratio is alarmingly similar to that in the United States and Spain just before their 2008 financial crises, when high household debt-service burdens precipitated major economic downturns.

The economist Rudi Dornbusch's warning applies to India: "The crisis takes a much longer time in coming than you think, and then it happens faster than you would have thought."

The source of the impending crisis lies in a paradox: despite buoyant credit growth, household consumption is increasing at an excruciatingly slow pace. Households are struggling; their savings rates have declined and they are boosting meagre consumption by borrowing money. Soon, it will no longer be possible to repay old loans with new ones and consumption could even contract. The crisis will come initially through such macroeconomic contraction; defaults on loans will follow. The initial defaults will topple more dominoes, a consequence of the interconnected nature of banks, NBFCs, and fintechs. Cascading defaults will induce more economic contraction and financial sector distress.

A solution

The 2024 general election results might diffuse the India hype, but a sudden stop in credit could trigger a crisis. Preventing the crisis requires surgically downsizing the financial services industry to better match lending capacity and productive borrowing needs, and weakening the rupee to help expand exports and cushion the downturn when it comes. History makes clear that rapid credit growth and an overvalued exchange rate are a lethal combination.

But policy change is unlikely. In opposition to Joan Robinson's dictum that finance must follow growth, Indian policymakers have committed themselves to the notion that finance will spur growth and help overcome the country's severe developmental handicaps in human capital and other public goods. Policymakers are also committed to a strong exchange rate as a metric of the nation's virility. Meanwhile, as the risks of a financial crisis grow, an acute job shortage persists, reflected most poignantly in a catastrophic regression of the workforce back to agriculture.

India's heavily credit-reliant economic strategy is akin to a car speeding toward a cliff's edge without brakes. Sadly, the nation's financial and policy elite has adopted a see-no-evil attitude. After all, the weak and vulnerable will bear the burden of the crisis, as the dire employment situation becomes worse – and stark inequalities become starker.

orientation as employability for such graduates is perceived to be higher. Courses in economics are preferred more on this ground when compared to courses in anthropology or sociology. Second, there is an overemphasis on acquiring policy intervention skills. The expectation that social science students need to develop problem-solving skills akin to engineering students has grown overtime, resulting in narrower specialisation within the social sciences. Third, there is the emergence of private universities that promise to provide global education in India, which has generated demand from a narrow section of the affluent population. Ironically, courses which are demanded the least in public institutions, such as anthropology, sociology and political science, are in high demand in these private universities, which have emerged as enclaves of higher quality for the affluent.

Improving quality

Higher education in the social sciences – the lens for observing and understanding changes in society, economy and polity – needs an overhaul at all levels. Quantity expansion to accommodate excluded aspirants of other disciplines needs to be followed up with a concerted effort for quality improvement. Teaching quality enhancement and course contents needs to be accorded top priority in such a mission. An obsession with policy and empirical skills has pushed some disciplines and programmes to the periphery. Financial exclusion has resulted in the widening of inequalities and the creation of elite enclaves of education in the social sciences. The aspiration of reaping demographic dividend rests on tapping a vast pool of youth studying the social sciences, which assumes significance in an era of social changes and rapid technological advancements such as generative artificial intelligence.

The views expressed are personal

LETTERS TO THE EDITOR

The cabinet

The manner in which the various Ministries have been allocated has demonstrated that Prime Minister Narendra Modi is not even a wee bit constrained by the reality of his having to depend on his major NDA

allies for his government's very survival. But the Prime Minister, regrettably this time around too, has failed to live by his oft-repeated motto of 'Sabka Saath-Sabka Vikas-Sabka Vishwas' by ignoring to include, even symbolically,

one member in his Cabinet from the Muslim community. This does not augur well for our representative democracy. **S.K. Choudhury**, Bengaluru

The Prime Minister should

understand the importance of a consensus approach. Most States are in need of financial help and it is more than important that the Centre helps them without any political bias.

Bal Govind, Noida, Uttar Pradesh

Corrections & Clarifications

A sentence in "The giant killer" ('Profiles' page, June 9, 2024) read "... the election was between Ms. Thakor and local strongman Shankar Chaudhary, who is now the Gujarat Assembly Speaker and the head of the Banas Dairy, which has an annual turnover of ₹15,000, It should have been ₹15,000 crore.

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Arrest, agencies, and criminal courts

The Supreme Court did not mince words in May 2024, while delivering two significant judgments that impact the liberty of people accused of criminal offences. The first judgment says that the custody of an accused is not necessary prior to the filing of the charge sheet in certain criminal cases. If the lower courts strictly comply with the directives in this judgment, it would bring relief to investigating agencies.

The second judgment relates to informing an accused of the grounds of arrest in writing. This is a fundamental right under Article 22 of the Constitution. While this judgment was delivered in the context of special statutes – namely, the Prevention of Money Laundering Act (PMLA), 2002, and the Unlawful Activities (Prevention) Act (UAPA), 1967 – it will be relevant to see whether these directives can equally be extended to provisions of the Criminal Procedure Code (CrPC) as far as communication of grounds of arrest is concerned.

Filing of charge sheet
In *Siddharth v. State of Uttar Pradesh and Another* (2021), the Supreme Court held that it is unnecessary for the investigating officer (IO) to present the accused in custody at the time of filing the charge sheet if the accused has been cooperating in the investigation and if the investigation can be completed without arresting the accused. The Court held that Section 170 of the CrPC does not impose an obligation on the officer-in-charge of a police station to arrest each and every accused at the time of filing the charge sheet. Therefore, it is not justified under law for criminal courts to refuse to accept the charge sheet without the accused person being produced before them. The Court further said that if the charge sheet is not accepted for any such reason, then attention of the Sessions Judge should be drawn to these facts and a suitable order given.



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The Supreme Court recently delivered two significant judgments that impact the liberty of people accused of criminal offences

This implies that in bailable cases and in those non-bailable cases in which the IO thinks that the accused will neither abscond nor disobey summons, the IO is not obliged to produce such an accused in custody while filing the charge sheet in court.

However, the reality is that the IOs sometimes struggle to file charge sheets in criminal courts. In cases of riots, when there are a large number of accused people and every accused person released on bail by the police is not present at the time of filing the charge sheet, the charge sheet is not accepted by the court. Sometimes, courts don't accept the charge sheet of cases beyond an arbitrarily fixed number in one day, or after a particular time in a day. The IOs are reluctant to complain about these issues to a Sessions Judge because this might prove counter-productive for other miscellaneous works at the ground level. Though the *Siddharth v. State of Uttar Pradesh* judgment was delivered more than two years ago, the situation does not seem to have changed much.

Grounds of arrest
In *Pankaj Bansal v. Union of India and Others* (2023), the Supreme Court held that the grounds of arrest must be informed in writing to the accused as a matter of course and without exception, to give true meaning and purpose to the constitutional and statutory mandate of Section 19(i) of the PMLA. Similarly, recently in *Prabir Purkayastha v. State (NCT of Delhi)*, the Court reiterated the ratio of Bansal (supra) case and held that the provision of arrest, as far as informing grounds of arrest is concerned, is *pari passu* (equal footing) under the UAPA. The Court held that the 'reasons of arrest' are purely formal parameters which commonly apply to any person arrested on charge of a crime whereas the 'grounds of arrest' would be invariably personal and required to contain details which necessitated the arrest of the

accused. Therefore, unless grounds of arrest are informed in writing, arrest and subsequent remand would become invalid in the eyes of law.

Importantly, Section 50(i) of the CrPC also provides that "every police officer or other person arresting any person without warrant shall forthwith communicate to him full particulars of the offence for which he is arrested or other grounds of arrest". Therefore, even for offences registered under the Indian Penal Code (IPC), an accused is required to be informed about the grounds of arrest, along with important facts of the case. The burden lies on the prosecution to prove that the statutory provisions have been complied with.

The arrest memo prepared by the IO contains a note which says "the arrested person, after being informed of the grounds of arrest and his legal right, was duly taken into custody". The arrest memo which is written separately for each accused contains inter alia all sections of offence(s) applied, date of offence, place, and time and date of arrest, and is signed by the IO. It is also counter signed by the arrestee. However, there is no provision in law to provide a copy of this memo to the accused person at the time of his arrest. This becomes more relevant for those who are not named in the First Information Report.

The Court has said that the grounds of arrest must be provided in writing so that the accused person can seek legal counsel and seek bail on the basis of unambiguously stated facts of the case by the investigating agency. If that be so, the ratio of the Bansal case (supra) must equally apply to Section 50(i) of the CrPC, particularly when such a right is held to flow from Article 22 of the Constitution. It will be apposite to amend the law and provide a copy of the arrest memo with some modification to fulfil the constitutional mandate towards an accused person.

Counting on foes who are friends

The smooth sailing of the DMK will depend on the attitude of the BJP's allies

STATE OF PLAY

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The ruling Dravida Munnetra Kazhagam (DMK) swept the Lok Sabha elections in Tamil Nadu and Puducherry, bagging all 40 seats. While this verdict and the fact that the power and influence of its arch rival, the Bharatiya Janata Party (BJP) led by Prime Minister Narendra Modi, is now limited at the national level, gives it reason to celebrate, the DMK is still unhappy about the nationwide outcome.

In fact, the party was never worried about the results in Tamil Nadu. "Let us forget Tamil Nadu. We are more concerned about the national-level verdict," was the common refrain in the DMK. Chief Minister M.K. Stalin, who is also the party president, has been consistently opposing the BJP and its ideology. He knew what would be in store for his government if the BJP was given one more chance to form the government at the Centre.

The DMK was aware that the All India Anna Dravida Munnetra Kazhagam (AIADMK), the main opposition party in Tamil Nadu, was a divided house. This increased its prospects substantially. Its allies – Congress, Communist Party of India (Marxist), Communist Party of India, Indian Union Muslim League, Viduthala Chiruthaigal Katchi, and Marumalarchi Dravida Munnetra Kazhagam – also garnered votes and contributed to the sweep of the INDIA bloc. During the election campaign, Mr. Stalin said, "Naalai Namathey Narpatham Namethy" (Tomorrow is ours and 40 is also ours)".

The outcome also defied

predictions that the AIADMK and the BJP could win a few seats in the State. The DMK may not even have minded if the AIADMK and BJP had won a few seats. Its only concern was that the BJP would get re-elected at the national level with a brute majority, as predicted by the exit polls. Fortunately for the party, its worst fears did not come true.

The INDIA bloc increased its tally across the country, but could not secure enough numbers to put an end to the decade-long rule of Mr. Modi. Their only solace is that the BJP fell short of a majority and is now part of a coalition government. The BJP's dependence on its allies may tie its hands, thus preventing it from causing trouble to the DMK government.

Today, Tamil Nadu is the only southern State where the BJP does not have a toehold. This has been the case since Mr. Modi was projected as the party's prime ministerial candidate more than 10 years ago. The DMK won landslide victories in the 2019 and 2024 Lok Sabha elections. In 2014, the AIADMK had secured a massive victory, winning 37 seats in Tamil Nadu, leaving just two seats for the National Democratic Alliance. Even Kerala has elected a member to the Lok Sabha this time.

According to the DMK, the

Dravidian ideology has ensured that Tamil Nadu is a fortress against communal forces and has made it impossible for the BJP to permeate the State. The DMK has increased its vote share from the 2021 Assembly polls. But it is aware that lack of unity in the Opposition contributed to its win.

The BJP has come to power in the Centre with the support of the Telugu Desam Party headed by Chandrababu Naidu and the Janata Dal (United) helmed by Bihar Chief Minister Nitish Kumar. Both these leaders are seen as friends of the DMK. Mr. Stalin called on Mr. Naidu in New Delhi and congratulated him on his victory in Andhra Pradesh. There is a perception that the presence of these two parties in the Union government lowers the risk of the DMK government being targeted.

The DMK had already paid a heavy price to what it calls "vendetta politics" of the BJP. Central agencies such as the Enforcement Directorate have been targeting one DMK leader after another in Tamil Nadu in the last few years. The regional party believes that the BJP, which is now at the mercy of its alliance partners, may not go after its political rivals with the same gusto.

The changed circumstances have given the DMK government the much-needed relief and space it needed to concentrate on administration and implementation of welfare schemes.

The smooth sailing of the DMK will depend not on the attitude of the BJP, but on the attitude of the BJP's allies. The DMK hopes that they will prevent the BJP from pursuing its own agenda. Even if they remain indifferent, the DMK believes that the increased strength of the INDIA bloc will help it face the BJP.

The contrasting behaviour of retail investors in the market crash

As opposed to FPIs and mutual funds, retail investors seem to have bought the dip on results day while booking profits the day before

DATA POINT

Jasmin Nihalani

The activity of the stock market as the general elections drew to a close has been a subject of controversy. Indian stocks hit record highs after most exit polls predicted a massive win for the BJP. They crashed on June 4, the day of the results, when it became clear that the BJP was not getting a simple majority.

Is there a case to be made that the volatility of the stock market – with the highs in the run-up to and after the exit polls – hurt retail investors while benefiting "dubious foreign investors," as the Congress claimed after the results?

On May 31, a day before the last day of voting when exit poll results were announced, the total traded value of the stocks doubled. On June 3, the first day of trading following the exit polls, the National Stock Exchange's Nifty-50 closed 3% higher from the reading on the previous day.

On June 4, the BJP's tally was below the majority mark but the National Democratic Alliance managed a tally of 292 seats – well short of what most exit polls predicted. Nifty-50 tumbled by nearly 6% (**Chart 1**). This was its steepest fall since March 23, 2020, when it plunged by 13% after India went into lockdown to contain the spread of COVID-19. The fall on June 4 wiped out ₹30.9 lakh crore of investor wealth.

Queering the pitch was Union Home Minister Amit Shah's statement on May 13. He said, "I suggest that you buy [shares] before June 4. It will shoot up". On May 19, Prime Minister Narendra Modi said that during the week when the results would be out, the stock market would "touch such highs" that technicians "would be tired of the action" [sic].

Data show that the heightened stock market activity on May 31 was largely driven by heavy trad-

ing involving foreign portfolio investors (FPIs). **Chart 2** shows that the total trade value doubled from ₹1.1 lakh crore to ₹2.3 lakh crore on May 31. FPIs were the largest buyers that day, as they bought shares worth ₹95,500 crore – 41.8% of the total. FPIs also sold 41% of the shares that were sold that day.

Chart 3 shows the daily net turnover (shares bought minus shares sold) of different categories of investors such as retail investors, FPIs, and mutual funds from May 2 to June 5. FPIs were largely net sellers on most of the days till May 31, when they turned net buyers (₹1,541 crore). They were also net buyers on June 3 (a day before the results) to the tune of ₹6,617 crore. They were net sellers on June 4 (₹12,511 crore).

In other words, FPIs were net buyers on the days when the stock market went up (May 31 and June 3) and net sellers on the day when the index tanked (June 4). Mutual funds were also net buyers throughout the period barring the days when the markets crashed. For example, on June 4, mutual funds were net sellers to the tune of ₹6,249 crore.

In contrast, retail investors (who include individual domestic investors besides NRIs, high-net-worth individuals, and sole proprietorship firms) were buyers on June 4 with net flows of ₹21,179 crore. Were they buying the dip when the market crashed? Retail investors were net sellers on May 31 and June 3 when the markets soared. Were they booking profits on these days? The retail investors were net sellers of ₹8,588 crore on June 3 – the same day when FPIs and mutual funds were net buyers.

Considering the contrasting behaviour of retail investors and their net turnover as opposed to other categories of investors, it is difficult to claim, as the Congress has done, that retail investors had suffered huge losses on June 4 as opposed to other categories of investors.

Riding the crests and troughs

The data for the charts were sourced from the National Stock Exchange



Chart 1: The chart shows the movement of the NSE Nifty-50 in the days leading up to the election result. On June 4, Nifty-50 tumbled by nearly 6%

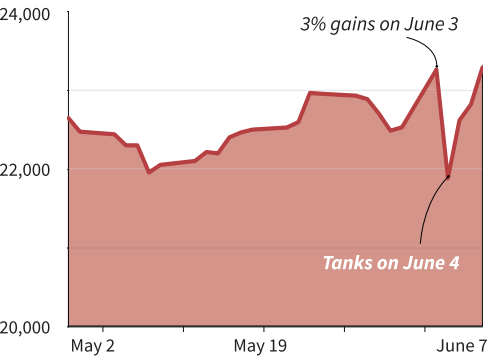


Chart 2: The chart shows the total traded value in ₹ crore. Market activity heightened on May 31 as trade value doubled from ₹1.1 lakh crore to ₹2.3 lakh crore

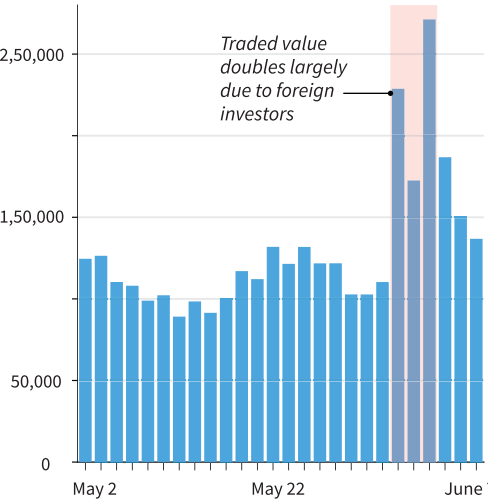
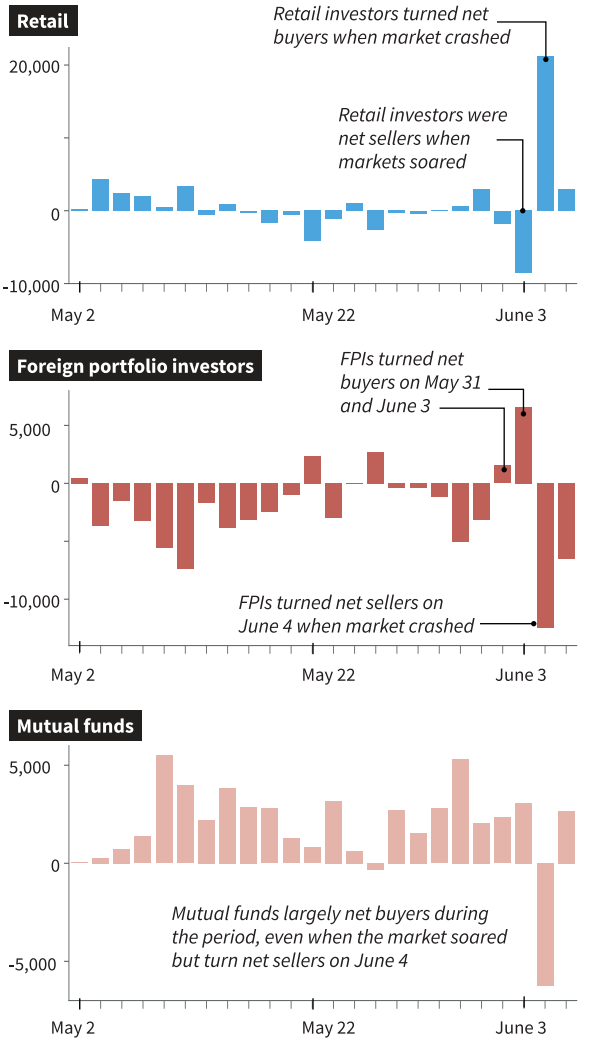


Chart 3: The chart shows the daily net turnover (shares bought minus shares sold) of different categories of investors such as retail investors, foreign portfolio investors and mutual funds



FROM THE ARCHIVES

The **Hindu**.

FIFTY YEARS AGO JUNE 12, 1974

Newsprint shortage: Appeal to UNESCO

New Delhi, June 11: The Information and Broadcasting Minister, Mr. I.K. Gujral, has called upon UNESCO (United Nations Educational, Scientific and Cultural Organisation) to promote an international initiative to relieve the acute shortage of newsprint in Asia.

In a letter addressed to Mr. Rene Maheu, Director-General of UNESCO, Mr Gujral cited the fruitless efforts of India and other developing nations to obtain adequate paper supplies. The letter was made available here by the UNESCO Regional Office for Education in Asia.

Mr. Gujral said: "The only hope, therefore, lies in UNESCO promoting an initiative at the international level which would persuade the advanced countries to a fairer distribution of newsprint between the developed and developing countries."

Mr. Gujral said that the world-wide newsprint shortage was due to a spurt in demand in North America and Western Europe at the same time as the principal suppliers, Canada and Scandinavia have increased production only marginally. So supplies that normally flow to Asian countries have been diverted to the U.S. and Western Europe.

Pointing out that while North America consumes about 12 million tons of newsprint and Western Europe about 6 million tons annually, all of Asia requires only 55,60,000 tons per year. He declared: "We are not asking the advanced countries to make a major sacrifice. Just a little self-denial on their part would enable us to meet our needs from world markets."

A HUNDRED YEARS AGO JUNE 12, 1924

The monsoon

Simla, June 11: The Arabian sea monsoon gave heavy rain in Malabar at the beginning of the week, but receded on 9th at the same time extending northwards to Ratnagiri.

The Bay monsoon was fairly active in Burma throughout the week and commenced on the 7th to give widespread rain in Assam with local falls in East and North Bengal. Jalpaiguri received 15 inches between 8th and 10th. In the interior of the peninsula, thunder showers were fairly numerous from 8th.

Text & Context

THE HINDU

NEWS IN NUMBERS

Share of Ministers in new Council aged between 51-70 years

66 in per cent. According to the Association for Democratic Reforms, 47 out of 71 Ministers in the newly formed government are aged between 51-70 years. In the younger age brackets, 24% of the Ministers are aged between 31 and 50 years. PTI

Number of tanks to enhance water storage capacity in Karnataka

93 The State Minister for Minor Irrigation said that a Rs 100 crore grant from the State Disaster Mitigation Funds (SDMF) will be utilised to enhance the storage capacity of 93 tanks in the State in the first phase. Successful implementation will help mitigate water shortages in the future. PTI

Aid for war-ravaged Gaza pressed by emergency summit

2.5 In \$ billion. Leaders at an emergency summit on Gaza's humanitarian crisis pleaded for greater aid access to the war-ravaged territory. Aid groups warn that conditions are worse than ever with virtually the whole population relying on sporadic aid deliveries. AFP

Amount of money approved to fund the UBI's business growth

10,000 in ₹ crore. Union Bank of India approved a proposal to raise ₹10,000 crore to fund its business growth. This would be subject to the approval of the government, other regulatory authorities and shareholders' approval. PTI

Number of new council of Ministers with criminal cases

28 Ministers in the government have criminal cases against them with 19 of these 28 Ministers facing serious charges such as attempted murder, crimes against women and hate speech, according to the Association of Democratic Reforms. PTI

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Bihar's call for special category status

How does special category status benefit States like Bihar? What specific criteria qualify a State for special category status? Why has Bihar's demand been a long-standing issue? What are the political implications of granting special status to Bihar?

EXPLAINER

Prashanth Perumal

The story so far:

Bihar Chief Minister Nitish Kumar has reiterated the State's long-standing demand to be granted the special category status by the Centre, a move that would increase the amount of tax revenues that the State gets from the Centre. The demand for special category status right now is significant because Prime Minister Narendra Modi's Bharatiya Janata Party (BJP) depends on support from Mr. Kumar's Janata Dal (United), which has 12 seats in the new Lok Sabha, to hold on to power at the Centre. Notably, the Bihar Cabinet had passed a resolution late last year demanding special category status to the State.

What is the special category status?

The special category status was introduced in 1969 based on the recommendations of the Fifth Finance Commission. The intent was to help States that are disadvantaged in terms of their geographic, social or economic status to improve their position on par with other, more developed Indian States. Criteria such as having a hilly terrain and a sizable tribal population can entitle a State to be granted the special category status. A State that is granted the special category status would be able to claim more funds from the Centre than otherwise and can also enjoy various tax-related concessions.

For example, a State with special category status would receive 90% of funds from the Centre when it comes to schemes sponsored by the Union government, as against other States which receive only around 60% to 80% of funds from the Centre.

Initially, Jammu & Kashmir, Assam and Nagaland were granted the special category status to aid their economic development. Subsequently, eight other States including Himachal Pradesh and Uttarakhand were granted the special status. Thus, 11 out of 28 States, or more than a third of Indian States, already enjoy the special category status.

Why is Bihar demanding the special category status?

Bihar's politicians, including its current Chief Minister, have for a long time demanded special category status for the State pointing to its economic backwardness. Bihar's per capita income of around ₹60,000 is among the lowest in the country and the State lags behind the national average in several human development indicators as well.

Bihar has also noted that the State's fiscal situation has been adversely affected by the bifurcation of the State that caused industries to move to Jharkhand, lack of sufficient water resources for irrigation, and frequent natural disasters.

The most recent Bihar caste based survey of 2022 indicates that nearly a third of the State's people live under the poverty line.

Union governments headed by both the BJP and the Congress, however, have been unwilling to grant any special status to Bihar and several other States due to the increased burden it would put on the Centre's finances.

Particularly, it has been noted that there is now greater devolution of taxes to the States from 32% of the total divisible pool to 42% based on the



Seeking aid: The Bihar government last year estimated that the granting of the special category status will help the State receive an additional 2.5 lakh crore rupees over five years to spend on the welfare of 94 lakh crore poor families. AP

recommendation of the Fourteenth Finance Commission. Hence, the demand for special category status from Bihar is simply seen as a ploy by State governments to demand even more funds from the Centre.

The Centre may also fear that granting the special category status to certain States will encourage others to demand the same from the Centre. It should also be noted that political considerations play a large role in the granting of special status to States. States with better political bargaining power with the Centre may manage to receive more funds either through a special status or by other means.

Further, there is the risk that political parties vying for power at the Centre may compete to either gain or stay in power by promising to grant special status to certain States.

The Congress party, for instance, in its 2024 election manifesto promised to grant the special category status to Bihar if it comes to power. Such competitive populism can lead to a worsening of the Centre's finances.

Does Bihar need the special category status?

Politicians at the State level generally have an incentive to compete for funds from the Centre as this would allow them to

spend more. So it is not surprising that not just Bihar but many other States too, including Andhra Pradesh which is now ruled by the BJP's ally Telugu Desam Party and Odisha which is prone to floods and has a significant tribal population, have demanded the special category status that would entitle them to more funds from the Centre's treasury.

In fact, TDP leader N. Chandrababu Naidu pulled his party out of the National Democratic Alliance government before the 2019 general election over the issue of granting special category status to the State.

Mr. Naidu wanted special status to compensate for the decrease in tax revenues as a result of his State's loss of Hyderabad to Telangana.

Bihar's economic backwardness has been cited as the primary reason for the need for the granting of the special category status to the State.

Many analysts say this demand based on economic backwardness is very well justified as they believe that the State government will have to spend on welfare projects to uplift the poor and to invest in boosting the State's infrastructure. The Bihar government last year estimated that the granting of the special category status will help the State receive an additional 2.5 lakh crore rupees over five years to spend on the welfare of 94 lakh crore

poor families.

Others, however, do not believe that Bihar's economic backwardness justifies greater allocation of Central funds to the State. They see the increased allocation of funds to poorer States as incentivising their bad policies and penalising more developed States which have adopted better policies.

Historically, States like Bihar and Uttar Pradesh suffered slow growth and high poverty levels due to poor rule of law that discouraged investments considered crucial to boosting growth.

But now, as one of the fastest growing States in the country, albeit from a lower base, Bihar has managed to increase its per capita income level and also the size of its overall economy at a brisk pace in recent years.

In 2022-23, for instance, Bihar's gross domestic product grew at 10.6% as against the national average of 7.2% while its per capita income level in real terms grew by 9.4% in the previous year. So, these analysts believe, Bihar does not need more fiscal help from the Centre but a stronger rule of law to further improve its economy.

In other words, while more funds from the Centre might offer Bihar some short-term relief, its long-term economic prospects will depend on the State's ability to further strengthen rule of law.

THE GIST

▼ Bihar's Chief Minister, Nitish Kumar, reiterates the State's demand for special category status, aiming to increase tax revenues from the Centre.

▼ Special category status, introduced in 1969, assists States with geographic, social, or economic disadvantages to improve their development.

▼ Initially, Jammu & Kashmir, Assam, and Nagaland were granted special category status, with eight additional States, including Himachal Pradesh and Uttarakhand, later receiving it.

▼ Bihar's demand for special status stems from its economic backwardness, low per capita income, and lagging human development indicators.

▼ Political considerations and fiscal implications have hindered previous governments from granting Bihar special category status.

KEYWORD

Impact of Oriental despotism and the idea of otherness

A look at the evolution of the concept of Oriental despotism, influenced by the Eurocentric perspectives of various thinkers across centuries; this idea was further shaped by medieval and Enlightenment thinkers

Rebecca Rose Varghese

A concept shaped and enriched by philosophers, political theorists, travellers, administrators and diplomats, Oriental despotism is an idea intertwined with European culture, greatly impacted by travel literature. The roots of the concept can be traced back to Greek thought, where terms like “despot” and “despotism” were used to establish Greek identity and superiority over “barbarous” nations, notably the Persians. Many Greek philosophers distinguished the Greeks from the Persians, believing that Persians were subordinate slaves, in contrast to the freedom-loving Greeks.

It was Aristotle who provided a clearer and more theoretical foundation for the concept in his book *Politics*. He regarded despotism as a legitimate and hereditary form of monarchy, particularly suitable for societies perceived as more barbarous, such as those in Persia, where the monarch wielded absolute power, due to people’s inclination towards subordination. However, this differed significantly from tyranny, which was illegitimate and against the wishes of the subjects.

Various interpretations of the concept
The limited understanding of Asiatic societies, shaped by a Eurocentric perspective, led to misconceptions about Asians, particularly the Persians, resulting in various interpretations of Oriental despotism. These preconceived notions about the Persians persisted through the Byzantine Empire and medieval European thought.

Medieval authors and theorists, influenced by Aristotle’s classification of governments, cited Oriental societies as examples of tyrannical governments to justify political struggles in their own countries. These works reinforced the idea of Oriental otherness, creating a separation between the so-called superior European societies and the inferior Asiatic societies.

By the 16th century, new connotations were attributed to the concepts. For instance, Florentine philosopher and diplomat Niccolò Machiavelli used it to distinguish between a state governed by citizens (republics) and a state governed by a single ruler, such as a prince (principalities). The Ottoman Empire, a centralised monarchical government, became the new example used to explain despotic rule, contrasting with the decentralised European monarchies.

French philosopher Jean Bodin further explained the concept. Using the term *monarchie seigneuriale*, he described a political system where the prince wields unlimited authority over his subjects, similar to the relationship between the master and the slave. This was contrasted with *monarchie royale*, where the king’s authority was limited by property rights and fundamental, divine, and natural laws of the state. With no private property rights, *monarchie seigneuriale* Bodin believed it was the most ancient form of monarchy, which was very different from tyranny, which was unstable and illegitimate.

By the late 17th and early 18th centuries, travellers’ accounts of Persian monarchies shaped the understanding of Oriental despotism. French physician



GETTY IMAGES

François Bernier criticised the despotic government of the Mughal Empire he visited. He highlighted the stark wealth disparity between rich princes and poor subjects, attributing it to the lack of private ownership rights.

French jeweller and traveller Jean Chardin described the Persian Safavid monarchy’s despotism as due to historical and political factors, not the natural character of the people or Islam. Such a view helped challenge the uniform interpretation of Asiatic governments and emphasised the need for empirical experience in understanding political systems.

Oriental despotism and Enlightenment
During the Age of Enlightenment, theorists from countries such as France critiqued the authoritarian monarchy

within their own nation. The concerns of the period are reflected in the fact that many drew parallels between Louis XIV’s rule and that of Eastern despots. The French philosopher Montesquieu analysed despotism as an autonomous form of government which was distinct from the Aristotelian monarchy. It was defined by concentrated authority and a principle of intimidation. He argued that Asia’s vast plains and political landscape, unlike Europe’s fragmented ones, were key factors behind the emergence of despotism. Montesquieu also examined the relationships between climate, religion, manners, economy, and laws, laying an empirical foundation for the concept.

Like Montesquieu’s emphasis on the role of religion in despotism, many other theories also linked it to theocracy. However, many also criticised

Montesquieu’s limited understanding of the concept. French writer Voltaire, for instance, explained how Montesquieu’s argument did not hold when considering countries like Turkey. Other Orientalists critiqued the notion that limitless authority existed in Asia, citing examples of princely states in India.

Conversely, some, particularly from the Physiocratic school of thought, admired and promoted systems with central authority, like that in China, which managed economic and social laws. These perspectives, emphasising efficiency, portrayed the concept in a more positive light.

With the extensive colonisation of Asia by Europe, various perspectives about governance in Asian countries emerged due to increased interaction between the colonisers and the local populations. Detailed accounts about the East by diplomats and administrative staff aimed at ensuring the smooth functioning of authority, contributed to a more nuanced understanding of the East.

Role in the Asiatic mode of production
The concept took a new turn when German philosopher Georg Wilhelm Friedrich Hegel used it to understand the Asiatic mode of production. He viewed Oriental despotism as the initial stage of historical development, where individual autonomy was limited, and the universal spirit was concentrated in a single free person – the despot. Influenced by Hegel’s ideas, German philosopher and socialist Karl Marx, sought to explain the rationale behind such a system centred on a single ruler.

Marx argued that despotism persisted due to the absence of individual property rights in the Asiatic mode of production, where the sovereign alone owned the land and believed that the geography of Asiatic countries reinforced their political systems. For instance, strong and centralised authority was needed to manage essential agricultural watering systems. He then asserted that European colonialism was necessary to modernise and Westernise the stagnant production systems in these societies.

Later, German sociologist Max Weber explored the concept further to explain the differences between Mediterranean and Asiatic societies. He considered economic and geographical factors, arguing that the agrarian needs in Asian countries led to a more centralised system of power, rigid and concentrated on the ruler, while Mediterranean societies became more secular and capitalistic.

By the 20th century, theorists like Karl August Wittfogel revisited the concept and extended the argument about the despotic rule in Asian irrigation-based societies to criticise modern communist regimes as a new form of despotism. These regimes, he claimed, had similar features of despotism rule, such as people not having the right to own private property, and the government’s absolute control over society.

The concept of Oriental despotism evolved from its origins in Greek thought, through medieval adaptations and Enlightenment ideas, to explain power in agrarian societies across Asia. Although its theoretical relevance declined with the rise of post-colonial theories and global historical perspectives, its influence on European culture remains significant. The concept has shaped the modern European mind and its sense of civic identity and responsibility.

Contemporary analyses show how the stereotype of arbitrary Oriental power created a sense of otherness in European colonial and imperial ideologies, influencing how they ruled the colonised nations, especially in Asia. The persistent influence of Oriental despotism on European culture is seen in the complex interaction between ideas, experiences, historical views, and political attitudes toward Asian countries.



FROM THE ARCHIVES

Know your English

K. Subrahmanian

The Present Perfect Tense
(a) He has got a lot of money.
(b) He hat a lot of money.
Both mean the same, but generally ‘has got’ is used in colloquial English: (a) Has he any money? (b) Has he got any money? (c) Does he have any money? (a) is formal, (b) is informal, and (c) is American. There is a difference between (a) Do you have headaches? and (b) Have you got a headache? (a) asks whether you generally have headaches, whether you are often bothered by them, (b) asks whether you have a headache at the moment.

This distinction is made in British English. Americans do not make this distinction between the two and use generally ‘Do you have structure.’ An American asked an English lady ‘Do you have children?’ She said, ‘Yes, from time to time.’

‘Got’ generally goes with ‘have’ and ‘has’ in questions. Have you got some time to spare? Have you got any sense? Has he got any friends? What have you got?

Occasionally, one finds ‘gotten.’ Shakespeare used ‘gotten’ in his earlier plays. The Authorised Version of the Bible uses both ‘got’ and ‘gotten.’ In Scotland ‘gotten’ is generally used. Perhaps Americans took this form from the Scots. Some make a distinction between ‘I have gotten’ and ‘I have got’ ‘I have gotten what I sought’ means that I have obtained what I wanted. You seek something and when you get it, you say ‘I have gotten it.’ ‘I have got a pen’ means that I own, and possess a pen. This is the distinction that is made between ‘gotten’ and ‘got’ by some grammarians. ‘Gotten’ is rarely used in British English. It is retained in words like ‘forgotten,’ ‘begotten.’ There is a distinction between ‘He is dead’ and ‘He has died.’ ‘He is dead’ refers to the state. ‘He has died’ means that he is no longer alive. The difference between the two is like the difference between ‘is gone’ and ‘has gone.’

Doctor, what’s her condition?
Sorry.
She has just died.
She is dead?
Yes.
Propone
Almost every week, I get a letter regarding this word, though I discussed this a couple of times in this column. This word does not exist in English. But it is widely used in India and is as common as mosquitoes and corruption. Some readers feel strongly that it should find a place in all good dictionaries. When it does, we who love to postpone things can feel proud that we coined the word. Some advance this!

Belief, trust (A. K. Jha, Patna)
Belief is acceptance of something or somebody without verification. Belief is based on one’s intuition, experience, etc. Trust is stronger than belief. You believe in God. When your belief becomes stronger, you say you trust in God. Trust in God and do the right. His belief in him was misplaced.

Published in The Hindu on March 31, 1992

THE DAILY QUIZ

A quiz on Russia on the occasion of Russia Day on June 12

V. V. Ramanan

- QUESTION 1**
What does the Russia Day celebrate?
- QUESTION 2**
If India’s Lower House of Parliament is called Lok Sabha, what is it for Russia?
- QUESTION 3**
What is the name of the world’s deepest freshwater lake that is located in Russia?
- QUESTION 4**
In which Russian city is the world-famous State Hermitage Museum?
- QUESTION 5**
Apart from Boris Yeltsin and Vladimir Putin, who else has served as the President of Russia?
- QUESTION 6**
Russia has the second-most number of time zones after France. How many time zones does Russia have?



Visual Question:
What is the name of this world-famous edifice in Moscow? REUTERS

- Questions and Answers to the previous day’s daily quiz:** 1. How many countries hosted the last edition of Euro in 2020? **Ans: 11 countries**
2. Which country has finished in the top four the most times? **Ans: Germany** (9 times)
3. Name the countries that have won the championship when they also happened to be the host. **Ans: Spain in 1964, Italy in 1968 & 2020 and France in 1984**
4. I hold almost all individual records as far as the European Football Championship is concerned. **Ans: Cristiano Ronaldo**
5. I won the Player of the Tournament award and also scored the most number of goals in that tournament yet my country did not win the Championship in that edition. **Ans: Antonie Griezmann, France in 2016**
6. Who scored the first-ever hat-trick in the European Football Championship, all as a substitute? **Ans: Dieter Muller, of West Germany**
7. Who is the only player to have won the Euro Championship both as a player and as a coach? **Ans: Berti Vogts**
Visual: Identify the legendary football player. **Ans: Michel Platini, France**
Early Birds: Rajmohan V | Bharath Viswanathan

Please send in your answers to
dailyquiz@thehindu.co.in

Word of the day

Riposte: a quick reply to a question or remark, especially a witty or critical one

Synonyms: retort, counter, comeback

Usage: *She always had a clever riposte for everything*

Pronunciation: bit.ly/ripostepronun

International Phonetic Alphabet: /ˈɹɪpəʊst/

For feedback and suggestions for Text & Context, please write to **letters@thehindu.co.in** with the subject ‘Text & Context’

Getting down to business

Govt formation over, it's time for consensus building

After an anxious 24 hours between swearing-in of the Council of Ministers and the actual allocation of portfolios (during which the Capital was abuzz with the wildest speculations), Prime Minister Narendra Modi seems to have opted for continuity in his choice of Cabinet ministers. The incumbents for the top four berths — Defence, Home, External Affairs and Finance — remain unchanged. The others to sail through the green channel are Ashwini Vaishnaw, Piyush Goyal, Bhupender Yadav and Nitin Gadkari.



Notably, the BJP seems to have taken cognisance of rural distress, which has cost it dear in Punjab, Haryana, Rajasthan and western Uttar Pradesh. The appointment of Shivraj Singh Chouhan, who is credited with agricultural transformation in Madhya Pradesh, as Minister of Agriculture and Farmers Welfare as well Minister of Rural Development is an exceptional move. What is also remarkable is that the allies have been accommodated without much fuss. Besides the Civil Aviation portfolio going to Telugu Desam Party, the rest — Janata Dal (United), Chirag Paswan from Lok Janshakti Party, Hindustani Awam Morcha leader and former Chief Minister of Bihar Jitan Ram Manjhi and Eknath Shinde's Shiv Sena — have had to settle for smaller prizes. For instance, the sole representative of Janata Dal (United), Rajiv Ranjan Singh, has been allotted the rather low-profile Panchayati Raj and Fisheries, Animal Husbandry and Dairying Ministry.

It is worth asking whether the allies could have bargained for more. But they are dependent on the Centre for support, due to their own compulsions. The TDP chief N Chandrababu Naidu has inherited a State in financial doldrums, with a capital city that is yet to be built. Besides, his promised welfare measures need to take off. Nitish Kumar has a similar problem with his State finances. That said, the Prime Minister cannot wish away the altered reality of a coalition, where consensus would have to be the basis for day-to-day running of the new government. There is little room for decisions such as demonetisation or the (now-revoked) farm bills. Contentious issues such as Uniform Civil Code or one-nation-one-election cannot be easily raised. In Parliament, the Prime Minister would encounter an Opposition which has the numbers not just to claim the Leader of Opposition's slot but also to push debates and insist on sending bills to standing committees for deeper examination.

While the Opposition needs to be aware that the mandate is for ensuring proper scrutiny of legislative business, and not constant disruption, the government needs to be conscious of the fact that it simply does not have the brute majority to ram through legislation anymore. In the 17th Lok Sabha, of the 179 bills passed, as many as 58 per cent were passed within two weeks of their introduction, some within less than an hour of discussion. The Prime Minister has done well to move swiftly and form the government. Now, the onus is on collective decision-making to ensure stability in governance.

POCKET: BIZ DIZRUPTION

RAVIKANTH



NILANJAN GHOSH
ARYA ROY BARDHAN

India's real GDP growth is provisionally estimated at 8.2 per cent in 2023-24 by the National Account Statistics (NAS), revealing an upward movement from the growth rate of 7 per cent in FY 2022-23. While exhibiting the highest growth among all the major economies of the world, the annual growth numbers need to be construed as a result of the 8-plus per cent growth rate in the first three quarters, and a 7.8 per cent in the last quarter.

This growth was enabled by significant expansion of the manufacturing and construction sectors, in tandem with a consistent performance of the services sector. However, the demand side or the expenditure approach to accounting reveals a lot about a shift in the structure of India's growth force. This is more so because econometric analysis conducted by the authors reveals that from 1991 India encountered a consumption-driven growth phenomenon. The data in the Chart also suggests that growth in private final consumption expenditure (PFCE) and GDP growth have moved in tandem with each other from 2012-13 till 2022-23 with consumption constituting more than 55.5 per cent of the GDP. However, as the Chart suggests, in 2023-24 the co-movement has snapped.

Contrary to consumption driving the Indian growth story, in 2023-24, private final consumption expenditure grew at only around 4 per cent against the 8.2 per cent GDP growth. Interestingly, gross fixed capital formation or investment grew by almost 9 per cent — emerging as the prime mover of the Indian growth story last year. The origin of this shift can be located in the data for the last two quarters. There is at least a temporary decoupling of consumption and GDP, with investment picking up pace and acquiring a greater share of domestic output.

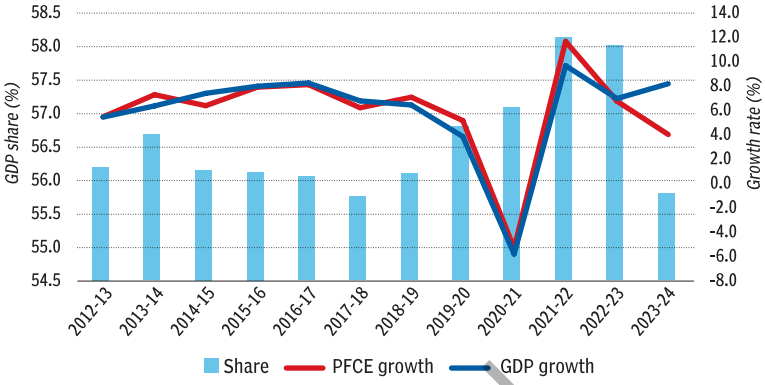
THE DEPARTURE

Interestingly, East Asian Tiger economies, as well as China, experienced a steady shift from consumption-driven growth during their heyday. South Korea witnessed a decline in the consumption share in its GDP from around 85 per cent in the 1960s to 45 per cent recently. During the same period, both South Korea and China witnessed a concomitant doubling of their investment share. Thus, critical forces are at play in India, that can determine the future trajectory and pace of economic growth.

The shift away from consumption-driven growth does not occur in a macroeconomic vacuum — there are gradual systemic shifts that



Consumption-GDP interlinkage in India



Source: MoSPI

influence and nudge this transformation. This can be explained best by looking at the economy as a collection of homogeneous households. As a household moves to a higher income level, its propensity to consume out of an extra rupee in income declines. In other words, a richer household might choose to spend only ₹10 out of an ₹100 increase in income, while a poorer household will tend to spend ₹50. On an aggregate level, when an economy gets richer, its tendency to spend or consume declines.

Given a steady level of government

Consumption as a growth driver tends to peter out in a mature economy, and eventually takes a back-seat once per capita income reaches higher levels. This has been the case with China, Japan, South Korea, and also the EU.

expenditure and current account, this should translate into higher investment at the macro level. In addition to the national income accounting identity, there are behavioural forces that trigger this shift.

As households consume less as a proportion of their income, they generate higher share of savings — this might be in the form of financial or physical savings. The presence of credit markets channels these savings into investment which becomes the driving force of economic growth.

IMPACT ON GROWTH

As such, Indian macroeconomy needs to possess a diversity of growth drivers, and cannot rely on private consumption as its lone long-term growth enabler. Consumption-driven growth is not going to be sustained over time, since rising incomes will spur savings, and reduce consumption share of the GDP. The World Inequality Database reveals that while India's income inequality has plateaued over the last five years, wealth disparity has surged, with the top 1 per cent creating more assets out of their

incremental income. This implies that the lower- and middle-income groups are more likely to spend additional income, fuelling economic growth through the consumption channel, unlike their wealthier counterparts.

While the "rich getting richer" undermines the aim of short-term consumption-led growth, consumption as a growth driver tends to peter out in a mature economy, and eventually takes a back-seat once per capita income reaches higher levels. This has been the case with China, Japan, South Korea, and also the EU.

Thus, the government's emphasis on high capital expenditure is appropriately timed and can help in creating enabling business conditions for both domestic investment and FDI. However, the influx of funds will need to be complemented by a pro-market policy environment — the absence of which will hinder the returns on investment and lead to underutilisation of capital.

While investment in terms of gross capital formation has led to last year's growth, India cannot afford to do away with its organic advantage of consumption-led growth that can be driven by the biggest consumers of the economy — the youth.

Today's India enjoys a unique demographic dividend with more than 55 per cent of the population below the age of 30. Therefore, fiscal measures to increase disposable incomes among the youth are important for India.

As such, China is also on a spurt with fiscal measures to promote consumption-led growth. Rather, the Indian economy is at that stage where both forces of consumption and investment need to work together to promote an over 8 per cent growth rate over the next decade.

Ghosh is Director, and Bardhan is Research Assistant, Observer Research Foundation

Modi the leader, and administrator

The election has diminished him as a leader who gets votes. This is inevitable because voter preferences change

TCA Srinivasa Raghavan

The dust has now settled on the general election and its aftermath. Narendra Modi has become prime minister for the third consecutive time. That's all that matters for the next few years.

Ten years in office is a long time. Only some editors manage to serve for longer. But jokes aside, it's justified to try and judge Modi now, on two counts: as a political leader and as an administrator.

It can't be denied that this 2024 general election has diminished him as a leader who gets votes, not only because he couldn't lead the BJP to a simple majority as he had done in the past but also because — and this is very important — his victory margin came down by almost 3.3 lakh votes in Varanasi to 1.5 lakh votes. By his standards it was a close shave. Some would even call it a defeat.

This was inevitable. It often happens that leaders in all walks of life, when they achieve outstanding successes, start

believing they are infallible. After all, he has been winning elections on his own since 2002, each time with a bigger majority. Modi hasn't been an exception to the resulting narcissism.

It's not a very well kept secret either that the RSS, the parent body of the BJP, wasn't very approving of this personality cult. It had worked a few times but was beginning to face increasingly diminishing returns. If ten years is a long time, 15 is even longer. Jawaharlal Nehru and Indira Gandhi were both three termers. Both found this to be true to their own and their party's cost.

The same thing has happened all over the world when leaders depend on popular choice. It's inevitable because voter preferences change and the leader doesn't, or at least not enough. We have to see how Modi responds. My bet is that he is in cruise mode. At least that's what his new Cabinet suggests.

THE ADMINISTRATOR

What about Modi's administrative abilities? For 22 years, first as chief



NEW TERM. More hard work in store

minister and then as prime minister, he has shown how remarkable they are.

He has rarely been impatient. He listens. He has always paid attention to the details, over which he has a remarkable mastery. He has a great memory and, above all, he knows that regardless of who his ministerial colleagues are, he must have the right bureaucrats to execute and implement policy. So he has also widened the pool from which he chooses them.

He has also made egregious mistakes. Demonetisation was the biggest. The

lack of preparedness before GST was implemented was another. The abrogation of bilateral investment treaties was a third. There are a few more which were inevitable over a decade. Some like unemployment are structural and not of his doing.

But his management successes like Covid and over China and Pakistan, and his delivery systems, deletion of Article 370, to name just a few, must also be taken note of. Above all, he has imbued the country with an undeniably renewed sense of purpose.

That said, we do need to see how well his administrative skills will serve him now. Will he run the government even more from the PMO or will he let his ministers have more freedom? I would bet on the former. Most of his ministers don't have either the experience or the expertise. Many have neither.

We now have an ageing and tired prime minister who must work harder than before, an ageing and inexperienced council of ministers that will make mistakes and, therefore, in all likelihood, a lacklustre third term.

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

Deposit mobilisation

This refers to 'Banks must ensure adequate resources for lending' (June 11). Even though the lending power of the banking sector has grown appreciably due to gross and net NPAs coming down, the resources to lend are not expanding fast enough to meet the demand for credit. Banks, being major providers of credit to various economic activities, have to go aggressively for retail deposit mobilisation, and to facilitate that they must increase the interest rates on those deposits. The ceiling of retail deposits to ₹3 crore is advantageous to banks. Banks' reliance on bulk deposits needs to be restricted to curtail the cost of funds. Also, existing deposit products need to be altered, especially retail ones,

to make them more depositor-friendly and cost-effective for banks.

VSK Pillai
Changanacherry

Voters have come of age

This is with reference to 'Re-elected parties see voter base decline in 68% of the constituencies' (June 11). The decline in vote base of various parties is but natural, looking at the way our politicians have fought over irrelevant matters, not touching real issues such as employment generation, improvement in infrastructure, welfare schemes, etc. Political parties and leaders should realise that henceforth they are answerable to a smarter and younger India who cannot be fooled with empty one-time money generating

schemes, loan waivers, and hollow speeches. The Indian voter has become smart and cannot be taken for granted. The voter demands good infrastructure, jobs, economic development, and investment in health and education facilities. The various political parties need to learn lessons from the verdict and work for the development of the country.

Veena Shenoy
Thane

The dip in savings

This refers to 'Is a savings dip driving growth?' (June 11). For a nation whose savings once catered to its capital requirements, the dip in gross domestic savings must be a worry. In a decade it has dropped to 30 from 35 per cent of GDP. The savings of India's corporate and

government sectors are inadequate to meet the country's investment needs. An added concern is household debt figures show an unwelcome trend. Non-mortgage debt is far higher at 25 per cent of GDP than the 10 per cent of the mortgage class, indicating consumption-led borrowing. Also, income disparity is increasing which skews purchasing power and taming inflation becomes a huge challenge.

R Narayanan
Navi Mumbai

Reforms must continue

This refers to 'Change and continuity' (June 11). From the look of the Cabinet it will not be an exaggeration if we say that it is old wine in a new bottle.

But it should be easy for the Prime Minister to take forward the work done in his previous tenure. The forthcoming Budget would definitely show us the direction, but it would be welcome if the government continues on the reform path, especially in the areas of land, labour and agriculture. GST collections have been breaking records each month, and it is time the government moved towards a three-rate regime. It should also bring more sectors under PLI. The RBI dividend windfall has given significant fiscal space to the government and it can choose to reduce borrowings as well as stimulate the economy. Also, more attention must be given to the underprivileged sections.

Bai Govind
Noida

Fly standing: why not?

Despite proposals, regulators are cool to the idea

Atanu Biswas

In the near future, would a newer “cattle class” emerge for travellers on budget airlines, where the flight passengers would be standing up (or sort of sit-stand) or sitting in a perch seat while flying? Not yet, though.

In fact, this May, an IndiGo flight from Mumbai to Varanasi had to abort its takeoff because flight attendants noticed someone standing in the shadows at the back of the aircraft. And it reignites this two-decade-old discussion.

It’s not as though no one has ever stood throughout an airline flight. Six passengers stood the whole five-hour flight from Antalya, Turkey, to Ekaterinburg, Russia, on the now-defunct Tatarstan Airlines in 2010 due to a plane change that left them without their reserved seats. They were offered seats on the following flight seven hours later. Maybe they made the decision to make history by standing up.

Crucially, an incident that occurred around the same time as IndiGo’s Mumbai-Varanasi flight event serves as a reminder of the significance of aviation safety. A horrible incident involving a passenger’s death and numerous others suffering significant injuries occurred on a Singapore Airlines flight that was struck by strong turbulence. However, if wearing a seat belt while flying is the most feasible way to ensure safety, why not create a belt that permits standing?

Designing such an arrangement should not be hard, though. It’s fascinating to see that a lot of people have previously had similar ideas and attempts. At the 2010 Aircraft Interiors Expo Americas in Long Beach, California, Italian seat manufacturer Aviointeriors unveiled the SkyRider, a “standing seat” with a belt. Earlier, Airbus introduced the vertical seat concept in 2003.

In order to assess the feasibility of a perch seat, Airbus conducted covert surveys of airlines in 2006. Around 2010, a few airlines expressed interest in using vertical seats to “revolutionise” passenger behaviour. These included Irish airline Ryanair and Chinese airline Spirit Airlines. Tigerair Australia expressed interest as well.

Nevertheless, regulatory bodies have been quite sceptical about such business ideas. The



NOVEL TRAVEL. Stand and fly
ISTOCK.COM

regulatory bodies have not yet given their approval to these particular seat arrangements and designs. The UK Civil Aviation Authority and the European Aviation Safety Agency, for example, expressed doubts about the design’s ability to comply with licensing standards. The absence of a seat could make the design illegal in the UK because, for example, passengers are required to wear seat belts during landing and takeoff, as per UK aviation regulations.

Professor of aerospace engineering at Universiti Putra Malaysia, Fairuz Izzuddin Romli, and two of his colleagues examined the potential impact of “standing cabins” on enhancing the competitiveness of low-cost airlines in a 2014 research paper published in the *International Journal of Engineering and Technology*.

COST FACTOR

The paper examined the potential effects of standing cabins on improving the competitiveness of low-cost airlines and examined the extent to which lowering the price of flight tickets to a level competitive with buses and trains can be achieved by increasing the number of passengers on board the aircraft.

They looked into the idea of a standing passenger cabin, in which passengers are flown in an upright position within the aeroplane cabin. Their research estimated that a standing cabin would result in a 21 per cent increase in passenger capacity and a 44 per cent decrease in ticket prices, using the Boeing 737-300 as an example.

Well, the concept of a standing cabin has not yet come to pass. Will it become a reality in the future with the approval of various aviation authorities and perhaps with the amendment of the regulations and also the designs? Not sure. But, in that case, there will definitely be a new “cattle class” that will emerge.

The writer is Professor of Statistics, Indian Statistical Institute, Kolkata



RAM KAUNDINYA

The agriculture sector is facing grave challenges like yield stagnation, climate change, fast depletion of natural resources like water and soil organic matter and unprofitable farming. Agriculture has to grow at 6-8 per cent per annum consistently for transforming the sector. Setting up an ambitious agenda backed by investments in research, infrastructure and technology is required. The new government could consider the following agenda for the first 100 days.

FARM COUNCIL

One, there is a need for formation of a National Agricultural Development Council (NADC), akin to the GST Council, consisting of the agriculture ministries of the Centre and States, NITI Aayog, political parties, researchers, farmer bodies, industry, academicians, economists and others. This council can formulate a national agriculture strategy with an implementation and tracking mechanism.

Two, the government should consider stepping up investments in agricultural research from the current 0.61 per cent to 1 per cent of agriculture GDP. Well-defined high priority research projects in select areas need to be implemented over the next 3-5 years with active investment by both the public and private sectors. Crop improvement through seeds and planting material will play a key role in meeting the challenges faced by agriculture.

A policy framework for recognising research-based seed companies through a national research register and incentivising them to invest in priority areas and protection of their intellectual property will be the key.

Three, deployment of modern cutting-edge technologies in seeds, crop protection chemicals, crop nutrition products and biological products will not only help in increasing yields but also in reducing the environmental impact. A clear-cut technology deployment plan in critical crops like cotton, oilseeds, maize, fruits and vegetables is required.

Four, repurposing all current subsidies in agriculture towards



GIRI KVS

A 10-point agenda for agriculture

FARMER FIRST. Stepping up investments in agri research, use of modern tech and thrust on sustainable practices are key

promotion of sustainable practices, crop diversification based on agro-ecological zones, water and soil conservation programmes, and cultivation of climate resilient crop varieties is key. Carbon credits and green credits systems need to be brought to the doorstep of farmers on digital platforms for ease of adoption profitably. Incentivisation of these practices is needed to arrest the adverse effects of carbon footprint of agriculture.

Five, promotion of demand driven agriculture needs end-to-end solutions for each of the important crops. Farmers should be encouraged to produce particular crops of required specifications to cater to the demand from each of the sources. A

multi-stakeholder dialogue involving end-user industries may provide the direction to the policy.

FARM COMPETITIVENESS

Six, global competitiveness of the Indian farmer must be enhanced. Mapping our cost and quality parameters against those in competing countries will help address higher cost and lower quality issues through technology deployment, agronomic practices, input management, labour costs, etc. Private funding of clusters for cultivation of crops for export, value chain development, and managing quality and traceability will have to be taken up.

Seven, drip irrigation, sprinklers and hose reel system of irrigation can drive water conservation. Therefore, annual budget needs to be scaled up to at least three times the current levels. Free power and water programmes, which have caused considerable damage to the environment, should be stopped. Farmers following water conserving practices like direct seeded rice and grow crops that need less water should be incentivised through direct benefits transfer.

Eight, the importance of liberalising markets cannot be overlooked. A regulator to oversee the functioning of the market can be put in place.

Nine, capacity building among FPOs (farmer producer organisations) should be encouraged. Special guidelines by the RBI for lending to FPOs will be of great help.

Ten, development of digital infrastructure and digital public goods to support farmers is critical.

Financial services for farmers including credit and insurance and multiple other services can be enabled through digital means.

Digital agricultural output management will be key for farmer profitability, inflation control as well as minimising post-harvest losses. Standardisation of output parameters, creating a large network of digitally enabled micro warehouses will help the government formulate an exim policy.

A mission mode approach is needed to improve competitiveness and profitability of our agriculture.

The writer is Advisor to Federation of Seed Industry of India

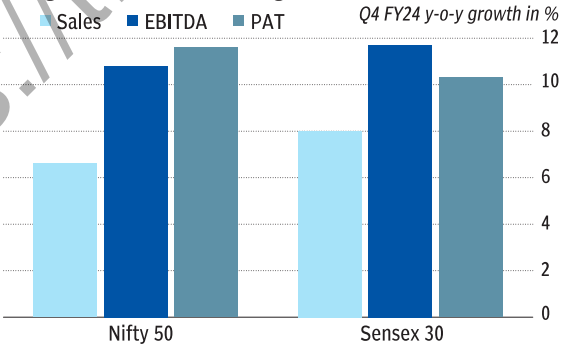
STATISTALK.

Compiled Nishanth Gopalakrishnan | Graphic Visveswaran V

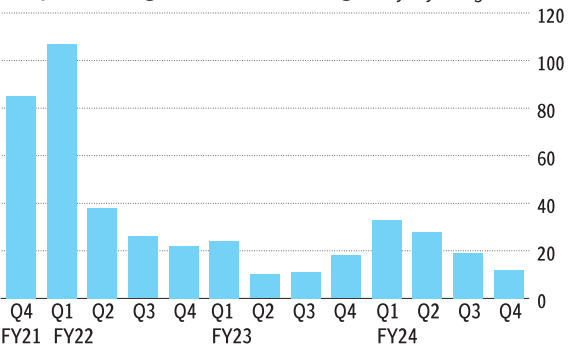
How has Nifty 50 fared in Q4 FY24?

Motilal Oswal Financial Services (MOFS) recently published a report named 'India Strategy'. The report reviews the performance of the Nifty 50 universe and stocks under coverage amid elevated interest rates and moderating inflation. During the quarter gone by, bottomline growth has outperformed topline growth. While this is attributable to lower material costs, the margin tailwinds have ebbed from a high base, thereby highlighting the need for a resurgence in revenue growth to boost earnings, going forward. Deleveraging is another key trend that can be inferred.

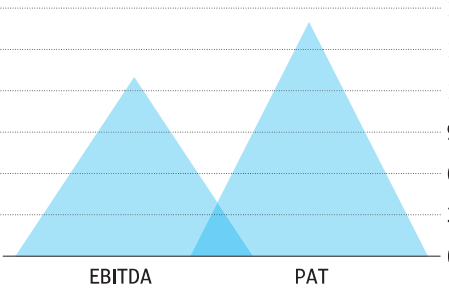
PAT growth exceeds sales growth



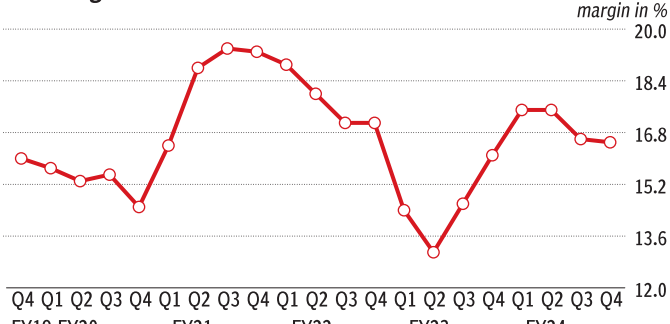
Nifty 50 - PAT growth normalising



Nifty 50 - Deleveraging aids bottomline growth



Declining tailwinds from lower raw material costs



Source: Motilal Oswal Financial Services (MOFS) report titled 'India Strategy'.

A total of 210 companies under coverage (excluding financials) have been considered

thehindubusinessline.

TWENTY YEARS AGO TODAY.

June 12, 2004

Transfer of ownership Tata Sons to get Rs 2,300 cr from TCS

Tata Consultancy Services (TCS) will pay Rs 2,300 crore to Tata Sons for the transfer of ownership. According to the offer document for the initial public offering of TCS, Tata Sons would be paid the sum on the completion of the IPO and failure to pay the amount within three days of TCS Ltd receiving trading permission from the stock exchanges; would entail interest payment at the rate of approximately six per cent per annum.

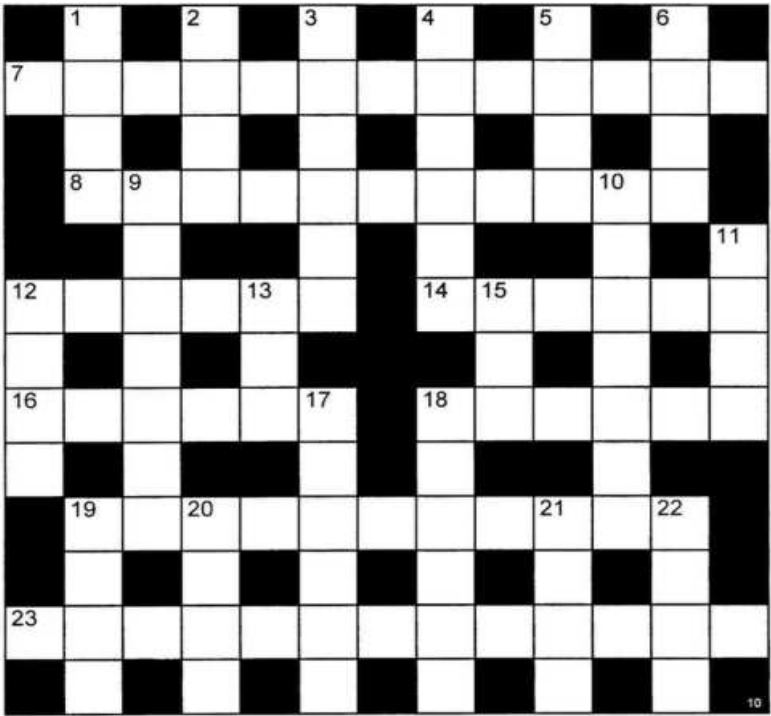
‘Petro pricing package soon’

The Petroleum Minister, Mr Mani Shankar Aiyar, said he was awaiting the response of the Finance Minister, Mr P Chidambaram, on his ministry’s proposal on the package. Mr Aiyar also said that along with Mr Chidambaram, he would be meeting the Prime Minister soon.

IOC seeks fast track clearance from govt

India Oil Corporation has sought fast track clearance from the government to pursue overseas buys, according to CMD, Mr M.S. Ramachandran. The company plans to buy a “mid-sized” exploration and production firm and lined up a war chest of \$2 billion for the purpose.

BL TWO-WAY CROSSWORD 2459



EASY

ACROSS

- 07. Leader of government (5,8)
- 08. Taken apart limb from limb (11)
- 12. Disc (6)
- 14. Make furious (6)
- 16. Chauffeur (6)
- 18. Roofing components (6)
- 19. Reminder, souvenir (11)
- 23. Trappings of success (6,7)

DOWN

- 01. Cross-barred pattern (4)
- 02. Little devils (4)
- 03. Overhang; threaten (6)
- 04. Without ability (6)
- 05. Employer (4)
- 06. Unwanted plant (4)
- 09. Lean towards (7)
- 10. Stretchable (7)
- 11. Not as much (4)
- 12. Go on horseback (4)
- 13. Regret (3)
- 15. No score (3)
- 17. Neglectful (6)
- 18. Sprinkles (6)
- 19. Renegades, strike-breakers (4)
- 20. Companion (4)
- 21. Pen points (4)
- 22. Slippery fishes (4)

NOT SO EASY

ACROSS

- 07. Get ready to pump man of church to be head of government (5,8)
- 08. The reverse of armed? Brims deemed capable of being so (11)
- 12. Compact disc, perhaps, stands if it’s unbroken (6)
- 14. Make one cross a green in the confusion (6)
- 16. Sort of club for one at the wheel (6)
- 18. Unsparring reviews preliminary lists of candidates (6)
- 19. Been upset with crammer, such a souvenir having been found (11)
- 23. They may stand for one’s social standing (6,7)

DOWN

- 01. Note/get shot of the grating (4)
- 02. Is to hold politician for kids who are mischievous ... (4)
- 03. ... one of whom will stop, and threaten (6)
- 04. How one might take a bun with ale? Can’t! (6)
- 05. He has the advantage of pause, restricted in part (4)
- 06. Very small letter standing for number unwanted in bed (4)
- 09. Be disposed towards the slope (7)
- 10. Might make ice last – might be made longer (7)
- 11. It isn’t so much the French craft (4)
- 12. Overlap a journey on horseback (4)
- 13. Regret having planted it? (3)
- 15. No goal, not in League leaders (3)
- 17. Being concerned with failure to hit target is lax (6)
- 18. Administers water to flower arrangements (6)
- 19. Rodents head the bill, having been upset (4)
- 20. Object of end-game is to find a chum (4)
- 21. Cocoa-beans when crushed may be applied to paper (4)
- 22. They slip up, sleep being inconclusive (4)

SOLUTION: BL TWO-WAY CROSSWORD 2458

ACROSS 1. Masterpiece 7. Revival 9. Spur 11. Visor 12. Trusts 14. Ground swell 18. Relish 20. Armed 22. Love 23. Make out 24. Trespassing
DOWN 2. Adviser 3. Roll 4. Capes 5. Brave 6. Crash 8. Virtuoso 10. Drawback 13. Odd 15. Lampoon 16. Drill 17. Edits 19. Lever 21. Emma

Improving conditions

Govt must present a revised fiscal glide path

The allocation of key portfolios in the third Narendra Modi government indicates continuity in policy. This should give confidence to financial markets, which became a bit jittery after the election results. However, while broad continuity will help boost confidence in the short run, policy needs to evolve with changing circumstances. In this context, Union Finance Minister Nirmala Sitharaman would be expected to build on the foundations of recent years. Her previous term was perhaps the most difficult that a finance minister has faced in recent memory, largely because of the pandemic-related shocks. Even though India managed a strong recovery from the pandemic, ongoing efforts will be needed to sustain growth and repair the country's fiscal position. The Indian economy expanded 8.2 per cent in 2023-24 and is broadly expected to grow at about 7 per cent this financial year.

On the fiscal front, the government seems on course to achieve the medium-term fiscal deficit target of 4.5 per cent of gross domestic product (GDP) in 2025-26. Higher than expected revenue collection and economic growth brought down the fiscal deficit to 5.6 per cent last financial year, compared to the Interim Budget's revised estimate of 5.8 per cent. For the current year, a higher than expected surplus transfer by the Reserve Bank of India (RBI) will help government finances. As Ms Sitharaman and her team begin preparing the full Budget — expected in July — they would be well advised to use the additional surplus transfer by the RBI to reduce the fiscal deficit and take it close to the medium-term target. Given the new political landscape, there is likely to be pressure for additional spending.

However, the government should not give up the hard-won fiscal gains of the past few years. In fact, it would be well advised to present a revised fiscal glide path to bring down the fiscal deficit to 3 per cent of GDP. This will be important for bringing down the debt-to-GDP ratio to a more manageable level. According to the International Monetary Fund projections, India's general government debt is expected to remain above the pre-pandemic level at least till 2029. In terms of augmenting revenue, the Union government should immediately initiate the process of rationalising rates and slabs of goods and services tax (GST) in the GST Council. This will not only help boost revenue collection but also improve the ease of doing business.

One of the possible challenges in bringing down the fiscal deficit would be its implication for growth. Economic growth in the post-pandemic period has been largely driven by government capital expenditure. With sustained fiscal consolidation, the private sector will need to fill the investment gap. However, the private sector seems hesitant to significantly expand capacity, arguably due to weak domestic demand. While demand in rural India is expected to revive with a normal monsoon, India should also focus on catering to global demand. The government has increased tariffs in recent years, which affects external competitiveness. While the finance ministry must now review the effectiveness of higher tariffs in achieving higher sustainable growth, attracting investment and driving growth will require a whole-of-government approach. The first full Budget of the new government will be keenly watched for signals as to how the government intends to take the Indian economy forward.

Europe's destiny

Right's electoral gains point to deepening instability

Two days after India completed its mammoth seven-phase elections over two and a half months to elect 543 members of the Lok Sabha in 28 states and Union Territories, Europe went to the polls, completing in four days (June 6-9) elections to 720 seats among 27 member-countries. The two elections are not strictly comparable since the exercise in India was for a national Parliament whereas the European Union (EU) elections were for a supra-national Parliament that decides pan-European, not national, laws. But the results of the European Parliament elections are no less consequential. The EU is the world's second-largest economy, so the EU Parliament has a powerful voice in critical global issues, among them climate change, trade standards, immigration laws, and support for Ukraine and Gaza. Also, the choices of EU voters are a barometer of the popularity of national parties.

Unlike the Indian elections, which threw up a downside surprise for the ruling Bharatiya Janata Party, the results from the EU Parliament ran on expected lines. Right and far-right parties gained significantly in the three countries with the largest number of Members of the European Parliament (MEPs). In Germany, which has the highest number of MEPs at 86, Chancellor Olaf Scholz's Social Democratic Party came in third, behind the Conservative alliance of the Christian Democratic Union and Christian Social Union, and the extreme-right Alternative for Germany (AfD). In France, with the second-highest number of MEPs at 81, the biggest gainers were Marine Le Pen's Eurosceptic, xenophobic Identity and Democracy Party, with 58 seats, nine more than in 2019 and 30 per cent of the vote, double of Emmanuel Macron's Renaissance Party. This poor showing prompted President Macron to dissolve Parliament and call for snap elections in the next 30 days. In Italy, with 76 MEPs, Prime Minister Giorgia Meloni's Brothers of Italy gained 14 seats, placing her in a strong position as Italy readies to host the G7 on June 13. Maverick right-winger Viktor Orban's Fidesz Party in Hungary also won 44 per cent of the vote but this result was considered a setback since he dropped 11 per cent of the vote to an emerging centrist challenger, Tisza. These results, too, are significant because Hungary is due to take over the six-month presidency of the Council of the EU in July.

Much of the gain from the far-right has come at the cost of the Greens, which lost 19 seats, and the liberal Renew, which lost 22 seats. On the whole, however, the liberal-conservative centre has managed to hold. EU Commissioner Ursula von der Leyen's European People's Party remains the biggest grouping in the European Parliament with 184 seats, a gain of eight over 2019. The Progressive Alliance of Socialists and Democrats (S&D), a pan-European party of socialists, with 139 seats is the second-strongest bloc, and there are 99 non-aligned seats, a gain of 37. The right-wing parties are by no means a united bloc — Ms Meloni's party is at odds with the AfD for its stated neo-Nazi sympathies, for example. But their stronger showing suggests that polarisation in Europe has deepened. This development, when combined with the prospect of Donald Trump's return to the White House in November, is deeply concerning for the future of global stability and peace.

Make it more transparent

The Budget shouldn't ignore provisional figures for 2023-24 and use the extra RBI surplus to better effect

ILLUSTRATION:BINAY SINHA



Now that Nirmala Sitharaman has returned to the ministerial portfolio she held for the last five years, the Union finance ministry has got down to its most important task — preparing the Budget for 2024-25. An Interim Budget was presented by her on February 1 earlier this year, but that was only a vote-on-account, seeking Parliament's approval for incurring a specified amount of expenditure till such time as the full year's Budget is presented by a new government and approved by Parliament. Unlike a few of the previous Interim Budgets, Ms Sitharaman refrained from making any policy announcement or taxation changes, honouring convention and staying on the path of correctness. Now, as she gets ready to prepare the full Budget for the current year, what should be her key concerns?

Undoubtedly, the macroeconomic circumstances under which the forthcoming Budget will be prepared are looking healthier than what prevailed when the Interim Budget was presented. Retail inflation is under control, even though it is still above the government-mandated target of 4 per cent. Gross domestic product or GDP grew by 8.2 per cent in 2023-24 and is expected to grow by 7.2 per cent in the current year. Foreign exchange reserves are comfortable at over \$640 billion. The current account deficit was well under control at 1.2 per cent of GDP in the first three quarters of 2023-24 and may even be lower than 1 per cent for the full year, according to some estimates. There are, however, worries on the exports front, with merchandise goods exports falling marginally last year and service exports losing their earlier momentum. With geopolitical tensions showing no signs of subsiding, international commodity prices, particularly those of crude oil, could be another cause for concern. But, overall, the Budget for 2024-25 can benefit from reasonably sound fundamentals of the Indian economy.

There is yet another positive boost for the 2024-25 Budget that comes from recent developments.

The Reserve Bank of India's (RBI's) surplus transfer this year would be 133 per cent more than what was originally expected. The total transfer estimated at ₹2.1 trillion will create an additional fiscal headroom of almost 0.37 per cent of GDP. Should the government use the extra receipt to reduce its fiscal deficit, or increase investment to add to the country's infrastructure capacity, or provide tax incentives to revive consumption demand, or take steps to create more jobs at the lower end of the employment market?

The efficient husbanding of resources by the government last year has meant that the fiscal deficit for 2023-24 has been brought down to 5.6 per cent of GDP, against the Budget estimate of 5.9 per cent. This should make the task of reducing the deficit to 5.1 per cent, as projected in the Interim Budget, relatively easy. Indeed, the finance ministry can aim at a sharper reduction to achieve the 4.5 per cent target earlier than 2025-26 and outline a new glide path for meeting the optimum target of 3 per cent over the next few years. The big policy options that need to be exercised by the next Budget is whether it should focus only on reducing the deficit this year or use the available resources to address other pressing needs of the economy, such as investments, employment creation and boosting consumption demand. A mixed approach would be ideal.

The second upside for this year's Budget may come from unexpected quarters. From July 2022 to June 2024, the government's goods and services tax (GST) compensation cess revenue is likely to be around ₹2.7 trillion, which is the amount the Centre had borrowed from the RBI on behalf of the states to meet their revenue losses during the Covid months. While the states ceased to get any compensation cess benefits from July 2022, the Centre has been collecting that amount to help it repay the loans.

Details of the actual repayment liability on this account are not available, but it is likely that the full



RAISINA HILL

A K BHATTACHARYA

Missing: 407 million news consumers

The results of the general elections last week have answered a question that has bothered me for some years now. Going by the Election Commission of India data, 642 million Indians voted in the 2024 general elections. Of these, 36.6 per cent, or about 235 million, voted for the Bharatiya Janata Party, which has been running the government at the centre for 10 years.

Switch on many of India's roughly 400 news channels. It would seem as if these 235 million people are the only audience for news. Assuming they all watch television, the voters for the ruling party are less than a third of the total TV audience of close to 900 million. (Broadcast Audience Research Council data)

Move to newspapers. If you flipped open some of the large national newspapers, especially in English and Hindi, it would seem that the likes, dislikes, and opinions of these 235 million Indians are paramount. This number is just over half of the 421 million people who read a newspaper, going by the last Indian Readership Survey.

Note that many people might be doing either or both — reading and watching TV. Therefore, there is significant duplication of these numbers.

If you take a look at the numbers — of voters, media reach etc — for 2014 and 2019, the absolute figures vary. But the trend of news media catering only to one set of consumers is constant. This writer has commented on it earlier. ("Why is Indian News Media Servile?" *Business Standard*, February 14, 2018)

What has puzzled me is why 407 million people, who vote for other parties, have been completely ignored for almost a decade now. And if you consider

the entire population of the country — even after ignoring children under 14 — the narrow approach of news channels seems even more bizarre.

This has created a huge information gap. As voters or non-voters, many of the opinions we form — on what is happening around us, which school or college to go to, on health, on civic, national or international issues — are influenced by how much information we have. And mainstream media, with its phenomenal reach, is the single biggest source of this information.

However, for almost a decade now, we have heard only one story out of the many that a diverse country like India has to offer. Very few stories that conflict with those told by mainstream media are ever seen or heard, say about rural distress or India's jobs crisis. When stories countering the popular narrative do emerge, people are often surprised or in disbelief. For many years now, the whole country has been subject to the confirmation bias of one set of news consumers, creating an information vacuum that continues to grow.

But nature abhors a vacuum. Not surprisingly, several people, brands and platforms rushed in to fill the gap online — where entry barriers are not as high as in TV or print. This picked up speed after data prices crashed in 2016 and continued to drop leading to an exponential growth in consumption of all things online.

According to Comscore, more than 523 million Indians used hi-speed bandwidth to watch videos, read, see entertainment, or news online in January 2024. Here, the domination of one demographic is missing. While the online arms of large newspapers and news networks do much of what they do offline, there are hundreds of thousands of hyper-local, local,

repayment will be completed before the end of March 2025. This will offer an opportunity for the government in two ways. The finance ministry could remove the GST compensation cess (at present the cess is applied to non-merit goods like tobacco products, aerated water and motor vehicles at different rates) or subsume a part of it in the revised rates for such products. Ideally, the cess should be removed, and this exercise should be aligned with the overall long-pending GST rate rationalisation to reduce the multiplicity of rates and increase the revenue neutral rate for the GST regime. The second benefit could be to use the removal of the compensation cess for reducing the overall GST incidence on products and services and boost demand.

Going beyond the Budget options, there is a major reform that the finance ministry could undertake by introducing greater transparency in Budget presentation. All budgets presented after general elections have relied on the revised estimates of the preceding year, which were presented in the interim Budget. However, by the time the full budgets are presented, the finance ministry has access to the provisional numbers for the previous year, even though they are unaudited. Notably, in a few of the budgets for pre-election years, the differences between the numbers given in the revised estimates and the provisional estimates have been quite significant.

For instance, in 2008-09, the provisional estimate for total revenue receipt was 3 per cent lower than what was given out in the revised estimate. And the government's capital expenditure in the provisional estimate was 8 per cent lower than the corresponding number in the revised estimate. In 2013-14, the government's net tax revenue in the provisional estimate was 2.4 per cent less than it was in the revised estimate. The variations reached excessively high levels in 2018-19, when the provisional estimate was 9.6 per cent lower than the revised estimate for total revenue receipt, 11 per cent lower for net tax revenue and 6 per cent lower for total expenditure. In most of these cases, these differences did not make a major impact on the final fiscal and revenue deficit numbers. But the variations in revenue and expenditure figures meant that any reading of the economy based on those numbers would have been misleading.

More importantly, the full Budget estimates presented for the election year made comparisons that were patently inaccurate. The Budget documents would provide numbers on revenue and expenditure only under the heads of Budget estimate and revised estimate, even though sharply divergent figures based on the provisional unaudited estimate would be available with the government.

The differences between the provisional figures and the revised estimates for 2023-24 have not been sharp (the former numbers have been 1 per cent more than the revised estimate), but the finance minister could be more transparent if the Budget provides the provisional numbers as well, along with the revised estimates, so that a more accurate reading of the government's revenue collections and expenditure pattern could be possible. That decision would be another step towards imparting greater transparency to budget-making.

international websites, YouTube channels, short video apps and individuals, offering a range of opinions and information. Most are small in reach, ranging from 5-25 million followers. However, put them all together and they seem to have filled the gap, somewhat.

That is why many of these individuals or news sites — Ravish Kumar, Dhruv Rathee, *Alt News*, *The News Minute*, *The Wire*, *The Quint*, *Newslandia*, *Scroll*, *Khabar Lahariya*, and many others across languages — were being celebrated as the results of the general elections started coming in on June 4. It was as if they swung the election in favour of other parties.

That, however, is incorrect. Most of these organisations and people simply set out to present facts and perspectives in a news ecosystem that has become homogenised into one lump. Whether you agree with them or not, they were at least speaking from outside an echo-chamber that has been appealing only 17 per cent of India's population — the special 235 million. In a country as diverse as India, the more voices there are — on the left, right, centre or otherwise — the better it is. Every group needs to be represented in the discussion happening around society, economy, regulation or politics. These independent voices emphasise the role that media plays in a democracy.

With any luck, this election will push mainstream media to recognise the other Indias as viable news consumers. There is a moral argument for doing this too. However, since most media owners might not be swayed by that, let us stick to the business one. Media brands chose to ignore a large market for almost 10 years. In the process, they lost credibility with a large swathe of Indians. Others came in to claim those consumers, who have now spoken. Time then for mainstream media to listen to them too.

<http://twitter.com/vanitakohli>

Urdu, for Indians, by Indians



BOOK REVIEW

CHINTAN GIRISH MODI

When push comes to shove in the New India that is Bharat, not even speaking English will give me an exit pass if a mob baying for Muslim blood were to gherao me. All my so-called privileges can be brought to naught by a crowd of lumpens. This realisation is chilling," writes Rakshanda Jalil in her new book *Love in the Time of Hate: In the Mirror of Urdu*.

The author, translator and literary historian, who is an authority on Urdu literature, speaks on behalf of

numerous Muslims in urban India who live with the fear of violence each day as they encounter hate speech on campuses, television, social media, and in housing society WhatsApp groups. This is not how things should be, especially in a country that prides itself on its democratic values, age-old traditions of interfaith exchange, and unity in diversity.

Since Ms Jalil is aware of the advantages offered by her class background, education, and her access to people in high places, she is quick to admit that Muslim kabab sellers, plumbers, electricians, painters, carpenters, vegetable vendors, car mechanics, quilt makers and other service providers are a lot more vulnerable. They have to hide their "Muslim-sounding" names as their religious identity can be used as a reason to terminate their services.

Love in the Time of Hate reminded me of Nazia Erum's book *Mothering a*

Muslim: The Dark Secret in Our Schools and Playgrounds (2017), published by Juggernaut. Ms Erum uses interviews with Muslim mothers from Delhi, Gurugram, Mumbai, Lucknow, Noida and Hyderabad to give us an account of their fears and the strategies they use to protect their children from bullying, discrimination and physical harm in schools and on playgrounds.

As we mull over the election results, let us take strength from these lines in Urdu penned by the poet Bashir Badr, which feature as an epigraph in Ms Jalil's book: *Saat sanduqon mein bharkar dafn kar do nafratein/Aaj insaan ko mohabbat ki zarurat hai bahut* (Stuff all the hatred in seven boxes and bury it deep/Today, humans need love more than anything else).

Poetry often serves as a balm and a refuge; this book is a celebration of its healing properties. Ms Jalil is out to prove that "Urdu poetry is NOT poetry by Muslims for Muslims about

Muslims", and that the concerns of poets writing in Urdu extend far beyond the travails of the *shama* and the *parvana* (popular tropes of the candle and the moth) or the *gul-o-bulbul* (the rose and the nightingale) that came to Urdu poetry from classical Persian poetry.

She accomplishes the task of breaking stereotypes quite effectively in this collection of freshly written essays and previously published pieces that have been substantially revised. She writes, for instance, about how Vardhaman Mahavir and Gautam Buddha have been eulogised in Urdu poetry, which might come as a surprise to those who wrongly assume that Urdu poetry must restrict itself to prophets, mystics and saints from the Islamic tradition.

Apart from drawing attention to the importance of plurality, Ms Jalil also makes room for voices that warn

readers about the perils of identifying so closely with one's religion that it takes precedence over the shared experience of being human. Nida Fazli, for instance, writes: "*Koi Hindu, koi Muslim, koi Eesai hai/Sabne insaan na hone ki qasam khayi hai* (They are a Hindu, or a Muslim or a Christian/

Everyone has taken an oath not to be a human)."

As one would expect from a volume of this kind, it also addresses the impact of socialism and communism on several poets writing in Urdu, including Wamiq Jaunpuri, Ali Sardar Jafri, Makhdum Mohiuddin, Josh Malihabadi, Sahir Ludhianvi and Majrooh Sultanpuri. Saadat Hasan Manto — the reputed writer of short stories — had a sharp critique of these left-leaning tendencies. This might unsettle Manto fans who view him as a

messiah of the marginalised.

Ms Jalil quotes him in Urdu, and offers an English translation: "*Mujhe naam-nihaad Communisme se badi chid hai. Woh log mujhe bahut khatle hain jo narm-narm sofon par baith kar daraanti aur hathaude ke zarbon ki baatein karte hain.*" (I get very irked by so-called Communists. Those people who sit on soft sofas and speak of the blows of hammers and sickles trouble me greatly). These remarks by Manto are absolutely relevant even today.

This eclectic collection also contains essays about Urdu poetry on horrific events such as the Jallianwala Bagh Massacre and the demolition of the Babri Masjid; on historical figures such as MK Gandhi, Jawaharlal Nehru, Netaji Subhash Chandra Bose, Rani Lakshmi Bai and Bhagat Singh; and on more tender subjects such as love, watermelons and harsinghar flowers. It deserves to be read widely, for it achieves a delicate balance between harshness and beauty.

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OPINION

The
Hindustan Times
ESTABLISHED IN 1924

{ OUR TAKE }

Politics, coalitions and governance

New council of ministers, portfolio allocations hide tension between politics and governance

With the Bharatiya Janata Party (BJP) falling well short of the required majority in the Lok Sabha, and depending on allies to make up the numbers, it was widely believed that the party would have to give up plum ministries if it wanted to form the government. The council of ministers announced on Sunday, and the portfolios announced on Monday, belie this. The BJP has retained key ministries, including the big four (defence, home, external affairs, and finance), something that seemed inconceivable just a week ago. The council does reflect changes — to accommodate allies, to make space for senior BJP leaders from the organisation or states, and to account for losses — but its overwhelming theme is continuity. It is believed that the BJP managed this by convincing allies to look at a larger arrangement (spanning state elections and Rajya Sabha slots, not just ministries), promising inducements (special packages for states), and respecting seniority (former chief ministers cannot be treated as just another MP). However it managed the process, the fact is that the new NDA government does not look very different from the second Modi government, and that should come as a relief to people worried that governance would become a casualty of coalition politics.

But the politics will continue to be challenging for the BJP, as is already becoming evident from the reactions of the Shiv Sena and the NCP, both disappointed allies from Maharashtra. The NDA's performance in Maharashtra (and, in contrast, the INDIA bloc's) suggests that it is in danger of losing the state where assembly polls are to be held later this year. The party can ill-afford that: A loss in the state would mean assembly-level accommodations will no longer be possible, and restive allies will likely bargain aggressively for slots in Delhi. That's a problem that could arise in Bihar, too, although the NDA in the state did far better than the INDIA bloc in the Lok Sabha polls. The party must be relieved that there's no such threat as far as its largest partner, the Telugu Desam Party is concerned; the elections to the state happened along with the Lok Sabha one. It will be interesting to see how the BJP manages this, the political aspect of its alliances — for inability or failure to do so could create challenges on the governance front. To be sure, partners wanting to engage in brinkmanship will be aware that the BJP is not just 15 times as large (in the Lok Sabha, by representatives) as the second largest party in the NDA, but also a party that has a phenomenal recent track record of ensuring it is always on the right side of numbers.

This byplay between politics and governance could characterise the new NDA government and the country's next five years.

Decoding RSS chief's remarks on elections

In the time of coalition politics, a thousand opinions will bloom. The reduced tally for the BJP in the general elections and its dependence on allies to run the government have encouraged the RSS to take a reflective, but critical, stance on the party's politics. The BJP considers the RSS its ideological fount. In this context, RSS chief Mohan Bhagwat's remarks about the polarising election campaign will be seen as an indictment of the BJP's shrill anti-Muslim rhetoric. Bhagwat, of course, blamed both the BJP and the Opposition for adopting campaign "strategies that would lead to divisions, increasing social fault lines". However, the *sarsanghachalak's* comment will be read in light of BJP chief JP Nadda's recent remark that the party has outgrown the RSS and is no longer dependent on the latter to conduct its affairs.

Relations between the BJP and the RSS have been a taut affair, even though most senior leaders in the party have been moulded by the Sangh's ideology. The RSS claims to be above party politics but also seeks a mentoring role in BJP affairs, including in government. This is often resisted, if not resented, by the BJP brass. When Atal Bihari Vajpayee headed the NDA governments between 1998 and 2004, the party and the Sangh often clashed over policy and politics.

The electoral dominance of the BJP for a decade since 2014 provided little leeway for the RSS to assert itself as Brand Modi diminished every other political actor. That changed on June 4. Expect Bhagwat, like many others, to speak more. And all of it is unlikely to sound soothing to a bruised BJP.

Verdict 2024: A huge asset for foreign policy

The outcome has rebuilt India's image as a robust democracy. This strengthens Delhi's external friends, helps Indian diplomats, and offers a chance to bridge the divide with the alienated diaspora

India's electoral outcome is the best thing that could have happened to Indian foreign policy. The composition of the new National Democratic Alliance (NDA) government sends a signal of continuity to India's friends. But there is, as Prime Minister (PM) Narendra Modi has repeatedly emphasised in speeches over the past decade, a difference between a single-party majority government and a coalition government. The space available to the executive in some domains (for instance, deepening security and technology partnerships with the United States (US), France, and Japan) may remain the same in the context of a wider consensus on where India needs to develop its capabilities and the friends it must work with. The space available in other domains (for instance, the relatively secretive approach to China and specifics of the border issue) may shrink in the context of a more divided polity with stronger Opposition forces in Parliament demanding more public information, if not answers, on India's

principal strategic adversary.

Indeed, Delhi-based foreign diplomats would have, by now, sent dozens of diplomatic cables to their capitals on what the verdict means for Indian foreign policy in general and India's respective bilateral partnerships with their countries in particular. But all of this is largely in the realm of speculation, for specific policy questions can only be assessed over time.

What is a reality, however, is that irrespective of what foreign diplomats told their capitals about the challenges confronting Indian democracy till this point, the verdict has led to renewed international respect for the vitality, vibrancy, and robustness of democratic political competition on the ground in India.

In an open society, political forces put forth their ideas and campaigned. Indian citizens expressed their preferences in polling booths. These preferences were systematically and honestly collected and tabulated. Collectively, citizens rearranged the balance of power in Delhi, partly if not substantially. A seemingly all-powerful political hegemon faced setbacks, and a seemingly all-powerful PM was humbled. The ruling party had to make adjustments to get to the majority mark. Based on this new mandate, which was for continuity but with balance and restraint, a new government took office, all within a week of result day. There was no violence.

This process, in itself, offers at least five big advantages for India externally.

One, it offers a boost to global democracies under siege from dictatorships externally and authoritarian figures unwilling to accept election verdicts internally. The democracy versus authoritarianism frame that Joe Biden uses for contemporary geopolitical competition is too simplistic. But there is an ideological battle underway about the kind of political system that works best, and India, even if it doesn't go about loudly proclaiming and promoting it, is in the democratic camp. In India's neighbourhood itself, China has sought to

back the most undemocratic regimes in recent years while Delhi has tilted towards democratic formations. The victory of Indian democracy is an ideological victory for the idea of democracy; it shows diverse societies, facing acute development and security challenges, can go through regular electoral churns, offer citizens a voice, witness changes in varying degrees, check executive excesses, and yet remain stable.

Two, Verdict 2024 gives India's external friends in Western capitals, who have had to face questions about India's "democratic backsliding" from others in their own systems, compelling evidence to show that India remains a robust, open and plural polity. Friendly officials in Washington DC, London, Paris and Brussels have had to confront lobbies that have framed any deepening of ties with India as violating their respective system's commitment to human rights. The verdict will strengthen the hands of those committed to a stronger India



Prashant Jha

Why Air India's overhaul plan has hit an air pocket

Rahu and Ketu, the two "dashas" (phases) as per Hindu mythology, are phases that offer an opportunity for a transformative experience if one is able to overcome the obstacles and challenges one encounters during them with wisdom, balance and self realisation. By all indications, India's erstwhile national carrier Air India, now owned by Tata Sons, is undergoing an intense period where both phases appear to be occurring simultaneously, with several negative effects all around!

In the last fortnight, two incidents involving inordinate delays in Air India long haul flights caught national attention even as the eyes and ears of the nation were focused on the exit polls and results of the 2024 Lok Sabha elections. In one case, passengers claimed to have felt faint as the aircraft remained parked on the runway prior to takeoff for several hours while the air conditioning malfunctioned in Delhi's sizzling heat. In the second, a flight was delayed by nine hours due to a technical delay.

Coming as they did in close succession, the incidents attracted considerable interest as many in the industry and outside of it took to social media to express their inability to grasp this. What is wrong with Air India and now, by proxy, the Tata group's handling of it? More than one government official — several of whom were against the privatisation — argued that "even the government was doing a better job of managing operations" and that things appeared to have gone from bad to worse under the private owner's watch.

As with most things, it is a combination of factors and not one single reason why things are going awry. I'll list what I have gleaned about the airline for readers in as succinct a manner as possible for those interested. To begin with, as per my understanding from more than one person in the know, Tata Sons has not taken this headache off the government's hands of its own volition, and it is something the group is now saddled with. Was Air India a coveted asset for a group, which already had two airlines it was grappling with, one of which (AirAsia India) was more of a struggle than anything else?

Two, Campbell Wilson is perhaps more of a compromise candidate suggested and accepted at the last minute by the new owners after the first pick from Turkish Airlines failed



What is wrong with Air India and now, by proxy, the Tata group's handling of it? ANI



Anjali Bhargava

might be great professionals with stellar records, the airline business is a tricky one. This is where I think the airline will pay its heaviest price, if not in the immediate future, then over a longer period of time. The only two airlines in India that can be called successful — Jet and IndiGo — have both been run and managed by primarily airline professionals, right from the word go.

Three other aspects are concerning. One, too much of the focus of the team in charge appears to be on cosmetic changes — gimmicky videos on safety, new uniforms and looks, better food, and so on — with too little attention paid to the actual operations, rostering of pilots, improving ground operations, and focussing on improving training standards and procedures.

Two, in the garb of aiming for "nothing but the best," money is being squandered like water. And while allegations of corruption may be unproven, similar allegations have dogged both the erstwhile national carrier and private airlines almost all through their history. Private sector corruption in the airline industry is alive, kicking and thriving. I am told.

A third worrisome aspect of the Air India turnaround remains the tendency of the senior management to rule from afar. I have pointed this out in several columns in the past as well, but aviation is not a business that can be controlled or managed from glass cabins and fancy chrome buildings. Those in charge need to step out of their comfort zones and be available, especially in times of crisis, to instruct and guide the ground staff. My sympathy lies entirely in these crisis situations with the ground staff, who are not in a position to take a snap decision to allay angry fliers and face the entire ire of irate passengers. There is no justification for this, and the top management is wholly and entirely to blame. Step out onto the battleground and see what your foot soldiers endure on a daily basis.

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As PM Modi meets G7 leaders in Italy, his electoral strength may be diluted, but India's democratic strength stands enhanced GETTY IMAGES

partnership, and hopefully encourage those who believed that India's domestic political developments warranted a dilution of bilateral strategic ties to rethink their positions.

Three, after a few years of facing relentlessly tough questions about what could be termed the divisive rhetoric, laws, and actions of Indian government figures and ruling party members, the verdict gives Indian diplomats a really powerful talking point about the resilience of Indian democracy and its self-correcting mechanisms. So far, diplomats on the ground had to come up with the spin that they barely believed in or engage in whataboutery — which wasn't too difficult given the state of democracy in the West itself. But now, they can confidently point to verdict 2024, and suggest that Indian voters know best and have the freedom to express this choice.

Four, the election offers an opportunity for India to rebuild its credibility with the second generation liberal Indian diaspora as well as with Indian minorities in the diaspora. The extent of alienation of younger liberal Indians in the US and the United Kingdom from the Indian political mainstream is often underestimated. The fact that the Indian diaspora is divided today, with large segments of Sikhs, Mus-

lims, and Christians in the diaspora communities unhappy about the nature of Indian politics hasn't helped Indian national interest. These segments may not be thrilled at the outcome — and it is not up to them in any case to decide who governs India. But they are powerful in their own ways and the fact that they can see hope in Indian democracy offers a chance to Indian diplomats to proactively reach out to sceptical constituencies and build bridges.

And finally, the verdict may help stem the hubris that seemed to have afflicted parts of the Indian national security establishment, of which the allegations of a plot to engage in extrajudicial killings on foreign soil are the most stark example. Actions such as these complicated Indian foreign policy; less hubris and more restraint will create space for both smarter intelligence work and more effective diplomacy.

Indian democracy contributes immeasurably to Indian power externally. Recovering that advantage is the biggest foreign policy win of 2024. As PM Modi meets G7 leaders in Italy, his electoral strength may be diluted, but India's democratic strength stands enhanced.

The views expressed are personal

{ SUPRIYA SULE } NATIONALIST CONGRESS PARTY (SP) LEADER



We have been questioning the government over the Manipur issue for months... Manipur is an integral part of India, why is it being meted out such treatment?



EV startups need State support more than Tesla

Tesla chief Elon Musk recently congratulated Prime Minister Narendra Modi for his coalition's electoral victory and said he looked forward to his companies "doing exciting work in India". The message comes a couple of months after Musk postponed his visit to India. What the postponed visit must teach us is the importance of balancing incentives for global players like Tesla with support for local firms. Musk's trip was intended to include announcements about Tesla's entry into the South Asian market. India tried to woo Tesla and other foreign electric vehicle (EV) makers with import duty waivers against a minimum investment commitment of \$500 million. As Tesla is seeing falling sales and rising competition from Chinese EV makers, all expansion plans seem to be on hold. It is time to give equal attention to nurturing Indian startups.

Startups, among the early movers in the country's EV ecosystem, display an impressive ability to innovate. For example, GPS-Renewables, a Bangalore based startup, created a biogas-powered EV charging station, aiming to make EVs green end-to-end. Similarly, Exponent Energy, claims to rapidly charge an EV from 0% to 100% within 15 minutes. There's a need to offer well-deserving startups the same incentives as larger firms, as well as policy predictability.

India's performance linked incentives (PLI) for automobiles show how startups are inadvertently hobbled by policies designed for larger firms. The PLI Auto Champion OEM Scheme invites companies with a minimum global group revenue of ₹10,000 crore and a prior investment of ₹3,000 crore in fixed assets. India could expand the reach and impact of such PLI schemes by lowering eligibility thresholds to include smaller companies and innovative startups. Smaller indigenous players like Ather, Ola, Torq, Okinawa, Altgreen and Greaves Electric Mobility played a significant role in expanding EV adoption in India, especially in the two- and three-wheeler vehicle segment. But manufacturers must invest at least ₹1,000 crore over the next five years after the commissioning of manufacturing facilities, making scale a key determinant of eligibility for the PLI.

India can also learn from the US and China, where startups can participate based on criteria other than investment thresholds to access manufacturing incentives. The two countries contribute around two-thirds of global EV production, with China itself accounting for half. Beijing sup-

ports manufacturers based on the number of EVs produced, and offers exemptions from consumption tax — which producers pay for luxury and environmentally unfriendly goods, including cars — to reduce production costs for EV manufacturers, provided they manufacture EVs in China using Chinese batteries. China also introduced a dual-credit scheme in 2018 to encourage manufacturers to produce more new energy vehicles, including EVs based on criteria such as range per cycle and average fuel consumption.

America's Inflation Reduction Act 2022 includes tax incentives for automobile manufacturers and customers to boost EV production. The law features a clean vehicle tax credit with conditions such as the production of half the value of battery components, procuring 40% of the value of critical minerals from countries it has a free trade agreement with, and final assembly of vehicles in North America. Importantly, there is no cap on the number of EVs a manufacturer must sell to avail tax credits making conditions agnostic of pre-existing business revenue.

India has a long way to go on policy predictability. Policy stability and government financial commitment influence tech innovation. Longer-term support leads to more significant outcomes. Additionally, policies pertaining to technology commercialisation also determine an innovation's success. Incremental, predictable, and credible government expenditure is essential for facilitating green transition, but "boom-bust" or volatile support almost always fails to achieve policy goals. India initiated the Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles (FAME) Scheme in 2015 to boost the adoption of electric and hybrid vehicles, implemented in two phases: FAME I, which ran from 2015 to 2019, followed by the second phase, which ended last month with no indication of what would follow in the longer run.

The need for lower eligibility criteria and policy stability and predictability is evident not only in the EV sector but also in other specialised sectors like electronics. While scale is undoubtedly important, so are incentives for building in and working in India. Our entrepreneurs and innovators are our most valuable resources, and they deserve our first pick.

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OUR VIEW



Let fiscal control defeat competitive populism

Political competition has intensified, but the government should focus on what's good for India's economy in the long run. Sceptic-defying fiscal resolve can send out the right signals

Narendra Modi's new coalition government with Nirmala Sitharaman back as India's finance minister should signal that competitive populism will not get the better of fiscal prudence. Government officials have hinted that the Centre's fiscal reduction plan could go faster than planned. The Centre's fiscal deficit, as reported by *Mint*, could easily be reduced by up to 300 basis points in 2024-25 from 5.1% of GDP projected by the interim budget, but a decision on this is yet to be taken. This scope to tighten the gap between revenues and expenses arises largely from a record surplus payout by India's central bank that has given the exchequer a bonanza; strong tax collections and dividends from state-run enterprises also help. But the money could also be spent. Some observers expect India's post-poll political scenario to bend budgets towards populist expenditure. National power becoming more contestable, with freebies and welfare packages in the fray, could result in a race to woo voters through profligate means. The Modi administration now depends for Lok Sabha support on state-level allies that expect sweet financial deals for their states. In all, central coffers are expected to face demands that are harder to resist. Yet, this could also be a chance for the government to show its resolve on fiscal prudence. To send out a clear signal of it, it should aim to tighten the fisc to under 5% of GDP this year.

As far as signals go, it would allay concerns that coalition rule will constrain the BJP's administrative freedom. To that end, the party's retention of all major ministerial portfolios is not enough. It needs to exert its influence on key matters of policy too. While Sitharaman's

stated goal of reducing the fisc to 4.5% of GDP by 2025-26 was always too slow as a path of fiscal consolidation, there was no point that had to be proven about resisting the risk of being drawn into competitive populism. In any case, economic growth was pacy and retail inflation under 6%. The Centre's fiscal control will now invite more scrutiny because the task looks harder. It is not just to cap inflationary pressure that the Centre must not overspend. A tight fisc keeps public borrowings down and interest rates for private borrowers in check, even as moderation in the pile-up of public debt means relief for future generations of citizens who are unfairly expected to pay for our excesses.

When 'animal spirits' in an economy are in fine fettle, the usual worry is that a central grab of financial resources will crowd out credit for private investment. In our particular case of subdued spending by non-public agents, the strategic plan—which coincided with a covid-created need for fiscal stimulus—was to have public spending crowd it *in* for a change. As official data shows, we managed 7%-plus annual expansion of the economy for three years on a roll this way. Such a big-spender approach, however, is not sustainable. For our economy to expand well without the aid of state boosters, we need all engines of growth to fire together, especially consumption and value generation in the private sector. To give this scenario a chance, the Centre must rein its expenditure back. Thankfully, businesses seem upbeat and production capacities may soon need enlargement to meet rising demand. Although a rapidly emerging economy can't do without a sizeable role of the state, we should return without ado to a growth path that's more evenly fuelled and better balanced in its rewards.

MY VIEW | ON THE OTHER HAND

What those who manage other people's money must remember

The economy's overall performance can vary vastly from how some of its constituent parts are faring



VIVEK KAUL is the author of 'Bad Money'.

Late last weekend, I happened to meet someone who makes his money by managing other people's money (OPM). He asked: "Why did the Bharatiya Janata Party not get a majority in the Lok Sabha, despite the economy growing by more than 8%?" A simplistic answer to this would be that many voters don't take economic data into account before voting. A slight improvement would be that India's 2023-24 growth figure was declared only on 31 May, and by then, six of the seven electoral phases were over. But it would be disingenuous to suggest that while voters may not follow economic data, they don't have a good idea of how the economy is affecting their daily lives. How badly is inflation impacting them? Is their income going up? Are there enough job opportunities? Most voters may not have exact data on their fingertips, but they can still smell it. And that's something that OPM *wallahs* need to understand.

While India's economy grew at 8.2% in 2023-24, this growth has been largely inequitable. To see this, those in the OPM business need to look beyond the economic growth figure. Take the case of private consumption expenditure. Over the years, it has formed around 55-60% of India's economy. In 2023-24, it grew 4% (adjusted for inflation), the slowest since 2002-03 if we ignore the pandemic year of 2020-21.

This can be seen in other data as well. In 2023-24, the number of passengers using the Indian Railways for non-suburban travel stood at 2.99 billion, significantly lower than the all-time high of 3.94 billion in 2012-13 and lower than the pre-covid figure of 3.65 billion in 2018-19, suggesting money trouble in many households.

Further, the net sales of more than 3,800 non-financial listed companies grew 0.98% in 2023-24, against 34.9% and 22.6% in 2021-22 and 2022-23, respectively. As economists Nikhil Gupta and Tanisha Ladha of Motilal Oswal put it, "The growth in household debt in recent years, the fastest in several decades... has coincided with weak income growth." And higher borrowing has been financing consumption.

Also, work demanded by households under the Mahatma Gandhi National Rural Employment Guarantee Scheme in 2023-24 was higher than previous years, except for the covid years of 2020-21 and 2021-22. Only those who are willing to do manual unskilled work opt for it and high demand indicates a scarcity of better jobs.

Plus, India's rural tele-density has been stagnant for quite a few years, the number of people working in agriculture has gone up, suggesting greater disguised unemployment, and two-wheeler sales, while they picked up in 2023-24, are still nowhere near the pre-pandemic peak. And beyond all this, the PM Garib Kalyan Anna Yojana distributes 5kg of free foodgrains (primarily rice and wheat) per month to around 813.5 million beneficiaries.

So, how can we explain these data points along with India's 8%-plus output growth to those in the OPM business? It's simple: The whole can differ from many of its parts. Or we can do some storytelling here, something that OPM professionals excel at while selling their wares to retail investors.

Let's say there are ten OPM *wallahs* in a conference room when Mukesh Ambani walks in. The room's average

per capita income will shoot up, but does it mean that the income of OPM *wallahs* goes up? No.

So, a whole can be different from many of its parts, especially if we are talking about a large and complex economy like India's. Now, in my interactions with OPM *wallahs* over the years, this is a rather simple point which many of them don't seem to get. Or maybe they pretend otherwise, given that an 'all is well' story of the Indian economy is just easier to sell to unsuspecting investors willing to believe anyone and everyone promising them quick riches. Indeed, this has worked really well over the past few years.

And that brings us to a serious question: What can the new government do to tackle this serious slowdown in private consumption? It needs to put more money in the hands of people, indirectly if not directly. A quick way to do that would be to cut taxes on petrol and diesel. As of 1 June, central government taxes on petrol formed around a fifth of its price in Delhi. There is a scope to cut this tax, given that the government is expected to earn significantly more this year through the Reserve Bank of India surplus and dividends from public sector units. Oil marketing companies should also be encouraged to cut petrol and diesel prices, given the fall in crude oil prices. Further, the government can look at lowering the GST rate on two-wheelers from 28% to 18%, which would help bring down the price of two-wheelers and encourage more buying. This will have a multiplier effect on other industries beyond two-wheeler manufacturing. The higher sales will automatically fill in some of the drop in GST collections from this market.

Finally, the question that remains is: Does an economic smell test influence voters and who they vote for? Common sense suggests it should. But is it the most important factor? Perhaps the next time pollsters carry out exit polls, they can slip in this question. And maybe OPM *wallahs* will pay for it.

10 YEARS AGO



JUST A THOUGHT

“More good governance is not enough; it has to be pro-people and pro-active. Good governance is putting people at the centre of the development process.”

NARENDRA MODI

MY VIEW | EX MACHINA

OpenAI: A case of controversial corporate governance

RAHUL MATTHAN



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

When OpenAI was founded in 2015, its primary objective was to "advance digital intelligence in the way that is most likely to benefit humanity as a whole." The path it chose to achieve this was to build large language models, a computationally intensive exercise that had only just become achievable at scale because of recent advances in modern chip design.

This, however, was going to require significant investment, and in order to raise these funds while staying true to its prime objective, OpenAI decided to put in place a complex corporate structure to separate ownership from control. Financial investors were made to invest in a for-profit company over whose governance they had no control. That would be determined by a different not-for-profit entity that was required to place human safety above all else, even if it was at the cost of profits or shareholder value.

In November 2023, the OpenAI board sacked Chief Executive Officer Sam Altman for, among other things, failing to provide

the board with advance information on significant corporate developments, such as the launch of ChatGPT; at least one board member later claimed that she had first got to know of its launch through social media. If this was true—if, in fact, Altman had not disclosed critical business information to the board before releasing it to the world—it seems clear that the board's ability to prioritize human safety had been severely compromised. By sacking him, it would seem the board was doing exactly what it was supposed to do.

Good governance is about placing the core values of an organisation ahead of short-term commercial imperatives. While it might seem that the only reason businesses exist is to maximise profits, sustained profitability requires a performance culture built on a set of core values that are constantly and consistently enforced.

Through much of my professional career, I have been called upon to deal with many such instances—both as part of the management of my law firm as well as in the course of advising clients. Among the most difficult situations we've had to deal with are those that required us to take decisive action in order to uphold core organisation values. In more than a few instances, it involved taking

action against high-performing individuals, or persons who either brought in significant revenue or controlled important client relationships. While considering the actions we had to take in order to uphold corporate values, we knew we could suffer an immediate loss of revenue, while running the risk that some or all of the clients serviced by these individuals would leave with them. These are consequences no commercial organization wants to suffer. And yet, if that is what it takes to uphold the core values that define its culture, these are actions no firm can shy away from.

A well-governed organization will uphold its values even when it is not in its immediate commercial interest to do so. From experience, I can say that this is extraordinarily difficult to do in the moment. Concerns abound about the immediate commercial consequences of these actions and the impact on its reputation. It is only when the management recognizes that there is long-term value in preserving the culture of the

organization that it will be able to hold true to its values despite the cost. Only organizations that consistently do this can truly evolve into institutions.

Shortly after Altman was sacked as CEO of OpenAI, there was a widespread revolt in the company. Nearly 800 employees threatened to quit unless he was reinstated, pledging to follow him wherever he went. There was significant consternation in the industry over what this dismissal meant and how it would impact the future of AI. Eventually, all of OpenAI's major investors had to step in to set things right.

OpenAI's board had been tasked with ensuring that the company remained true to its core values even if that came at a commercial cost. Its directors determined, for better or worse, that Altman remaining CEO was incompatible with these values, and so they ousted him from that role in the belief that doing so was aligned with their fiduciary obligation to uphold the core values of the organization.

Did the failed ouster of Sam Altman thwart this AI pioneer's chance of becoming an institution?

Within a week of being sacked, Altman was re-instated as CEO. The board that had terminated him was recast. Key members who were involved in his dismissal were removed and new members more aligned with his vision were appointed. Three months later, Altman himself was back on the board of OpenAI.

Now it is impossible for any outsider, much less someone on the other side of the planet, to opine on whether the board was right in doing what it did. What, however, is beyond doubt is that the guard-rails that OpenAI had put in place to ensure that no one—not even its CEO—could act in a manner inconsistent with its values, had failed. Not only was the board unable to hold Altman accountable, key members got sacked for trying.

There is every likelihood that OpenAI will continue to grow from strength to strength. However, there is no doubt that this growth will be driven by purely commercial incentives. Its prime objective is no longer to operate in the interests of humanity, but to protect the interests of its investors who are now effectively in control.

Whether OpenAI will, under these new circumstances, become the institution that it could have, only time will tell.

Redrawing the red line

India must calibrate Reasi response. But under no circumstances must assembly elections be put off



SYED ATA HASNAIN

THIS IS EXACTLY what any active Jammu and Kashmir observer would have expected and it happened. When India celebrates, it's not just an occasion of joy but also of caution because on the other side of the Line of Control (LoC) are those who exploit such occasions to send a message. While India was marking yet another successful exercise of democracy, carrying out the inauguration of the third successive NDA government and the return of a strong Opposition (both important instruments of democracy), Pakistan-sponsored terrorists appeared on the Reasi-Katra road to ambush a bus full of pilgrims. The driver was shot from the front and as the vehicle rolled into a ravine, it was sprayed with bullets. Nine pilgrims died and 33 were injured. The Resistance Front, a virtual euphemism for the Lashkar-e-Taiba (LeT), announced that the attack was the "beginning of a renewed start". Terrorist organisations like to use big-ticket national events to convey messages. This one should be interpreted as stating that Pakistan has simply invested too much in its J&K strategy, referred to as the "war by a thousand cuts", to pull back.

The terror leadership and the ISI in Pakistan look upon the J&K situation as temporarily on hold, with efforts to continue remaining relevant and preventing any perception of J&K having been resolved in favour of India. Chinks in the Indian armour will be sought because striking when the strength of terrorists has been reduced well below the effective threshold is not easy.

There is a history of Pakistan-sponsored terrorists striking in sync with big and historic events. The most significant one is the Chittisinghpura massacre of March 20, 2000, when 36 Kashmiri Sikhs were shot in cold blood by the same LeT. Former US President Bill Clinton, on a state visit to India, was to address a joint session of Parliament the next morning. This time, in Reasi, it is about the projection of relevance, and that all is not over yet for the local separatists and stake-

holders from across the LoC.

A single event can sometimes upset the apperant of stability. Carefully facilitated through the last five years after the bold decision to remove Article 370, several hard measures have been undertaken to break the back of terrorism. A plethora of networks — terror financing, media, over-ground workers (OGWs), ideological, separatist and many more — have been neutralised. Those who study such situations warn of an inevitable pushback to reclaim some of the space from which the Pakistani deep state's interests have been removed. There were efforts to regain relevance through several low-level strikes at soft targets in the Valley. These included soldiers on leave, unarmed traffic policemen, migrant labourers and the minority community. The cumulative effect was perhaps insufficient, forcing a new strategy of targeting the security forces (SF) south of Pir Panjal where the infiltration dragnet is relatively weaker, the terrain conducive to "strike and withdraw" operations and the overall alertness of a lower order due to a stable environment for almost 15 years. Recall Bafliaz six months ago, and other such incidents in the Poonch-Rajouri sector where SF elements were ambushed, leading to as many as 20 fatal casualties.

Two questions are relevant at this stage. First, is this a follow up to a successful general election in J&K, to convey that the assembly elections cannot be held as per the directions of the Supreme Court of India? September 30 is the deadline for that. Second, what should the government do to stave off public pressure? This pressure is obviously reflecting the deep-set anger at being at the receiving end with no response in kind. Let's take the first issue. Under no circumstances must the assembly polls be put off. All these years, despite difficult conditions and low turnout, polls were still held. The exercise of democracy and a good turnout is adequate messaging by the people against negative narratives. They have

tasted the fruits of peace and stability, especially the youth. Those who grew up during the turbulent 35 years are finally witnessing a boom in tourism, a phenomenon they had only heard of. People from J&K are travelling and feeling the progress of a vibrant India. The assembly elections will symbolically convey a lot to the people and to the world of India's clear intent. At the same time, we have to redouble security efforts; the Amarnath Yatra needs to be fully secured with no let-up on resources.

The second question: How do we prevent such events and respond if they occur? In the last 10 years, we clearly established our red lines leading to the surgical strikes and the aerial strikes at Jaba Top, in 2016 and 2019. Has Pakistan overcome the deterrent effect of the responses and the red lines? This remains one of the most challenging problems for the government. The LoC ceasefire, stable since February 25, 2021, is one domain to examine. A pullback from the ceasefire, if at all, must deliver the effect we seek. Physical responses across the LoC remain an option but these also bear the possibility of a wider conflagration. We have to be fully prepared for that. The covert domain remains an option and must be just that — "covert". The talk of international pressure is fine but we know well that Pakistan has wriggle space there. It could be pressurised for a moment, but its geostrategic significance draws support from important international players; this is one of the major reasons for its intransigence.

Notwithstanding all this, public pressure is something that will need to be addressed. The Indian government does not wilt under such pressure but clearly the options are limited. A lowering of our threshold and redrawing of red lines is perhaps called for but not under pressure. Pragmatic war gaming will still throw up several more options.

The writer is a former corps commander of the Srinagar-based 15 Corps

CHOUHAN AT THE CENTRE

His proven track record in MP means that agriculture finally gets someone to champion its interests nationally

INDIA HAS, SINCE the 1960s, had a succession of agriculture ministers with both an understanding of, and passion for, the sector — from C Subramaniam and Jagjivan Ram to Balram Jakhar and Sharad Pawar. With Shivraj Singh Chouhan's appointment as the Union agriculture and rural development minister in the third term of the Narendra Modi government, that tradition stands restored. Chouhan fits the bill. As chief minister of Madhya Pradesh for nearly 17 years, he oversaw the state's impressive agricultural transformation through improved access to irrigation and investment in rural roads and infrastructure for marketing of produce. These helped catapult it into becoming the country's second largest wheat producer and contributor to the central grain pool, apart from being No 1 or 2 in crops as diverse as soyabean, maize, chickpea, red lentil, mustard, tomato, onion, garlic, ginger, coriander and fenugreek.

Chouhan's proven track record, and the BJP winning all 29 Lok Sabha seats in MP, should ensure that agriculture finally has someone to champion its interests in the current regime. The Modi government's real achievements, whether in highways and road construction or creating a digital payments ecosystem, have been made possible by go-getter ministers, like Nitin Gadkari, and the prime minister himself taking personal interest. The farm sector has suffered the lack of both. The ministry itself has been a victim of fragmentation. With food & consumer affairs, food processing, fertilisers and, more recently, animal husbandry, dairying & fisheries and cooperation being hived off into separate ministries, the agriculture ministry has been reduced to a shell of its former self. Ideally, all these departments should come under the purview of a single ministry and person of stature, allowing for focused policy formulation and decision-making.

As minister, Chouhan's priorities must be, first, to rid the sector of controls — on exports and stocking of produce, pricing of inputs and introduction of new plant breeding technologies or fertiliser and crop protection products — that discourage private sector investment. These hurt farmers most. The second is to improve input use efficiency so that farmers produce more crop on the same land using less water, nutrients and labour. That also calls for rational pricing of electricity, water and fertilisers, without which farmers will not use these scarce resources judiciously. Last but not least is facing the challenge of climate change, manifested in erratic rainfall and extreme temperature deviations. It requires greater investment in climate-smart breeding and technologies for both adaptation and mitigation.

THE BEATEN TRACK

With the road less travelled filled with bumper-to-bumper traffic, the costs of tourism are rising

TOURISTS, IT WOULD appear, have become the leading pests of the season. In Mallorca, fed up with sunbathing visitors crowding them off their own shores, protesting residents are planning to "occupy the beaches" on June 16, having staged a massive demonstration at the beginning of the month. While nearby Milan mulls banning ice cream and pizza sales after 12:30 am in order to curb late-night activity, on the other side of the globe in Kyoto, signs politely list dos and don'ts for foreign visitors, with many offering free wi-fi in exchange for compliance.

Popular destinations, whose economies are heavily dependent on tourist dollars, are caught in the cleft stick of not wanting local businesses to suffer and ensuring that the incoming hordes do not disrupt the rhythms of local life or damage cultural and environmental heritage. This dilemma has sharpened since the pandemic. But even before 2020, the devastation that tourism brings was causing a rethink of policies in places like Barcelona where it was found that 38 per cent of the fishing boats' catch was plastic waste.

Part of the problem is the sheer number of people now — more than ever in history — with the money to travel. What was once the preserve of the privileged First World citizen, has now been democratised. The ordinary person's growing interest in far-flung places — and her ability to pursue it — is welcome. Travel is not just a pleasure — it can also be a learning experience. Yet, with the road less travelled now filled with bumper-to-bumper traffic, the cost for others may prove too high to pay. Tourist destinations must do what they can; for example, in September 2023, Venice became the first city to impose a tourist tax. Travellers must also accept the responsibility of caring for what is the shared heritage of humanity.



SACHCHIDANAND SHUKLA

THE GENERAL ELECTIONS have led to a coalition government at the Centre. There is apprehension in certain quarters that a return to coalition politics after 10 years of single-party majority will lead to a shift in the country's economic trajectory. However, does a coalition government necessarily mean a radical change in India's growth path?

India has seen coalition governments since the economic reforms of 1991. It's only in the past 10 years that voters have given a decisive mandate for one party. The country's economic history since 1991 has shown that coalition governments are good at reform and they also deliver high growth. The broader India story and the economic growth trajectory are likely to remain intact despite global headwinds. India should be able to deliver a growth rate of 6-7 per cent in FY25, even with a coalition government.

The total factor productivity (TFP) growth has been on the rise over the past decade and was approximately 2.2 per cent compared to -0.3 per cent for emerging markets in the previous decade. This can be sustained or even raised. The twin balance sheet problem is no more a constraint on growth. Corporate- and bank-balance sheets are in great shape and can support the next leg of growth and corporate capex cycle.

Several reforms are, however, still needed. Their pace and intensity is critical. The nature as well as the pace of reforms has varied considerably under different governments over the decades. It has also been noticed that though reforms may not bring immediate electoral dividends, Indian voters are known to punish those — both at

STEADY AMIDST CHANGE

Coalition government in Centre is unlikely to alter basic economic policy direction

the Centre and state levels — who fall into policy paralysis.

The reform and growth trajectory will have to become much broader and inclusive. The new government is likely to continue with its investment-led economic agenda but it may need to modify its priorities somewhat. Reforms pertaining to manufacturing, ease of doing business measures, digitisation and skilling are likely to continue. However, factor market reforms — related to agriculture, land and labour — could become more difficult. So will privatisation and asset monetisation.

To support job creation and consumption, the focus will have to remain on infrastructure creation. Critical infra projects will continue but the onus may shift onto private capex gradually. Similarly, developing the manufacturing base via the PLI scheme is likely to continue given the need for job creation, the global backdrop of an industrial policy bias and the continuing China-1 theme. Moreover, several growth opportunities can be unlocked by removing impediments that hinder business and investments across sectors through simplification of procedures.

The focus of the government, which has been overly reliant on supply-side measures, will now have to reconcile with some broader demand and revival measures. Government spending will have to be more accommodative of shifts at the bottom of the pyramid. There will be potentially renewed attention on agriculture, rural incomes, social welfare, creating jobs and stimulating consumption. The additional fiscal space of Rs 1.2 trillion or

0.35 per cent of GDP available to the government for FY25 may now be used to provide succour to the needy segments. Also, the fiscal deficit targets 5.1 per cent and 4.5 per cent of GDP for FY25 & FY26 respectively are unlikely to be at risk. But, there is little likelihood that the timeline will be hastened. Similarly, the government will not raise additional borrowings thanks to the comfortable revenue buoyancy and fiscal picture.

India's relative success in recent years owes a lot to macro-stability and the underlying factors are unlikely to change due to the institutionalisation of reforms, such as the Inflation targeting mandate — these will keep a leash on the fisc. Moreover, the global crude price moderation and the lower oil intensity of the economy could keep the current account deficit under control. With the twin deficits under control and the MPC targeting inflation, macro-stability is unlikely to be jeopardised.

The budget in July will be a litmus test. It will provide clarity on the economic direction and also dictate the interest rates and the trajectory of the rupee. India is at a critical juncture in its economic history. It will have to rise to several domestic and global challenges. It must also navigate shifts in geopolitics and technology and deal with challenges posed by the decarbonisation imperative. It is unlikely that political expediency will trump economic logic and priorities and change the basic policy direction of the new government.

The writer is group chief economist, Larsen & Toubro. Views personal



MUTINY AVERTED

POONCH SHOOT ORDERS

SHOOT-AT-SIGHT ORDERS WERE issued and the army deployed in the border town of

IA HIJACK ALERT

INDIAN AIRLINES HAS alerted all its stations against possible hijack attempts by disgruntled Sikhs. The alert was issued by IA after it was warned by the intelligence bureau that some Sikhs might attempt to hijack IA planes to highlight their resentment against the army action in the Golden Temple. General

security at all major airports has also been strengthened. The government ordered these security measures after some rebellious army jawans interrogated near Bombay disclosed that they had planned to forcibly take over Bombay airport.

BACHCHAN RECOVERING

DOCTORS AT THE Breach Candy Hospital are confident that the ailing actor, Amitabh Bachchan, will be able to act again. Speaking to the ENS, the actor's personal secretary, Sheetal, said that doctors attending to Amitabh assured them that with sufficient rest, the actor should be able to act again.

A reboot at G7

PM Modi's first trip abroad in his third term, to the summit in Italy, is a chance to re-energise relations with the West



RAJA MANDALA
BY C RAJA MOHAN

IN HIS FIRST trip abroad during his third term as prime minister, Narendra Modi will attend the summit of the leading Western nations — the so-called Group of Seven — in Fasano, Italy. A significant improvement in the relations with the US and Europe is one of the more important legacies of Modi's first 10 years in office. The PM will now have a chance to reconnect and reboot the relations with the leaders of the West at the meeting of the G7 which is marking its 50th anniversary this year.

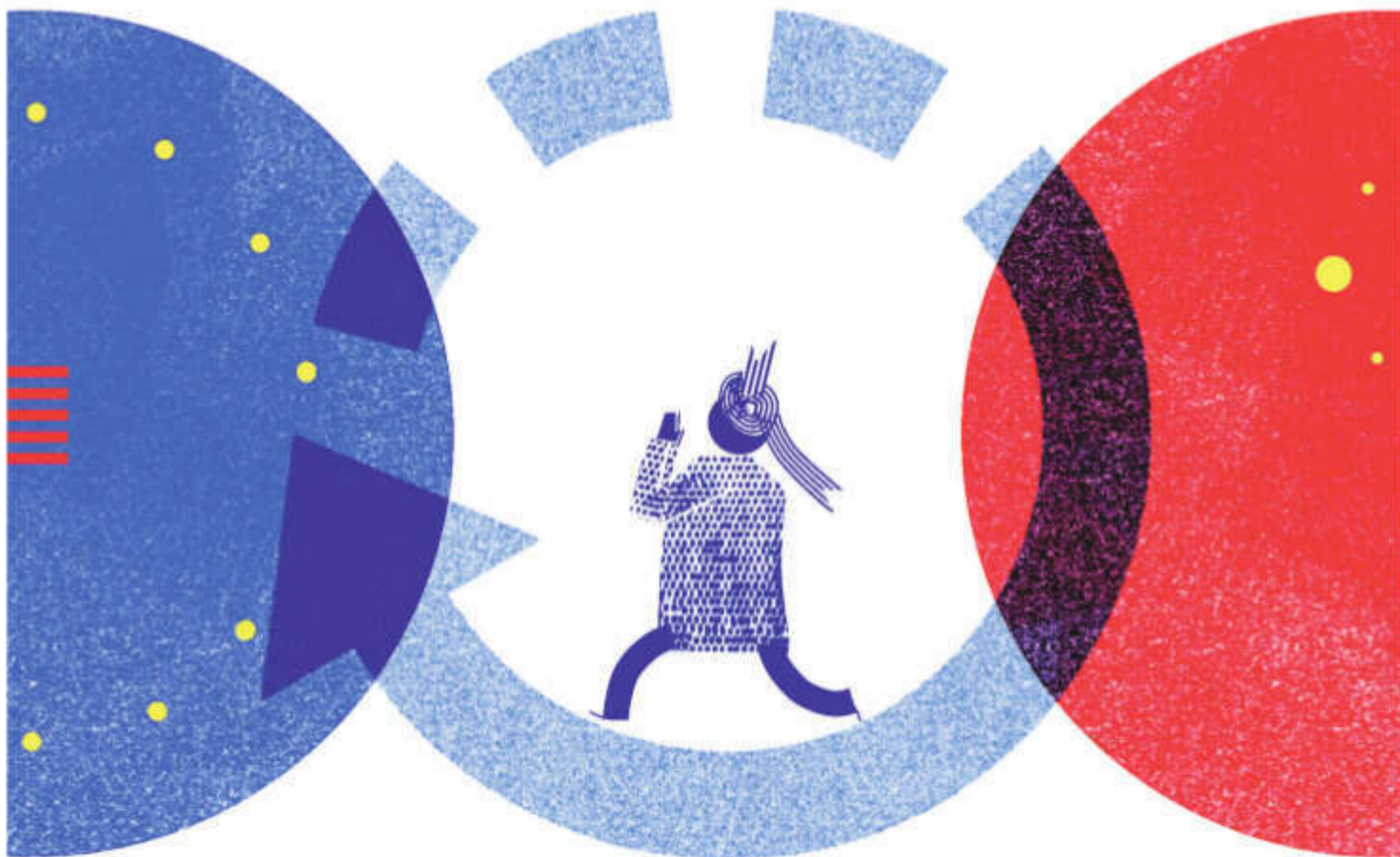
The G7 summit will also showcase the growing conflict between the West on the one hand and the Sino-Russian alliance on the other. This presents major new opportunities as well as challenges to Indian diplomacy. Early next month, Modi will travel to Kazakhstan to join the summit of the Shanghai Cooperation Organisation. He will look to engage with the Chinese leader Xi Jinping and Russian President Vladimir Putin.

Managing India's conflict with China and its cooperation with Russia while expanding ties with the West is likely to test Indian diplomacy in the coming weeks and months amidst the escalation of the conflict in Ukraine and mounting military tensions between Beijing and its neighbours in the Western Pacific. India, which has been a regular invitee to the G7 gatherings in the last few years, has a stake in developing deeper collaboration with the institutions of the so-called "collective West". As it confronts more demanding challenges on several global fronts, it is in the interest of the West to draw India into the structures of global governance driven by the G7.

Hosted by the Italian Prime Minister Giorgia Meloni, who has developed a great political rapport with Modi and has pushed for a transformation of Italy's ties with India, this G7 summit provides the best forum for rebooting India's diplomacy in the PM's third term. Within a brief period, Meloni has emerged as one of the influential leaders of Europe and her political stock has risen with the recent success of her party in the polls to the European Parliament.

Modi's interlocutors in the democratic West appreciate the successful conclusion of the massive Indian electoral exercise and the salience of Modi's re-election after two terms. In a paradox, Modi's reduced mandate has helped take the bite out of the arguments in the West about India's democratic decay. The majesty of the Indian voter has helped highlight, once again, the strong self-corrective mechanisms in Indian democracy.

It is not that the West does not dance with non-democracies or authoritarian states. America's longstanding relationships with the Pakistan army and the Chinese Communist Party provide compelling evidence to the contrary. The current Western strategic-economic and geopolitical interest in India would have endured whether Modi won (by what-



C R Sasikumar

ever margin) or lost. But the return of competitive politics in India and the reaffirmation of its democracy and diversity lends important if intangible reinforcement of the growing structural convergence of Indian and Western interests.

Italy's decision to focus on the G7's engagement with Africa and the Mediterranean at the Fasano summit also creates the basis for a more imaginative regional engagement between Delhi and Rome as well as India and the G7. The connections between Mediterranean Europe and India's extended neighbourhood in Arabia and Africa have now come into Delhi's policy focus.

Italy is also keen to restructure the relationship between the G7 and the Global South — that is also a major priority for India. Meloni has invited several leaders from the non-Western world, including the leaders of Algeria, Argentina, Brazil, Egypt, Kenya, South Africa, Saudi Arabia, Tunisia, Turkey, and the United Arab Emirates. Modi will have a chance to touch base with many familiar leaders among them and make acquaintance with new ones.

In Italy, Modi will have a chance to meet again with Pope Francis who has been invited to join the outreach sessions of the G7 summit. This is the first time that the Pope is joining the discussions at G7. The PM met the Pope during his visit to Rome to attend the G20 summit in 2021.

The Pope is expected to intervene in the session on artificial intelligence which is high on the G7's global governance agenda. In an important contribution to the debate on the accelerated use of artificial intelligence, the Pontiff had issued the "Rome Call for AI ethics" in 2020. India has been an active participant in the debate on the global regulation of AI.

India will also have much interest in the discussion on food and energy security, a major item on the G7 agenda in Italy. India has flagged both issues in the wake of the Russian

Modi's interlocutors in the democratic West appreciate the successful conclusion of the massive Indian electoral exercise and the salience of Modi's re-election after two terms. Modi's reduced mandate has helped take the bite out of the arguments in the West about India's democratic decay.

invasion of Ukraine in February 2022. As a major consumer of energy and a leading producer of wheat, India can shape the arguments in both domains. Migration is another issue at the top of Western concerns and India, as a major source of migrants, will have contributions to make. Delhi also brings a unique perspective that emphasises curbing illegal immigration and easing the flow of talent across borders.

The discussion on issues of global governance at the G7 is likely to be overshadowed, however, by the effort to rally the West to defend Ukraine against Russia and counter the economic challenges presented by China. PM Modi is not attending the Ukraine peace conference in Switzerland that takes place soon after the G7 summit. But Delhi will find it hard to duck the consequences of the escalating conflict in Europe. It is no secret that there are faultlines between the Western chancelleries on how to deal with Russia and China. These divergences are in turn sharpened by deepening political divisions within each of the major Western states.

As great power conflict throws the world into dangerous disarray, the next few weeks will provide Modi and his advisers an opportunity to engage all the major actors, assess the competing imperatives among them, and think through Indian strategy and tactics in navigating the new dynamics. Unlike in the Cold War in the 20th century, India is now stronger and better placed to engage and shape the outcomes in the unfolding economic, political, and technological storms unleashed by great power conflict. The world, in turn, expects pro-active Indian diplomacy on the great global issues of the day.

The writer is a visiting professor at the Institute of South Asian Studies, National University of Singapore, and a contributing editor on international affairs for The Indian Express

WHAT THE OTHERS SAY

"In the context of Vladimir Putin's war in Ukraine and wider geopolitical volatility, Mr Macron has been a vociferous and welcome advocate of a more powerful, united and assertive Europe. A fateful contest looms [between Marine Le Pen and Macron] not just for France, but for the EU."

— THE GUARDIAN

Real winner is democracy

Why did the BJP fail to increase its popularity? What are the strengths and weaknesses of the Opposition?



ATUL KOHLI

THE ELECTION RESULTS offer a breath of fresh air. India desperately needed some force to check the growing power of a divisive Prime Minister. And the Indian voters have now provided that force. The real winner of the 2024 elections is India's democracy.

How does one make sense of the election results? What lies ahead? Narendra Modi and the BJP had predicted a landslide victory, hoping to grab more than 400 Lok Sabha seats. Judged by that standard, the results are a major setback for Modi; the BJP lost 63 of its 303 seats, winning only 240, well short of the 272 needed to form a majority government. However, it is also notable that the share of votes the BJP secured in the current elections hardly declined: It went down marginally from 37.3 per cent in 2019 to 36.6 per cent in 2024. So, Modi and the BJP remain a formidable political force in India. The sharp decline in the BJP's parliamentary presence is less a function of Modi's declining popularity and more a result of the success of Opposition parties to work together. The issues that the election then throws up are — why did Modi and the BJP fail to improve their popularity; and what are the strengths and weaknesses of the Opposition?

Simply put, Modi failed to improve his standing because his decade-long performance in power was mediocre and because the popularity of Hindutva has reached some upper limit.

As to performance, one needs to carefully unpeel the reality from the hype of the Modi years; his government often distorted facts and — thanks to corporate support and supine media — exaggerated its economic achievements. According to World Bank figures, India's average annual economic growth during the Modi period was a little lower (under 6 per cent; even if one excludes the Covid years) than during the preceding Congress period from, say, 1991 to 2013 (over 6 per cent). What these aggregate figures hide is the notable failure of the government to pursue its "Make in India" commitment that was supposed to promote manufacturing and create jobs. Nothing of the sort came to pass; industrial growth in India during Modi years remained sluggish and jobs that paid livable wages hardly materialised. This was also accompanied by a staggering increase in economic inequalities. According to World Inequality Report (2021), between 2012 and 2020, the share of wealth owned by the top one per cent of Indians increased from 30.7 to 42.5 per cent, while the share of the bottom 50 per cent declined from 6.4 to 2.8 per cent. Rahul Gandhi and others in the Opposition caught on to these changes; they rightly raised them as part of their campaign against Modi.

Modi and his supporters often claimed that he sharply increased welfare provision

in India. Most of these claims were unfounded. According to data, central public spending on education and health hardly increased during Modi years. Expenditures on social services as a share of total government expenditures also continued to average around 22 per cent, the same as they were during the preceding Congress years. What the Modi government excelled at instead was in branding all such expenditures as the PM's personal "gift" to India's poor.

With this economic record, it was difficult for Modi and the BJP to claim that they were superior economic managers. The INDIA Opposition put Modi on the defensive by constantly painting him as a friend of the billionaires, especially his fellow Gujaratis, Mukesh Ambani and Gautam Adani. The failure to create jobs also seems to have found resonance among the electorate. Sensing that the economic message was not securing further political support, Modi and the BJP turned to more desperate measures. Arresting Delhi chief minister Arvind Kejriwal was one example. As the Supreme Court did its duty and allowed Kejriwal to campaign, Modi seemed to become even more divisive in his electoral rhetoric. Early evidence suggests that such moves to broaden pro-Hindu support did not work. The BJP lost its seat in Faizabad, a constituency that houses the Ayodhya temple.

Moreover, the fact that Modi's own electoral base shrunk significantly in Varanasi underlines that not only has Hindutva's appeal reached limits, but Modi is not the invincible charismatic leader that corporate-supported media makes him out to be.

Modi and the BJP overplayed their hand. As they squeezed the Opposition, the Opposition came together. Imagine what the election results would have looked like if Mayawati, Nitish Kumar, and Chandrababu Naidu had also thrown their lot with the Congress-led alliance. Pre-poll electoral arrangements among the Congress and various regional parties are probably the best explanation of why the BJP lost so many seats.

This suggestion is supported by the fact that Congress's share of the popular vote increased only marginally, from 19.5 per cent in 2019 to 21.2 per cent in 2024. Rahul Gandhi has emerged from this election as a credible Opposition leader. It is too early to say whether his embrace of left-of-center rhetoric is more akin to Indira Gandhi's empty promises of garibi hatao or a real change in the political stand of the Congress party; the latter would be welcome. It should be underlined, however, that there was more than a little hypocrisy in Congress raising the issues of growing inequalities and joblessness. After all, these trends began very much under the post-1991 Congress regime, with pursuit of "economic liberalisation" as the mantra.

What lies ahead? With Nitish as an ally, Modi is likely to have many a sleepless night. He also does not have the personality of a consensus builder. Whether the circumstances make a statesman out of him remains to be seen. What is clearer is that the pressures of a coalition government will temper Modi's authoritarian instincts. And that is good news for India.

The writer is David Bruce Professor of International Affairs at Princeton University



ANUSHKA SAXENA

AS PART OF the reforms in the People's Liberation Army (PLA) since 2015, China has focussed on preparing for combat keeping conditions of the "Information Age" in mind. It is doing so by integrating its services, arms and systems into a joint, network-centric fighting force. The PLA Western Theater Command (WTC) has played a proactive role in securing China's southern and southwestern borders, preparing for conventional and non-conventional warfighting, and acclimating its personnel to the rough terrains and harsh altitudes of Xinjiang and Tibet. India is one of the principal operational directions in which the WTC is mandated to act. India needs to assess the WTC's operational structure, training mandates and warfighting priorities, especially the theatre's "multi-domain integrated joint operations" (MDJO) efforts.

The WTC has focussed on three key factors. These include conducting combat training and preparedness exercises, getting acquainted with WTC's harsh terrain bordering India; and building air superiority and transportation capabilities.

The WTC invests significantly in combat training and simulation. Accounts of such exercises feature both its successes and failures. In August 2018, an anti-aircraft artillery unit of Xinjiang Military District (MD) conducted a live-fire exercise in the Tian Shan mountains to refine the troops' integrated combat capabilities. This was a test of the interplay between Command and Control (C2) and ground-based air defence units. The evaluation stage which assessed damage revealed that many anti-aircraft positions were in flames — indicating a

failure on the surprise attack test. An assessment like this may give the Indian security apparatus clues as to the WTC's weaknesses and what it should focus on.

Given the tough terrains and complex environments, aerial dominance is central to the theatre's capabilities — and its biggest challenge. When pitted against India, an assessment of the ORBAT (order of battle) formulated by the Belfer Center indicates that as of 2020, the ground forces deployed on both sides are similar in numbers (over 2,05,000 troops), while Indian fighter jets outnumber Chinese — a 250 to 157 balance.

On ground-based air defence, four air defence brigades are attached each to the Xinjiang and Tibet Military Districts and the WTC 76th and 77th Group Armies. At the same time, the WTC air forces have their long-range surface-to-air missile installations. The WTC is enabling PLA ground and air forces to combine air defence systems. In light of this, India is investing in its own indigenous Very Short-Range Air Defence Systems (VSHORADS) and Man-Portable Air Defence Systems (MANPADS) to expand Army Air Defence (AAD) capabilities.

Over the years, anti-aircraft artillery units along with ground-to-air missile units, have become the backbone of the WTC's air defence capabilities. In May 2021, the Xinjiang MD engaged in six rounds of weapons acquisition. At the time, India and China were still recovering from the deadly Galwan Valley clashes of June 2020. The fifth and sixth rounds of acquisition focussed solely on aerial superiority, through the induction of the

PHL-11 122 mm calibre self-propelled multiple rocket launcher system and the HQ-17A field air defence missile system.

The challenge of transportation is central to training in these terrains too. Given the "last-mile delivery requirements" of high-altitude zones specifically in the WTC, unmanned aerial vehicles (UAVs) are adopted for transporting food and essentials to active personnel. This is in addition to the induction of the Xi'an Y-20 "Kunpeng" heavy-transport aircraft, which can fly winter gear to border troops stationed along the LAC in seven hours.

Evidence for the use of UAVs comes from a November 2020 drill conducted by the logistics departments of the PLA army and the Tibet MD, where a drone delivery unit was required to transfer hot food, water, medicine and other urgent aid to personnel located at a base in the mountains, assuming that the manned mobile ground transportation unit was "blocked by enemy fire." According to the report, the success of the drone delivery unit was determined by how decisive drone operators were in making a comprehensive judgement on terrain, wind speed, temperature and other factors to ensure the unit's safe landing at the predetermined destination. The report promises that the PLA army logistics department is preparing to expand drone delivery to armament and ammunition supplies to active last-mile locations.

In an era where the Information Age is enabling revolution in military affairs (RMA), the PLA is adapting to new modes and meth-

ods of warfighting. Integrating these is key to the PLA's goal of becoming a "world-class force" by 2049. Over the next few years, it is only likely that the WTC will double down on such measures, creating a joint force capable of conducting successful combat operations. India, then, must continue to observe developments in the WTC and direct its efforts towards countering them.

With Rajnath Singh's re-appointment as India's defence minister, one of the priorities on his military modernisation agenda would be the creation of integrated theatre commands (ITCs) in the Indian armed forces. Even though there is no intended timeline for this yet, Singh has argued that in some countries, theatreisation has taken more than two decades to materialise. This is true in China's case if one considers the MR model a rung in the evolutionary ladder of theatreisation in the PLA. Now, as the point person for India's theatreisation, Chief of Defence Staff General Anil Chauhan has positioned the reform as India's response to jointness efforts in the PLA. Given that ITCs are intended to promote a joint culture and not a service-specific culture, Chauhan has expressed the belief that the reform will catapult India into a new era of combat preparedness. However, with the Chinese PLA many steps ahead of the Indian armed forces in this regard, a concrete delivery timeline and a larger, non-lapsable modernisation fund will be critical.

The writer is research analyst, The Takshashila Institution

LETTERS TO THE EDITOR

AMBEDKAR'S LEGACY

THIS REFERS TO the article, 'From margin to centre' (IE, June 11). It is intriguing to read "the PM has honoured the legacy of B R Ambedkar" through Ambedkar Panchteerth. But the BJP's vision stands in contrast to that of Ambedkar's. The BJP propagates Hindutva and has sidelined Muslims. Ambedkar believed in fraternity, equality and freedom from caste. Since Jagjivan Ram's time, the leadership from Bihar seems to have been in a quandary over Ambedkar and how to carry his legacy forward. Unfortunately, they continue to be trapped by the allure of Hindutva.

Dev Athawale, Amravati

BJP IN NDA

THIS REFERS TO the editorial, 'Resume & refresh' (IE, June 11). Keeping key ministries with itself, the BJP has signalled to its allies that it is not going to cede its ground anytime soon. The JD(U) will need the BJP in Bihar while Eknath Shinde's Shiv Sena, without the support of the BJP, will surely flounder in Maharashtra. The TDP will need a friendly government at the Centre to provide the required funds for their dream project of a grand capital for Andhra Pradesh. The common person's mind is set on stability at the moment — the BJP seems to be a reasonable choice then.

Devendra Awasthi, Lucknow

TO FIX LEARNING

THIS REFERS TO the article, 'To crack the exam, or not to' (IE, June 11). Competitive exams in India, including the NEET are extremely stressful. While it is true that the MCQ model of testing eligibility contributes to the creation of this anxiety, the wafer-thin chance at gainful education also lends to the problem. This is not a new system. The CBSE and state educational boards have been conducting pre-medical tests in a similar fashion for more than four decades. Regular and stringent audits of the system would go a long way in making the system foolproof.

Rahul Gaur, Gurgaon

WATER WOES

THIS REFERS TO the editorial, 'Drying up' (IE, June 11). The Haryana government is being accused of conspiring against the people of Delhi by steadily reducing the water being released to the national capital, defying the Supreme Court's direction. The leaders' failure to resolve the issue amicably reflects a lack of cooperation among states. The Upper Yamuna River Board should have played a proactive role in ensuring effective water management and distribution. Besides, the failure of the authorities concerned to address water wastage caused by leakage and theft points to negligence and poor governance on their part.

SS Paul, Nadia



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Scientists back new Alzheimer’s drug: its benefits vs the risks

ANONNA DUTT
NEW DELHI, JUNE 11

DONANEMAB, a new therapy for Alzheimer’s disease developed by drug maker Eli Lilly, has received unanimous support from independent scientists advising the United States Food and Drug Administration (USFDA), bringing it a step closer to clinical use.

“The potential risks of donanemab, appropriately managed as instructed in labeling, are outweighed by the demonstrated benefits on the clinical endpoints in those with AD (Alzheimer’s disease),” the FDA advisory committee said in a briefing document.

With two predecessors with a similar mechanism of action having been approved by the regulator, the convening of the advisory committee in March had come as a surprise to many, including the company.

How do the benefits of the drug stack up against its risks?

The drug is meant only for the early stages of Alzheimer’s — those who have mild cognitive impairment or mild dementia. The drug shows significant clinically meaningful slowing of the disease — meaning a person on the drug retains their functions for a longer time.

Most ARIA events — amyloid-related imaging abnormalities such as brain bleeds and seizures — were found to be non-serious, and resolved or stabilised after discontinuation of therapy, according to the FDA document weighing the risks and benefits.

“The key risks can be mitigated through appropriate labeling and clinical monitoring, and further characterized through post-authorization studies... Overall, given the seriousness of AD and the limited options for disease-modifying treatments, donanemab provides a clinically meaningful treatment benefit for pa-

tients with AD,” the document said.

What is donanemab; how does it work?

Like the two other Alzheimer’s drugs approved over the past three years, donanemab is a monoclonal antibody that targets deposits of amyloid beta proteins in the brain, one of the defining features of Alzheimer’s disease.

The phase 3 study shows that donanemab slows down cognitive decline in early Alzheimer’s patients by 35.1% at 76 weeks. The result was based on a study with 1,736 patients, of whom 860 received the infusion every four weeks till the amyloid beta plaque cleared.

The main adverse effect is swelling or bleeding in the brain, most of which is asymptomatic. The study showed that 24% participants given donanemab had brain

swelling and 19.7% had brain bleeds. Three treatment related deaths were reported.

Why is this breakthrough important?

Dr MV Padma Srivastava, Chairperson of Neurology at Paras Health, Gurugram, and former head of the department of neurology at AIIMS, Delhi said: “The world is getting older and the burden of diseases such as

Alzheimer’s is on the rise. Most countries around the world need drugs such as this. In developing countries with huge populations, the burden [of Alzheimer’s] is likely to be higher.”

An estimated 5.3 million people are currently living with dementia in India. Alzheimer’s is one of the most common forms of dementia. This prevalence is likely to increase to 14 million by 2050.

Dr Srivastava, however, said that these

**EXPLAINED
MEDICINE**

Right turn in Europe

The results of the elections to the European Parliament have pushed President Macron to announce snap legislative polls in France. What are these elections, and could the results impact the EU’s policy direction?



**EXPERT
EXPLAINS**

GULSHAN SACHDEVA

RESULTS OF the June 6-9 European Parliament elections, in which about 51% of 370 million-plus electors in 27 European Union (EU) countries voted, showed gains for rightwing and far right parties at the cost of Left and liberal parties.

The centre-right group European People’s Party (EPP) was projected to win the most seats, 186, in the 720-member House that meets in Strasbourg, France — 10 more than in 2019, when too, the EPP was the largest group.

The rightwing Identity and Democracy (ID) group, which includes the French opposition leader Marine Le Pen’s far-right National Rally (NR), was projected to win 58 seats, a gain of 9. French President Emmanuel Macron called a snap election to Parliament, saying he could not ignore the outcome of the European election in which his Renaissance party performed badly.

The European Conservatives and Reformists (ECR) group, which is dominated by Italian Prime Minister Giorgia Meloni’s Brothers of Italy party, was projected to win 73 seats, a gain of 4.

What is the European Parliament?

The EU is a unique supranational entity. Its Member States pool their sovereignty to acquire a collective strength and global influence that they cannot achieve individually.

In practice, this means that Member States delegate some of their decision-making powers to the shared institutions they have established. The European Parliament, the Council of the EU, and the European Commission (EC) are some of their core institutions.

Members of the European Parliament (MEPs) are directly elected by citizens of the 27 member states. This provides a certain democratic legitimacy to all EU activities.

The 720 seats of the Parliament are allocated on the principle of ‘degressive proportionality’, meaning smaller states elect more MEPs than their populations would proportionally warrant. MEPs are chosen by proportional representation, ensuring the number of elected MEPs is proportional to the votes they receive.

What are the functions of the European Parliament?

The Parliament has three major functions. First, it adopts and amends EU legislation along with the Council of the EU. Second, it supervises the functioning of all other EU institutions and bodies, particularly the EC. It approves or rejects appointments to the EC. Third, the Parliament shares authority over the EU budget with the Council, which allows it to influence EU spending.

The European Parliament also ratifies international agreements, including those on



Marine Le Pen, president of the French far-right National Rally party, after polls closed in the European Parliament elections in Paris on June 9. *Reuters*

trade and investment.

The new Parliament will shape the EU’s direction for the next five years on issues such as climate change, migration, the Green Deal aimed at making Europe climate neutral by 2050, digitisation, support for Ukraine, and policies toward Russia, China, the Middle East, and the Indo-Pacific.

Who will be the major players in the new European Parliament?

Voters in the European Parliament elections choose from their national political parties. The winning candidates then become part of Europe-wide political groups in the European Parliament. Almost all major parties in the 27 EU countries are affiliated with one or other of these European groups, based on commonalities in ideology.

A minimum of 23 MEPs from at least one-fourth of EU Member States can form a new group in the European Parliament. Currently, there are seven groups in the Parliament: European People’s Party (EPP); Progressive Alliance of Socialists and Democrats (S&D); Renew Europe; Greens/ European Free Alliance (Greens/ EFA); European Conservatives and Reformists (ECR); Identity and Democracy (ID), and the Left Group (GUE/ NGL).

Many European centre-right conservative parties, like Germany’s Christian Democratic Union (CDU), align with the EPP. Most centre-left socialist parties, like Spain’s Socialist Workers’ Party, are part of the S&D group. Many centrist liberal parties, such as Macron’s Renaissance party, belong to Renew Europe. Most right-wing parties are associated with the ECR and ID groups, like Meloni’s Brothers of Italy and Marine Le Pen’s National Rally respectively.

No group has been able to achieve a majority in the Parliament in recent years. But the EPP and the Socialists have remained the two major groups. With each election, the

Parliament has become more fragmented, leading to issue-based coalitions.

This year, the right and far right have grown at the expense of the Greens, Renew, and Socialists. But pro-Europe progressive groups like the EPP, S&D, Renew, and Greens have still managed to win more than 60% of seats.

Two far-right political parties — Alternative for Germany (AfD) and Hungarian Fidesz — are not part of any group. Altogether, far-right parties are projected to secure more than 150 seats. Overall, while the EPP has emerged as a clear winner, far-right parties have gained significantly.

How could the EU’s position on hot-button issues like immigration be affected by these results?

The European Parliament mirrors broad political trends across Europe. Many EU countries such as Italy, Finland, and Hungary, have right-wing governments. Right-wing parties have made significant gains in Germany and France in recent years.

As a result, the position of the Right in the European Parliament has also strengthened. These parties are gaining traction from issues including increased immigration into Europe, national identity, and scepticism towards many EU policies. Their persistent anti-immigrant, anti-EU, and anti-Islam rhetoric has resonated with many voters.

This shift has pressured many centre-right parties to adopt harder positions on immigration. There will be increased support for tighter border controls and stricter immigration and asylum rules in the new Parliament.

The high costs of green transition goals may also face scrutiny. Although climate action remains generally popular in Europe, many parties exploit the scepticism for specific measures. They have gained support from farmers protesting against emission reduction measures, consumers facing rising energy prices,

The additional scrutiny of the drug also came after a US congressional committee examined the approval process for the first drug, aducanumab, developed by Japanese and American companies Eisai and Biogen, and found it to be “rife with irregularities”.

The committee found an unusually close collaboration with the drugmaker; and that approval was given even after the clinical trial was cancelled by the company after an independent report indicated that the drug was unlikely to effectively slow cognitive decline and functional impairment, and despite an expert panel’s recommendation against it.

The second drug, lecanemab, also developed by Biogen, was greeted with cautious optimism by doctors. This is because it indeed demonstrated a slowing of cognitive decline with fewer side effects for a disease that does not have any effective treatment yet.

EXPLAINED EDUCATION

WHY UGC HAS ALLOWED ADMISSIONS TWICE A YEAR, WHAT HAPPENS NOW

EXPRESS NEWS SERVICE
NEW DELHI, JUNE 11

THE UNIVERSITY Grants Commission (UGC) has allowed universities to admit students twice a year — in July/ August and January/ February. The UGC has said biannual admissions will give universities the flexibility to take a decision on their admission cycles based on infrastructure and faculty available. It is not mandatory for universities to adopt the new system.



The new system could help global collaborations, according to UGC chairman M Jagadish Kumar. *File*

Existing process, change

Students are now admitted once a year, in a single academic session that begins in July/ August. The UGC’s decision will allow universities to admit students in two cycles, in July/ August and then in January/February, to undergraduate, postgraduate and PhD programmes.

The new system could allow universities to reflect the admission cycles in some countries that admit students twice a year, and where the courses that are available in these different admission cycles may also vary. Universities in the United States, for instance, have ‘intakes’ in the fall (session that begins in August/ September) and in the spring (session that begins in January).

Reason and beneficiaries

The UGC has already attempted the biannual admission process for open and distance learning, and online programmes, and found that “permitting a second academic session in a year has helped nearly half a million students join their degree programmes without waiting for one full academic year”.

This, according to UGC Chairman M Jagadish Kumar, could benefit students who may have missed admissions in the July/ August session on account of health issues, delays in board exam results, or personal reasons. With admissions opening twice a year, they need not wait for an entire year before they can apply again.

Kumar has said that universities abroad follow a biannual admission system, and this system in Indian institutions “can enhance their international collaborations and student exchanges”.

He has also said that this system could also help increase the ‘gross enrollment

ratio’ (GER). For higher education, GER is the ratio of students enrolled to the population of the age group eligible for higher education.

What next for institutions

The decision to open admissions twice a year lies with the universities — their academic and executive councils will have to take the call. It will be up to the universities to work out what programmes they might open up for biannual admissions. The availability of infrastructure and faculty will be crucial in deciding to admit students in two admission cycles.

While the UGC has allowed higher education institutions to admit students twice a year from the coming academic year, Delhi University Vice Chancellor Yogesh Singh pointed out that admissions for the upcoming session have already begun.

Chairman Kumar said: “This is a provision that we are providing... It is quite possible that it will not happen immediately. The universities may have to work on their infrastructural requirements, faculty requirements, and then plan it over a period of time.”

Singh said the university is open to the idea and may implement it initially for a few programmes before extending it to others.

There is also the question of admissions that are based on entrance exams. Kumar said that it could be “beneficial to students” if they are conducted twice a year.

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Meet Apple Intelligence, the new AI coming to iPhone, iPad and Mac

BIJIN JOSE
NEW DELHI, JUNE 11

APPLE INTELLIGENCE, the company’s long-awaited deeper push into AI technology, was unveiled at the Worldwide Developers Conference (WWDC) in Cupertino, California, on Monday. It is powered by generative AI — a type of AI that can generate new content like text and images often in response to prompts — and will be integrated into iPhone, iPad, and Macbook.

personal context to deliver personalised intelligence — which means that it understands user behaviour and generates appropriate responses. It is like OpenAI’s ChatGPT but with more contextual awareness. Apple Intelligence can know the user’s likes and dislikes, online preferences, can keep a tab on their calendar, etc.

The new AI tool will run on Apple Silicon (a processor designed by Apple) and will be able to comprehend and create language and images, work across applications, and simplify and enhance everyday tasks.

What can Apple Intelligence do?

Apple Intelligence will let users improve their writing and communicate with more ease. Apple is bringing systemwide writing



Apple Intelligence will help users write better, according to Apple. *Apple*

tools that are built into iOS 18, iPadOS 18, and MacOS Sequoia. These tools will allow users to write, rewrite, proofread, and sum-

marise text almost anywhere they write, including on third-party apps.

Apple Intelligence will help users feel more confident in their writing, according to the company. For example, the rewrite feature will show users different versions of what they wrote. These versions will adjust the tone to suit their audience and the task at hand.

The new AI tool will make it easier to manage emails by showing a new section at the top of the inbox with the most urgent emails and summarising emails without the need to open them.

Apple Intelligence will also enable users with creative ways of expression. It will introduce a feature called Image Playground that will allow users to create images in seconds. They can pick from three styles: animation, illustration, or sketch. There will be

an image generator as well, which will create emojis through the user’s prompts.

The new AI tool will make searching for pictures on iPhones more convenient. Apple has claimed that users can use “natural language” for searching specific photos. For example, one can search images using simple prompts like “Katie with stickers on her face”. This will also be applicable to videos, as users will be able to find specific moments in clips.

How will it improve Siri?

With Apple Intelligence, Siri — Apple’s virtual assistant — will now be more contextually aware and come with richer language-understanding capabilities. It will be more natural, contextually relevant, and more personal. Apple claims that Siri will follow along if a user stumbles over their

words and it will maintain context from one request to the next.

Apple Intelligence also brings something known as “onscreen awareness” to Siri. It will enable Siri to take action with all that is visible on the screen. For instance, if a friend texts the user her new address in Messages, the user can respond by saying, “Add this address to her (the friend’s) contact card.”

What about security?

Contextual awareness means that Siri will be aware of all the user’s activities, which raises questions of privacy and security. Apple has said that Apple Intelligence is backed by Private Cloud Compute (PCC), which is specially designed to address security and privacy challenges. Moreover, the new system is aware of a user’s personal information without collecting it, according to Apple.

People's PMO

The Prime Minister’s Office must start listening more and building consensus

IT WAS HEARTENING to see officials at the Prime Minister’s Office (PMO) lining up in the corridors to welcome Narendra Modi back to the corner room. Amid the rousing welcome and loud applause, the PM said something that was even more heartening. “It must be people’s PMO, not Modi’s PMO,” he said, adding 10 years ago, there was a perception in the country that the PMO was a power centre. “But we have tried to develop PMO as a catalytic agent that will produce energy, produce consciousness that lights up the entire system.” Modi concluded the address by throwing light on the secret of his energy and said that a successful person is one who keeps the student within him alive. This is vintage Modi, with a clear articulation of his vision.

But the “student within” the PM should know that the public perception of the PMO is a little different. The common impression is that power is heavily centralised and instructions often go directly to bureaucrats in different ministries, sometimes without the knowledge of the ministers concerned. One must admit that such impressions may often be exaggerated, but anecdotal evidence suggests that the PMO has overriding control over most policy proposals and schemes of different ministries. In many ways, the “Gujarat model” has been replicated in the PMO. When Modi was the Gujarat chief minister, the CMO called the shots.

Retired IAS officer Anil Swarup, who served as Union coal secretary and education secretary in the Modi government, has spoken about the PMO’s tendency to keep control over everything, thereby shrinking the space for independent decision-making in ministries. According to him, ministers often feel obligated to take approval from the PMO for routine matters as well. To be fair, the commentary about the PMO giving India a de facto presidential form of governance has been an old one. The PMO’s influence was all-pervasive under strong leaders such as Indira Gandhi and now Modi, but waned under Manmohan Singh who had to contend with the more influential National Advisory Council under United Progressive Alliance chairperson Sonia Gandhi. This is not to suggest that a strong PMO isn’t required. It is needed as it often helps in pushing through tough decisions. But there is an urgent need now to draw the line somewhere. With the BJP falling short of the halfway mark, in its third version, the National Democratic Alliance (NDA) will need to function as an alliance, in both letter and spirit, of parties that come from different regions and states of this large country.

The PMO needs to change in keeping with the new reality — it needs to listen more and build consensus. Some of the ministers of the alliance parties need to be given more freedom to chart their own course within the overall vision of the NDA’s way of governance. The PMO should listen to what the PM said at a meeting of the newly elected NDA Members of Parliament in the Central Hall last week. Modi held up a model of a competitive and cooperative federalism, and said that regional and national aspirations must hold each other close, and be bound together inextricably. Thus, the new PMO must strengthen the institutional space for dialogue and decision-making between the prime minister and all Cabinet ministers and between the Centre and all states. In short, it’s time for the “people’s PMO” to start walking the talk of its boss.

● MAKING PEACE

INDIA’S ECONOMIC INTERESTS WILL BE SERVED IF IT USES DIPLOMATIC SKILLS TO HELP END WARS

Geopolitical posers for govt

ANITA INDER SINGH

Founding professor, Centre for Peace and Conflict Resolution, New Delhi



Pacific allies, including Japan, South Korea, the Philippines and Australia, it is essential to strengthen their security bonds.

Japan is destined to become the world’s third-largest military power within five years. The reasons include its technological advancement. In the field of technology, it is the only Asian country which can counter China.

Hopes of driving a wedge between China and Russia — entertained by both India and America — are unrealistic, given how much Beijing and Moscow have helped each other, especially over the last decade. Geographically Russia is a Eurasian power, and China a Pacific one. The Russia-China relationship has helped to make China an Arctic and Mediterranean power — an achievement since China does not have any coastline in those areas. In contrast, Russia has coastal frontiers in Europe, the Baltic Sea region, the Mediterranean and Pacific. The wide-ranging strategic ties with Russia have also enabled China to strengthen its position in the Middle East-Suez area. All this has been possible because China’s economic progress has empowered it to spread its military and economic tentacles worldwide.

As the senior partner in its relation-

ship with Russia, China has been quick to show that it has the upper hand. Beijing does not want to buy as much Russian energy as Moscow would like and it wants to pay lower prices than Russia wants. But that will not upset their relationship because Ukraine-related Western sanctions on have made Russia too dependent on China.

China and Russia dislike the Quad, but Beijing is ultimately dismissive of the Quad which, because of a non-aligned India’s membership, is not a force against China. It is more concerned about the militarisation of Japan and the strengthening of US alliances. While Beijing has congratulated Prime Minister Modi on his electoral success, the state-steered Global Times is dismissive of India’s ability to compete economically with China. The paper identifies India’s society, especially the caste system, as the reason behind the limited education of Indians, which “directly impacts the overall labour productivity”. India’s long-term rise as the “world’s factory” will therefore be a long haul.

From ambitious global manufacturing goals to various domestic issues, Modi will face hurdles “not only about education levels but also cultural constraints”. The *Global Times* also sniggers at India’s dependence on

China for Chinese goods and raw materials even as Modi talks about replacing the neighbour in the global supply chain. India-China trade touched \$118 billion last year.

Economically, India’s absence from the Regional Comprehensive Economic Partnership, the largest regional economic pact in the world, shows its weakness against China. Vietnam, Indonesia, and Malaysia are all ahead of India. Free trade agreements (FTAs) with the European Free Trade Association and Australia cannot give India a strong regional or international presence. Talks with the European Union and Britain for FTAs have not made progress.

Generally, many multinationals are reluctant to leave China because of better investment conditions although labour is less expensive in India. Delhi pays scant attention to such complaints about investment conditions in India, which come even from some of its largest investors including Japan, America, and Germany.

Big business friends of India’s ruling establishment cannot cover up the problems stemming from a poorly educated workforce and the difficulties that small and medium enterprises confront in taking off. Protectionism leads many Indian manufacturers to dump shoddy goods on Indians — and ultimately works against India gaining ground in world markets.

Indo-US ties will continue to make progress, but India cannot help much in the Pacific — which is the top priority of America and its allies as they gear up for war over Taiwan and confront China’s claims to the South China Sea.

As geopolitical shifts trouble the world, India’s economic interests will be served if it uses its diplomatic skills to help the international community to end the hot wars being fought in Ukraine and the Middle East.

Cook controls iPhone, so he's new AI kingmaker

OVER THE PAST year and a half, many have been desperate to share a stage with artificial intelligence wunderkind Sam Altman. Microsoft Corp. couldn’t wait to wheel out the OpenAI co-founder to show how ahead of the game it was; world leaders stood beside him to show how they were in the loop on the future; and conference organisers contorted schedules to accommodate the most powerful man in the world of AI.

Yet, while Altman was in attendance at Apple’s developer conference on Monday, he was a spectator like almost everyone else. It was disappointing for him, you might think, because it was arguably the most significant public moment so far in OpenAI’s short history: ChatGPT is on the cusp of gaining hundreds of millions of new users through the world’s most popular devices. Beginning later this year, iPhone, iPad and Mac users — if they own a sufficiently up-to-date model — will be directed to ChatGPT to answer complex queries that need “world context”.

The news is being framed as Apple’s admission that it is behind on cutting-edge AI, turning to an outsider to fill in a feature shortfall. This is true, but only to an extent. This partnership — call it temporary outsourcing — demonstrates how, in fact, Cook may be the most powerful man in AI because he is pulling the strings on what will be the first truly mainstream AI device: the iPhone.

Previously, I have argued that Apple has ample time to get AI integration right and should resist being forced to bombard users with AI functionality just because Wall Street demands a quick way to boost iPhone sales. By making many of these

new features an opt-in beta — meaning only users who seek them out will use them, for now — Apple is smartly threading that needle.

Part of Apple’s strategy is to draw clear distinctions between its own “AI” — which stands for Apple Intelligence — and the characteristics of existing AI (artificial intelligence). Apple Intelligence mostly happens on its devices, making it inherently more secure and faster to respond than queries that have to be sent to the cloud. It can draw on personal context about users, data it has purely because the iPhone is central to many digital lives — emails, calendars, text messages, pictures and apps. This volume of insight is impossible for any other company to replicate, and you would likely not trust them to do so. “You should not have to hand over all the details of your life to be warehoused and analysed in someone’s AI cloud,” said Apple’s head of software engineering, Craig Federighi, during the keynote speech. (Apple’s cloud is fine, naturally.)

OpenAI’s ChatGPT, on the other hand, is more easily copied — in time. Apple hasn’t quite managed it yet, but it will. For now, though, it has begrudgingly turned to OpenAI, though ChatGPT’s presence on Apple devices is presented more as a disclosure than an enthusiastic shout-out. Each time a piece of information is sent to OpenAI’s servers, the user will be alerted and must give permission. What’s more, the integration won’t mean any new direct customers for OpenAI because queries will be made free and without the need to sign up. OpenAI won’t even benefit from a tidal wave of additional data on which to build its technology; Federighi insisted “your requests and information will not be logged”.

As an added kicker, Federighi mentioned that Apple would be looking to work with companies beyond OpenAI — a nod that sent shares in Google-parent Alphabet Inc. up because it was also said to have been in talks with Apple over integration of its ChatGPT competitor, Gemini. Apple’s shares, on the other hand, took an almost 2% tumble on Monday, perhaps on account of a lack of surprises.

But the lesson for investors to take away is that Cook is the AI kingmaker. Apple gets to decide which company gets access to the more than 2 billion active Apple products and on what terms. Google’s willingness to pay \$20 billion a year to be the default search engine on the iPhone is a taste of how valuable capturing the iPhone user is — and that was just for online search. The prize of being the primary AI platform for AI users will eclipse that, which is why Apple will strive to provide it itself.

Apple is a company that hates to ever admit it needs outside help. But it’s not too proud that it would refuse it completely when circumstances demand it, as they do now. But Apple’s frenemies never become its friends. OpenAI is on Apple devices because Apple was too slow, but make no mistake, Apple will want to make its partnership with OpenAI obsolete as soon as possible.



NR BHUSHNURMATH

Adjunct professor of banking and finance, IMT Ghaziabad

THE RESERVE BANK of India’s (RBI) Annual Report is, in many ways, akin to the government’s Economic Survey presented in Parliament before the Union Budget. Both recount major events in the year gone by — the former with its main focus on the remit of the central bank policy, viz. monetary policy; and the latter with its main focus on the remit of the government, namely the fiscal policy domain.

There is very little that is new or has not been said before in either, other than the section on “assessment” and “prospects” in both. However, in the RBI’s case, in its Annual Report, there is one more gem: the bank’s audited balance sheet and income and expenditure statement for the year.

A careful perusal of the latter sheds light on a number of aspects of the central bank’s functioning — aspects that are often lost sight of in the context of the headline-grabbing news about the transfer of the RBI’s surplus to the government. This year, for instance, the news of the record (₹2.11 trillion) surplus transfer announced by the bank last month was singularly uninformed by deeper analysis. This is not surprising. In the absence of more details, it was left to commentators to hazard a guess regarding the source of the surplus.

But now, thanks to the financial statements, we are better informed. As anticipated, the higher surplus is on account of higher income and lower expenses. Income is higher by ₹40,115

crore and expenditure lower by ₹83,342 crore, showing the “profitability” of the central bank. Since it was set up not in pursuit of profit but to achieve certain objectives, one needs to study the balance sheet of the RBI to understand how it has managed the monetary policy.

It is the balance sheet, rather the size of it, that gives us a true insight into the operation of monetary policy. The reality, as Garreth Rule of the Centre for Central Banking Studies, Bank of England, puts it, is that “changes in the balance sheet through time... reveal how successful the central bank has been in achieving its goals and how sustainable its current policy objectives are”.

He adds, “Although most central banks have moved from quantitative targets for monetary policy operations to price targets, where the domestic interest rate and/or the exchange rate are the operational target for monetary policy, the central bank’s balance sheet remains the best place to understand policy implementation.”

With that in mind, let’s turn to the RBI’s balance sheet. Remember, 2023-24 was the year in which the RBI was focussed on “withdrawal of accommo-

dation”. In balance sheet terms, this should have translated into a reduction in the size of its balance sheet.

Over the past two years, the Fed, for instance, has shed roughly \$1.5 trillion in treasury and mortgage bonds that it accumulated during the Covid years when it was trying to stimulate the economy. The Fed’s balance sheet has shrunk to around \$7.5 trillion from about \$9 trillion during 2022. In contrast, the RBI’s balance sheet increased

11% in 2023-24 from ₹63.45 trillion to ₹70.48 trillion.

What explains this apparent contradiction? For answers, look at the way the two main heads — investments in domestic bonds and investments in foreign currency assets — have moved over the year. The simplest way for the RBI to withdraw liquidity is by selling government bonds through its open market operations. Bonds thus sold would come from its holdings accounted for under the head “Investments-Domestic BD” on the assets side of the balance sheet, resulting in a decrease in assets and hence a decrease in its balance sheet size.

However, the decrease in its domestic bond holdings by ₹0.43 trillion has been more than offset by the increase

Also known as the impossible trilemma, this says it is impossible for any country (or central bank) to have a fixed exchange rate, allow free movement of capital, and pursue an independent monetary policy at the same time

LETTERS TO THE EDITOR

Modi’s balancing act

By allocating the prominent portfolios of home, defence, finance, foreign affairs, and road transport and highways to senior, trusted Bharatiya Janata Party (BJP) colleagues and ministers in his second term, Prime Minister Narendra Modi has sent a strong message to his National Democratic Alliance partners, particularly the Janata Dal (United) and Telugu Desam Party, that his new

government will continue to perform the way it was in the last term without any pressure from allies. By removing heavyweights like Anurag Thakur and Smriti Irani from the new cabinet; inducting the likes of JP Nadda, Shivraj Singh Chouhan, and ML Khattar; as well as allocating the important dual portfolios of health and chemicals, agriculture and rural development, and housing and power respectively, Modi has sent clear signals to the cadre and the senior BJP leadership

that he means business and non-performers have no place while star performers will always be welcome to work with him. The BJP and Modi are still in the driving seat, but Modi 2.0 ministers must refresh their toolkit. —Sanjay Chopra, Mohali

Federalism as necessity

Apropos of “A federal consensus” (FE, June 11), looking at the Union cabinet, it is clear that it is a continuation of policy and it should be easy for PM

Narendra Modi to take his work forward. One would have thought the electoral results would have humbled him. Most states are in dire straits, and it is vital that the Centre helps them without any bias. A consensus-based approach will come in handy with regard to dealing with opposition-ruled states as well as those run by National Democratic Alliance partners. —Bal Govind, Noida

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CONSUMPTION IS MORE BALANCED, BUT INEQUITY RISES IN MANY POCKETS

THE Household Consumption Expenditure Survey (HCES) for 2022-23, released after 11 years, shows the average spend on non-food items in rural India exceeded 50 percent of household expenses for the first time. Money spent on food items decreased from 52.9 percent in 2011-12 to 46.4 percent in 2023. A lower spend on food shows not only that the average income has risen, but that the consumption pattern has become more balanced between food and non-food items. Typically, higher food spend is an indicator of poorer communities. The thumb rule is that households spending over 75 percent on food are considered food-insecure, whereas those spending less than 50 percent on food have higher food security.

Urban India performed better in this regard, with the proportion of food in household consumption declining further to 39.2 percent in 2022 from 42.62 percent in 2011-12. India has therefore followed the trajectory of Engel's law—rising incomes are followed by increases in food expenditure, but an even higher rise in expenditure of non-food goods. The government's free foodgrains scheme in the Covid and post-Covid periods has also worked well; ultimately, the share of income spent on food has declined.

However, what is worrisome is that the data also showed a marked rise in consumption inequality. This was indicated by a rising Gini coefficient of consumption expenditure in the rural areas of 11 of the 25 states surveyed. The Gini index is used to determine the level of income inequality. A higher Gini consumption coefficient indicates greater consumption inequality, with high-income households skewing consumption in their favour. The highest Gini coefficients were in historically poorer states like Jharkhand, Nagaland and Chhattisgarh, while it was a surprise that Maharashtra, a more egalitarian state with a much higher output, showed the Gini coefficient rising to 0.291 from 0.253 over the decade under review. Spending on conveyance also showed a sharp increase over the decade—up to 7.6 percent from 4.2 percent in rural areas, and 8.6 percent from 6.5 percent in urban areas. While it is a positive that households are spending more on mobility, it also needs to be probed whether the expenses have risen because of an increase in distance people are made to commute between where they live and where they work.

DON'T KILL TREES WITH CONCRETE AT THE BASE

THE phenomenon of trees falling during a gusty spell of rain in Bengaluru is common. Worryingly, around 1,000 trees and many branches fell in the span of a week, while 206 trees were uprooted on one rainy night alone.

What is causing this new trend in Bengaluru, where civic authorities are unable to prevent big trees from crashing down on vehicles and walls, compromising the safety of passersby? The poet Gieve Patel had declared, "It takes much time to kill a tree"; but the Bruhat Bengaluru Mahanagara Palike (BBMP) is doing it with ease. The culprit is the concretisation of roads and footpaths—the way of many other metros—that is slowly strangling full-grown trees. Thick layers of concrete or tar are poured on the base of trees, depriving them of water and nutrition. Older trees with deeper roots are able to sustain themselves for some time, but younger ones dry out. The National Green Tribunal has ruled that a 1-metre radius of earth around a tree should be kept free of construction, but our civic authorities fail to follow it. They are either axing trees for infrastructure projects or killing them with concrete, often in cahoots with the timber lobby.

Not that they are unaware of the effects. Environment minister Eshwar Khandre has himself admitted that concretisation of pavements is preventing rainwater from seeping into the soil, causing trees to fall. Concrete may be convenient, but is detrimental to civic ecology. Town planners should realise that concretising roads causes flooding during the monsoons, and it is preferable to lay pavers on pavements to allow rainwater to percolate down. This ensures that the water table remains high and trees healthy. The other reason given is that the uprooted trees belong to exotic species, and it is preferable to plant hardy native varieties that have a higher survival rate. To its credit, the BBMP takes up sapling planting drives along arterial roads; but it should also ensure that they survive. The Palike's tree officers should team up with residents to survey each ward and save dying trees. Killing trees is a self-defeating exercise which will turn the city into a heat island, and its citizens will have to pay a high price in the long run. We are only hastening the process of climate change and inviting extreme weather events.

QUICK TAKE

SEEKING NOTES BEFORE VOTES

GENIBEN Thakor, the 44-year-old Congress candidate from Banaskantha in Gujarat, scored a number of firsts. The most heart-warming of them perhaps was the fact that she crowd-funded her way to victory over a well-oiled machinery. After a number of Congress bank accounts were frozen last year in an income tax case, the party's central and state leaderships put out a request for crowd-funding. Sasikanth Senthil, the 45-year-old who contested from Tiruvallur in Tamil Nadu, was another first-time MP who fought on smaller donations. Politicians in the US are proud to declare how much of their funds came from smaller donations. We deserve a similar transparency in our system.

MICHEL Serres, the philosopher of science, once wrote in praise of Plato. The wisdom of Plato's philosophy lay in the fact that he could see philosophy both in a fairy tale and a mathematical theorem. Pythagoras often rubbed shoulders with Socrates. There is an everyday wisdom to Plato. In that sense, one must see elections not purely in terms of numbers but as a story, a fairy tale. The 2024 elections in India is a powerful example of it.

Elections are usually determined by the metaphors employed. An election as a battle can be a zero-sum contest, where the winner takes all, or it can be a playful exercise, where victory is not over-emphasised. The 2024 election was pitched as a legendary contest, without asides. Numbers were all that counted, and Modi and Shah were portrayed as masters of numbers. Shah was literally collecting numbers like gold nuggets. Shah forgets there is an irony and playfulness to numbers. He announced his victory like a prophecy of doom, a juggernaut in the making. He forgot that numbers have a context, a sense of humour, a touch of iconicity and irony.

Year 2024 revealed that Modi won the election, but lost the larger picture where numbers in jackboots are discarded in favour of gentle chappals. It revealed that Modi might be the victor; but he was still a run-of-the-mill politician—despite his historic gains, Modi lacked the charisma and iconicity of a Vajpayee. Year 2024 showed the difference in politics between electoral victory and moral victory. An electoral victory is like an accountant's moral sheet. In moral victory, the plot goes beyond numbers; it provides a sense of theatre. A Shakespearean sense of what drama is and can be. This is something we must treasure.

Rahul Gandhi realised that sometimes numbers do not add up. There is a playfulness to numbers; we are to understand it. This is called a sense of numeracy. Modi emphasised finite numbers, but politics emphasised the symbolic. A symbolic victory is a victory of meaning, and meaning is important in politics. This is the crucial moral the 2024 election taught us.

For the people of India, politics is a critical event and democratic politics is an act of faith, a ritual to be resurrected periodically. In 2024, ordinary people realised a brute number was not everything. Politics had to be meaningful—a performance, a dis-

Brute numbers aren't everything in politics—they need meaning and context. Politics needs to be seen as an ongoing discourse that needs new ideas and actors

A VICTORY OF MEANING OVER MATHEMATICS

SHIV VISVANATHAN

Social scientist associated with the Compost Heap, a group researching alternative imaginations



SOURAV ROY

course, a morality play—and people, more than politicians, saw this as an act of faith. Faith in politics was a ritual relived by ordinary political workers campaigning hard without any promissory note from the future. They sensed that every idea needed to survive for the democratic idea to survive.

One senses this in the little vignettes across the election as drama. Chandrababu Naidu and Nitish Kumar—instead of sounding like yesterday's newspaper or crotchety old men who have had their day—seem to have emerged as wise, vintage politicians with a surprising future before them. The same could be said for Sharad Pawar. Supriya Sule's victory against Ajit Pawar's wife has the touch of the

sentimental. But accumulated sentiment becomes an emotion. Politics taught us this. In many ways, the plot unravelled like an old Hindi film.

Modi outgunned them, but he could not outmanoeuvre them. There is a touch of the sentimental once again here. Maybe people feel that many of these politicians needed one last 'chance'—a powerful polysemic word for fairness, for justice, for an equality of opportunity in a lottery like the world of politics. 'Every man needs a chance' could be the real slogan of Indian politics. One has to make clear that numbers may have a surprise, a context, but the ordinary man also realises there is logic to politics. There is a sense of balance. Modi and Shah get to rule. They claim the

OPEC'S GAMBIT TO KEEP OIL PRICES AFLOAT

RANJAN TANDON

Senior markets specialist and author

million bpd by December 1990. Around 3,00,000 bpd were provided free to the allied troops. The move kept crude prices reined in and strengthened US-Saudi relations.

In the last five years, economics has, to an extent, eclipsed political motivations. Riyadh is keen to shrink its dependence on oil while developing other sources of revenue. The lure of overseas financial participation prompted the kingdom to offer for sale Aramco shares this past week, amid fervent investor interest, in an effort to unlock its hidden worth.



The imposition of output curbs triggered Angola's exit from OPEC in December 2023, as the nation could ill afford restraints when Africa's oil dominance was evolving. Similarly, curbs on Libya's El Sharara oil field would be a blow to the nation's fractured economy

Saudi Arabia, as the de facto leader of the OPEC, has closely monitored output reductions within the cartel, in the midst of increased flow from other major producers such as the US, to shore up oil prices above the \$85-mark and balance its budget. Aiming to tighten the market further, the issue of 'capacity assessment and utilisation' was resurrected recently as three independent consultants were commissioned to conduct a fresh audit. With heavy reliance on oil income for pushing their economic agenda, the capacity estimation exercise has initiated stress among the fraternity on earlier occasions too.

The imposition of output curbs triggered

Angola's exit from OPEC in December 2023, as it could ill afford restraints in times of Africa's evolving oil dominance, a move that followed the footsteps of Ecuador and Qatar a few years back. The UAE had, earlier in the year, confronted the Saudis on the issue of capacity; with the Abu Dhabi National Oil recently reporting a higher maximum crude capacity on its website, it could seek a further increase in quota. As oil constitutes 90 percent of its exports and is a catalyst for Kuwait's Vision 2035 programme, it requisites a larger share as volumes rise at its three domestic refineries.

Moscow holds a large inventory of crude on the back of dwindling processing capacity post Ukrainian attacks on Russian refineries, as it lobbies for an upward revision. Flouting output cut commitment and higher production figures reported by Iraq and Kazakhstan have precipitated tensions within the bloc, indicative of a gradual withdrawal of reductions.

The El Sharara oil field in Libya's Murzuq desert, holding the largest proven reserves in Africa, recently emerged from a shutdown. Any curbs on Libya would be a blow to the nation's fractured economy. Despite the lack of investment in Nigeria's oil industry, the recent partial commissioning of Dangote refinery near Lagos could affect its capacity utilisation and quota allocation. In a surprise retraction, the audit exercise stands postponed by a year, citing the ongoing Ukraine war as a deterrent in case of Russia. The move is seen to maintain solidarity within the group.

Negotiating through this maze of economic and political complexity is a tough task as the relevance of fuel prices remain sacrosanct in an election year when Washington and Brussels are keen to keep energy costs low and have often called for an increase in OPEC+ output. Yet, speculative intent remains inherent to oil prices.

As T Boone Pickens, the American oil magnate and financier; once remarked, "It has become cheaper to look for oil on the floor of the New York Stock Exchange than in the ground."

(Views are personal)
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victory of numbers. Only numbers demand meaning too. The instrumental right to rule goes to BJP, but the moral and morale to the opposition parties. It is the ordinary Indian struggling beyond experts, money and power that is the winner. Ordinary man understands that politics is a game of rules that surprises.

One sensed the normalcy of politics as the INDIA group met. Mallikarjun Kharge read his speech like a housewife who had returned the house to order. There is the sense of the normal and the everyday. One sees this in the imagery of Rahul Gandhi. He is everyone's punching bag. Maybe as a result, he is more a common man than Modi's self-portrait of the *chaiwala*. Rahul waves his hand on TV and it is stretched out to parody a public show, while Modi appears like a strict martinet. Even his hand waves are rationed out in strict and studied numbers. Yet, the comic and the futile have their moments of triumph. Rahul sits contentedly at the alliance meeting along with Sonia and Priyanka. Drama and morality have now become an intrinsic extension of maths, and life seems meaningful as politics makes it so.

This does not mean that the fight is over and there is no time for realism. Modi has won as prime minister, but the battle is not over. Hope is not always of a majoritarian flavour. There are urgent tasks before the INDIA group. They have to see politics as an ongoing philosophical discourse. A performance that needs new plots and actors. Politics in India desperately needs new ideas. It has to enact the future in a different way. The new generation may be aspirational, but they also need meaning and a history with a sense of the future. We need the revival of civil society. Secondly, we need politicians who understand and respect the faith of the ordinary man in the democratic process. This faith can only be renewed if arrogance and threat are to be downplayed. Even the BJP will benefit from it.

Moderate interventions can be expected from a few. The economy is in desperate need of inventiveness. Modi sounds like an old text. This is where academics, activists and intellectuals can restore a new sense of meaning. One continues to pray that politics in India mellsows numbers with meaning, adding compassion to transparency. The romance of democracy has saved us once again.

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Better coalition

Ref: *The N-factor in political calculus* (Jun 11). The verdicts of the people were different this election. The ruling dispensation and the opposition were quite close in numbers. One hopes PM Narendra Modi's government would be different from other coalition governments of the past and be able to tackle issues better.
Ravi Nair, Palakkad

Last resort

Ref: *An open letter to the MP from Thrissur* (Jun 11). Kudos to the author for bringing the weaknesses of Thrissur to the attention of the newly elected MP, Suresh Gopi. Our hopes are sky-high. Let us hope he doesn't disappoint us; he is our last resort.
Gopal Kaimal, email

Thrissur's problems

Unknown contours of Thrissur have been brought to light for a better appreciation of the problems of the wealthy and 'carnivorous' city. The author has, with his subtle wit and humour, projected not only the earnestness and devotion of Suresh Gopi, but also the inseparable proximity of godly cleanliness and material garbage in a central city of Kerala.
U Atreya Sarma, Hyderabad

Manipur peace

Ref: *Priority is to stop violence in Manipur, says RSS chief* (Jun 11). RSS chief Mohan Bhagwat's call for peace in strife-torn Manipur assumes great significance since Manipur has been waiting for peace for over a year.
P G Moorthy, Thiruvananthapuram

Apt intervention

I fully endorse the views expressed by the RSS chief. Modi's approach towards Manipur so far has gathered much criticism. He never bothered to visit the state. The Meitei-Kuki conflict should be stopped forthwith with his direct intervention. The law and order problem plaguing the eastern state must be addressed on priority. As Bhagwat rightly said, it is important to follow morality as our country faces many challenges. One such challenge is the agitation by farmers. High priority should be given to address their grievances too.
P K Sreevalsan, Kannur

Right call

The RSS chief called it right by asking the Modi 3.0 government to prioritise dousing the violence and gun culture plaguing Manipur. Irrespective of the caste and faith of people victimised by violence, Indians are murdering fellow Indians in the beleaguered Northeastern state. This has to stop. Well said, Mohan Bhagwat.
George Jacob, Kochi

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Deposits in the Time Of MFs, Real Estate

Mobilisation should catch up with loan growth

Banks are seeking innovative solutions to rebalance their credit-deposit ratio. These include reducing the minimum lock-in period for tax-saving deposits to three years to bring about parity with similar equity-linked savings schemes. There may be some merit in this demand considering a structural shift in savings behaviour of Indian households to alternative investment avenues, such as mutual funds and real estate, at a time interest rates had collapsed during the pandemic. Although interest rates have since recovered, returns offered by a rally in the stock markets and a revival of the housing market are crimping bank deposit growth. Accompanied by strong demand for credit, a key banking metric is deteriorating, prompting RBI to suggest banks review their business strategies.

Credit growth is expected to slow down this year, but not by enough to cause a significant uptick in banks' loan-deposit ratios. Persistently slow deposit mobilisation, relative to loan advances, affects banks' ability to lend and their profit margins by forcing them to raise costlier capital. This has an effect on interest rates at a time RBI is evaluating rate cuts while keeping liquidity tight in the financial system. Although



monetary policy has a handle on liquidity and interest rates, alteration in household saving preferences is a largely exogenous variable. Hence the need for some out-of-the-box thinking to improve monetary transmission.

RBI has also flagged the issue of runaway credit growth that is outpacing nominal GDP, while deposit growth remains in line. It has raised risk weights for unsecured loans that were feeding consumption. Sustaining high economic growth requires improved efficiency in routing capital to the most productive sectors, as opposed to self-limiting consumer credit. As more households emerge from pandemic-era dissavings, bank deposit mobilisation should begin to catch up with loan growth. Rationalising fiscal incentives among investment choices would also be part of the larger project of uniform tax treatment.

Neaten the NEET Process, Else...

National Eligibility-cum-Entrance Test (Undergraduate), or NEET, an all-India pre-medical entrance test, has had a chequered past. This year, a new controversy has hit the proverbial fan that questions the very fairness of the exam. A writ petition is before the Supreme Court contesting the 'arbitrary and illegal' decision of the National Testing Agency (NTA), which conducts the exam, to award 'grace marks' to over 1,500 students to compensate for the 'loss of time' during the exam held on May 5. Two other pleas have sought cancellation of the test, alleging a paper leak. This is bad news for an already suspect grading system that does no good for India's educational-professional credibility.



On Tuesday, the court rightly told NTA that 'it's not so simple that because you have [conducted the exam], it's sacrosanct.... The sanctity has been affected. So we need answers.' It issued a notice to NTA, but allowed the counselling process to continue. The next hearing is on July 8. While NTA has maintained that there has been

no malpractice, GoI has set up a four-member panel to review the 'grace marks' controversy.

While conducting an exam of this scale — 24 lakh students appeared this year — is challenging, NTA has been conducting it for 10 years. By now, logistical and technical issues should have been ironed out. GoI must investigate this episode seriously. If left to fester, or brushed under the dais, there can be only two outcomes: one, bolster demand from states such as Tamil Nadu to scrap NEET; two, give credence to India's reputation of blindly disregarding quality over quantity. This undermines India's ambition to become a knowledge economy with an upskilled workforce.

JUST IN JEST

MACA, Make America Cricket-Loving Again

One sure way of making a sport popular in a country less than about it is to make the host country win. India winning the football World Cup if India hosts the tournament, for instance, would do wonders in turning cricket nuts overnight into football fans. Which brings us to cricket in America. While the sport was played by British colonists from the late 18th century — with Philadelphia as the cricket capital of the Americas — the Civil War made the more malleable no-stumps-needed baseball the American bat-'n'-ball game. The final yorker in the coffin was delivered by humiliating defeats against a travelling English side — remember, they were still seen as ex-colonists, not America's Blairite poolle, by Americans then — in 1859.

Enter last week's US victory against Pakistan in the ongoing T20 World Cup in Dallas. Wilted though the 2009 champions may be today, beating Pakistan in cricket is like beating Italy in football. To catalyse cricket popularity in Baseballabad, may we suggest renaming 'overs' to 'rounds', 'wickets' to 'outs', and 'bowlers' to 'pitchers'. Also, introduce a break every 5 mins for ads, snacks and breathers, irrespective of end of overs. Call it 'Freedom format'. And consider T10 instead of T20 endorsed by, say, Dwayne 'The Rock' Johnson explaining the LBW rule, or Taylor Swift singing about the 'Glorious Drive'.

CURSOR New GoI, clean up poli funding, and create a functional market for corporate debt

Game's Bond, Electoral Bond



T K Arun

Here are two reforms the new government should undertake: clean up political funding, and create a functional market for corporate debt. The two might seem disparate, but they are partners in a symbiotic relationship, the one enabling the other, like bees and flowers.

There is corruption in most countries. But most of that corruption is opportunistic. Those countries would do just fine, minus the corruption. In India, corruption is systemic. Corruption finances Indian politics. In the absence of corruption, Indian politics would grind to a halt. How so?

In large parts of the country, adult franchise arrived without much effort on the part of the populace. Consumed by their daily struggle to subsist, oppressed by the traditional hierarchy of caste and a colonial state apparatus that continued, even after Independence, to view the people as subjects rather than as citizens, Indians saw in democracy access to new lines of patronage and some additional material goods, delivered by politicians or the state, as inducement to part with their votes, come election time.

Suffrage did not transform the subaltern into empowered seekers of dignity, rights and emancipation from the hardscrabble wretchedness of unrelenting material and spiritual exploitation. People were eager to become labrathris, beneficiaries of largesse from politicians or the state.

Politicians need lots of funds to dole out to voters. Then, there are unsavoury political practices. TV crews don't oblige every politician who crows about the size of his crowd by keeping their camera focused right in front of the dais, refusing to pan the camera to the vacant stretches beyond. So, what is the average politician to do but hire a crowd, paying them whatever it takes? That



Miss Moneypaisa, we'd like it shaken and stirred

can cost serious money in towns.

Then there is the money paid to friendly voices in the media, for social media support, and the heavy-duty engineering job of splitting parties and toppling governments. These activities cost a lot of money. But your books of accounts cannot show a single rupee of spending on such laissez-faire. It must all be financed with money received off the books. So must all spending above the unrealistic spending limits set by EC.

End result: voluntary contributions account for a tiny fraction of a party's funds. The bulk is amassed by extortion, sale of patronage and loot of the exchequer, via padded contracts awarded to characters who kick a portion of the padding back to the party politician.

In an economy with a vibrant stock market, it does not pay to conceal income or earnings. You need your stock to be valued as high as possible, to raise loans against the shares or simply to improve your billionaire rank. So, money is taken out of corporate balance sheets, rather than the profit and loss accounts.

You inflate project costs, raise bank loans that the project doesn't need but you, for your war chest from which you pay off netas and their babu enablers. When your company acquires another company, some of the transaction value ends up in the war chest, routed through a network of shell companies in investor-friendly locations, knowledge of whose anatomy and physiology is what sets the evolved chartered accountant/tax lawyer apart from the hominid novices, who merely know accounting.

Indian politics' systemic dependence on money off the books makes a mockery of financial reporting and corporate governance. In a democracy, money should move from the people to their parties, not from politicians to voters.

rything produced using that power. So with steel, cement, coal. What makes cost-padding relatively easy is that bank loans are sanctioned by a committee of lenders, who alone need to be persuaded of the validity of the numbers presented before them. Suppose, in contrast, the bulk of the project finance were to be raised by issuing bonds.

Bond issuances are vetted by all kinds of people, at brokerages, mutual funds, private equity, family trusts, venturesome CAs, investment divisions of banks, merchant banks, advisory firms, the occasional Hindenburg. Padding is likely to be spotted and publicly shredded, rather than glossed over.

Funding of large, long-gestation projects should be done by bonds, subscribed to by a broad class of investors, rather than by a clutch of banks that are ill-suited to commit deposits to projects that pay loans over periods much longer than the deposits' maturity term. Bond issuances work only

if there is a vibrant bond market, complete with the instruments to mitigate the kinds of congenital risk bonds carry — of not being repaid, of offering subpar returns and being issued in a suboptimal currency.

A functional bond market is necessary, but not sufficient, to revive private investment in infrastructure. It would reduce the problem of banks building up bad loans, and bring down project costs. That would make the economy more competitive and bring pressure to clean up political funding.

Electoral bonds were bearer bonds that probably had a secondary market during their short lifespan, and could be used to launder money. All political funding should be routed transparently through electronic means, via UPI, IMPS, Neft or RTGS. Let parties crowdfund themselves. In a democracy, money should move from the people to their parties, not from politicians to voters.

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ChatGPT SHAIRI OF THE DAY

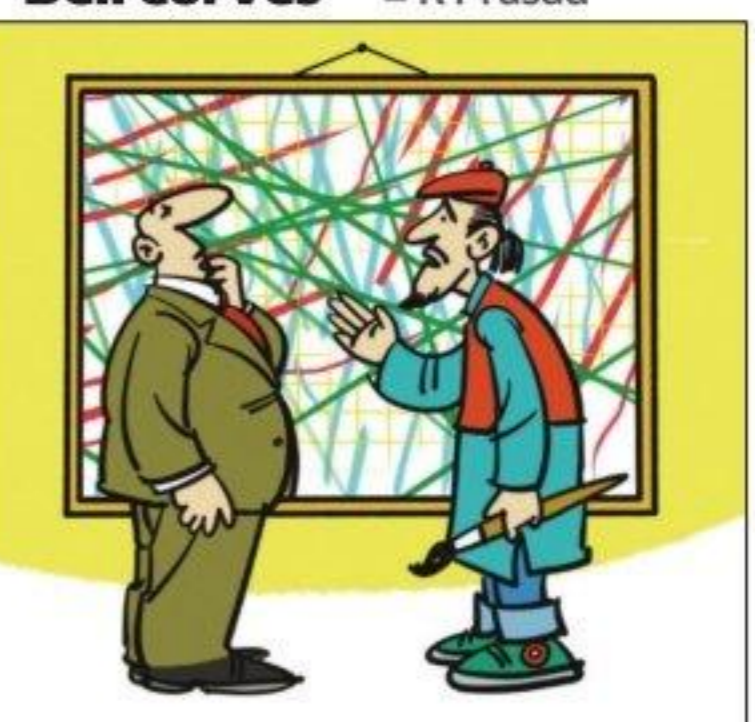
There's a new trend that feels surreal,
Where humility is becoming big deal.
With a bow and nervous grin,
We're all ushering in,
Making bragging an embarrassment to feel!

Currency Talk

Recent data from the IMF's COFER point to an ongoing gradual decline in the dollar's share of allocated foreign reserves of central banks and governments. Strikingly, the reduced role of the US dollar over the last two decades has not been matched by increases in the shares of the other 'big four' currencies—the euro, yen, and pound. Rather, it has been accompanied by a rise in the share of what IMF terms nontraditional reserve currencies, including the Australian dollar, Canadian dollar, Chinese renminbi, South Korean won, Singaporean dollar, and the Nordic currencies...



Bell Curves ■ R Prasad



A bit of sanding and a fresh coat of gesso, and the canvas will be as good as new, sir!

Global Standards with FTAs



Rajeev Kher & Anshuman Gupta

India recently concluded a trade and economic partnership agreement (TEPA) with European Free Trade Association (EFTA), a group comprising Iceland, Liechtenstein, Norway and Switzerland. The agreement has two distinctive features: an innovative chapter linking potential investment with the extent of tariff liberalisation, and a chapter on trade and sustainable development.

The latter is a significant step forward for India, which has avoided including 'non-trade issues' in FTAs. Although some earlier agreements have references to sustainability, this is the first time a full chapter on trade and sustainable development has been incorporated. From a plain reading, the chapter shows:

- India is prepared to take that extra step to build preferential trade frameworks with the developed world. This is imperative if it wishes to expand its trade further with regions such as the EU and North America.
- New Delhi's reluctance to use FTAs as tools for trade expansion is possibly easing out.
- When read with the investment cooperation chapter, India has signalled the need for investments and preparedness to walk that extra mile.

For an open economy, nations should devise as many instruments as there are targets to hit. Jagdish Bhagwati has used the same concept to negate the idea of mixing environmental policies with trade policies. His rationale stems from the fact that both are technical areas, requiring separate specialised agencies to deal with them. However, advanced nations have chosen trade agreements, instead of multilateral environmental

agreements, as instruments to achieve their growth objectives. There is no denying that this is also a subterfuge for sometimes couching their protectionist intent. Having failed to introduce such issues in WTO, advanced nations have found FTAs easier to incorporate. All trade agreements by these nations contain non-trade issues, such as environment, labour standards and gender. Like many other developing nations, India has been reluctant to do so.

The extent to which such non-trade issues are accepted in FTAs should be determined by several factors. At present, the following are essential determinants:

- India's economic policy actions must align with its ambition to become a developed country by 2047.
- WTO is unlikely to be effective for the next few years. Hence, FTAs are important tools for trade and industry policy.
- Due to its ambivalence on FTAs, India has allowed itself to be excluded from major regional trade arrangements, thereby losing potential trade advantages to its competitors.
- India is a signatory to most multilateral environmental agreements and labour- and gender-related conventions. It shouldn't be shy about conforming to those obligations.
- It has taken ambitious policy action to conform to its obligations, so much so that its development plans include ambitious targets in some areas, such as climate mitigation and decarbonisation.
- Emerging geopolitical dynamics and its forward policy action positions India at a vantage point for forward movement.
- India would continue to offer a vast market of middle-class buyers for many

years. It could leverage this market for its trade expansion. It can, consequently, calibrate the pace at which it would adopt such obligations.

► It's hard to maintain that trade has nothing to do with some non-trade issues, such as environment and some labour-related aspects. So, the argument that they should remain separate is no longer tenable. The strong argument for developing countries should be differentiated responsibility, and the need to address lack of physical and financial capacities. This must guide India's negotiating positions.

Present-generation FTAs have three enforceability templates:

- Expressing a mere understanding of a specific non-trade issue.
- Using consultation as a means of pursuing respective interests.
- Enforcing obligations through a dispute-settlement system.

Recognising its long-term economic objectives, India can adopt a carefully calibrated approach that safeguards its interests, while reassuring its trading partners. An incremental approach safeguarding long-term economic objectives, such as achieving SDG goals, would suit India the best.

Commitments that contradict fundamentals of the multilateral trade regime are avoidable. A potential trading partner's financial and technology commitments performance should determine how India could move up the value chain of obligations. A preambular commitment to recognising developing-country rights to priority use of the fast-depleting carbon space, co-development of environmental technologies and their joint exploitation, and a joint carbon trading initiative, could be some other innovative ways to bring in the trade partner's involvement in the long-term development of green trade.

It's hard to avoid trade agreements with green elements. The faster we decide, innovate and prepare, the better for us.

Kher is former commerce secretary, GoI, and Gupta is consultant, Research and Information System for Developing Countries (RIS)

PEAS IN A PODCAST

Walking in 'Air Jordan'

Some people are born to do what they do. Like Jackie Nourse. Raised in the mountains of Lake Tahoe, California, by adventure-loving parents, her childhood was filled with road trips, camping, hiking and exploring national parks. Over 20 years later today, she hosts the podcast 'JUMP with Traveling Jackie'.

Through a mix of guest stories, solo episodes and raw, personal accounts, Nourse explores travel, adventure and lifestyle in ways meant to get her listeners go out and see the world. In the 55-min JUMP 169 episode, **Walking Across Jordan**, she travels from the village of Dana to the archaeological marvel that is

Petra, and beyond, meeting Bedouins and discovering stories and histories along the way. The podcast opens with a beautiful, foot-tapping Bedouin song that hooks you into the story that follows.

Nourse also brings out the other side of the story — how Bedouin guides interact with outsiders, exchange knowledge and happily indulge in the universal language of dance and merrymaking. This show is a fun source of travel advice and inspiration, especially this episode that portrays West Asia in a very different, inviting way that mainstream media hardly ever does.



THE SPEAKING TREE

Our Vasanas Demystified

ULLHAS PAGEY

In Hindu philosophy, as expounded in the Upanishads and the Bhagwad Gita, vasanas are an inherent part of human personality. Derived from the Sanskrit root vas, meaning to dwell, vasanas are subtle impressions and tendencies that shape our desires, actions and thoughts. The Chandogya Upanishad emphasises that 'As is one's desire, so is one's will; as is one's will, so is one's deed; as is one's deed, so is one's destiny.'

This highlights the cycle of karma and the pivotal role vasanas play in shaping our destiny. In the Gita, Krishna elaborates on the nature of vasanas. He explains that these latent impressions lie at the core of our psyche, beyond the conscious reach of mind, intellect and body. In chapter 15, Krishna states, 'The living entities in this conditioned world are My eternal fragmental parts, which include the mind, thought and intellect.'

Vasanas are considered the primordial source of our impulses. They enliven the mind to feel, the body to act and the intellect to think. Without vasanas, the mind would be devoid of motivation, the body inert and the intellect barren. The Katha Upanishad uses the metaphor of a chariot wherein 'the body is the chariot, the mind the reins, the intellect the charioteer, and the self, influenced by vasanas, the rider'.

One can achieve liberation by recognising and purifying deep-seated tendencies through disciplines such as meditation — the ultimate goal of human existence. Ultimately, 'Your mind is a garden, your thoughts are the seeds. You can grow flowers or the weeds,' depending upon your vasanas.

Chat Room

Coming Back To Consenses

Apropos 'Top 4 Intact, Modi Sends Big Message' by Rakesh Mohan Chaturvedi (Jun 11), it's a welcome shift for PM Narendra Modi to articulate his belief in the diversity of the country and state that the new coalition government would be run by consensus. A true and unflinching belief in cooperative federalism ought to bulwark the promised path of conciliatory decision-making, faster economic growth and inclusive progress. However, a certain amount of policy continuity is necessary for retaining the external world's guarded confidence in India's economy and growth potential.

India's status as the fastest-growing major economy has much to do with its relatively underdeveloped condition, the sheer size of its population and the current phase of slow growth in world output.

N SADHASIVA REDDY
Bengaluru

Must Stop This Thing We Started

This refers to 'Don't Scrap, Review Agnipath: JDU' by Kumar Anshuman (Jun 7). In a democracy, GoI exercises control over the armed forces through parliament with budgetary provisions determining the size and shape. Policies concerning HR management should be left to the professional judgement of the generals, admirals and air marshals, and not dictated by the political class. The Agnipath scheme is a classical example of the royal path to folly, affecting the combat effectiveness of the armed forces, the rhetoric of 'transformational reform' notwithstanding.

The new coalition government must scrap this scheme that was introduced by the earlier government much against the advice of the army. The need to economise on the pension bill is a valid reason, and this can be achieved by limiting the service of those trades that are akin to civil jobs such as clerks, storekeepers, drivers and other housekeeping trades of erstwhile non-combatant enrolled for a duration of, say, 10 years. It may be recalled that, earlier, a sepoy was retired after seven years of colour service. The entire HR management in the armed forces demands a comprehensive study by a team of professional servicemen.

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MAJ GEN V K VARMA, AVSM (RETD)
Byemail

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Green is the new pact



CONTRAPUNTO

Catch on fire and people will come for miles to see you burn

-JOHN WESLEY

Bhagwat's Right

RSS chief makes a point on Manipur. New GOI minister for Northeast must make the state his priority

In his first comments after LS results, RSS chief Mohan Bhagwat has singled out the situation in Manipur, as the one needing to be addressed on priority basis. His point on the contrast between the scale of wreckage in the state and the attention it received during the long national election, is spot on. A brutal civil war has divided the state into Meitei and Kuki “areas”, with neither tolerating “outsiders”. And while GOI has poured security resources into the state, what has been missing is a similarly muscular political response. This is the only way to achieve a real solution.

Can Congress help? | The party launched its Bharat Jodo Nyay Yatra from Thoubal, when the state govt refused permission for it to start from Imphal. That it has now won both Inner and Outer Manipur LS seats is being seen as a clear thumbs down to the “double engine sarkar”. But while voters may have high expectations that the two new MPs will help alleviate their sufferings, the heavy lifting has still to be done by the central and state govts.

What about Biren? | For many experts, the CM has been part of the problem from the very start, and therefore cannot be part of the solution. He is widely perceived to be partisan. His administrative failures are in plain view. Why is he still there? A plausible reason is the massive mandate he delivered for BJP in 2022 assembly elections. But while the Meitei vote may still stick to him, return to normalcy won’t be possible without setting accountability for the current state of anarchy.

Jiribam warning | Last week’s violence in Jiribam, which had until now not seen any, has made clear there is simply no room for complacency. Once again, thousands have been displaced, this time to Assam. Meanwhile, most of those displaced earlier have not been able to return to their schools, jobs, homes. Plus, reports suggest that those who have fled to the hills have had disproportionately little govt aid. Jyotiraditya Scindia, new Union minister for Northeast, must take up all such complaints with urgency. He should coordinate between the state and Centre in mission mode. Since the Manipur crisis is unprecedented, so must its redressal be. And since Manipuris have been failed by all levels of govt, repair must also take place at all levels.

Who'll Test The Testers?

Take a long, hard look at National Testing Agency. Integrity of several competitive exams is at stake

Supreme Court has put 7-year-old National Testing Agency on guard with its remark “Sanctity has been affected, we need answers.” Multiple allegations of malpractices, and mismanagement of NEET, the elimination exam to select medical students, have not only caused an upheaval in the lives of over 13L students who qualified and their families. NTA's mishandling has also compromised the consistency and integrity expected of India's autonomous nodal exams administrator.

No transparency | NTA did itself no favours by being opaque, denying the allegations and providing inadequate answers at the first instance of alleged irregularity of paper leak. It was left red-faced when Gujarat and Bihar police made arrests – one lot for solving papers of six Gujarat candidates for ₹10L each, another 13 for allegedly providing NEET-UG 2024 question papers and answers to 35 medical aspirants in Bihar.

Nothing's addressed | NTA's claims of tamper-proof, smooth conduct of exams for 23L medical aspirants went poof once results showed inflated marks, clustering of toppers from specific tuition centres and an amazing 67 toppers – in 2023, there were just two. The anomalies are dubious given the steep cut-off this year compared to last year. Questions on how ‘loss of time’ was determined to allot ‘grace marks’ to over 1,500 candidates were met with misinformation. The response that login time was considered, as in the case of online law test CLAT, falls flat. NEET is an offline exam. NTA has been shredding its own credibility.

No respite | A re-exam is no solution. Why should 13L students' futures be jeopardised? NTA attempts to hang all problems on the ‘teething issues-tech glitches’ hanger. Not NEET alone, it also messed up its college entrance qualifier CUET, and engineering entrance JEE. Careers of future generations cannot be what giant centralised systems experiment with, or cut their systems' teeth on. Given the scale of harm done, NTA should get its house in order before the 2024 NEET chaos, on the back of previous failures, leads to a class action/representative suit beyond PILs.

Ad nauseam

Sometimes too much hype about a forthcoming event can lead to an equally great anticlimax

Jug Suraiya

Promise, large promise, is the soul of an advertisement, said Dr Johnson. But what happens when the projected promise is too large for the advertisement? Or, conversely, the advertisement too much for the promise?

Say, a mega blockbuster movie is announced. The all-star cast is led by an icon of the industry whose face and name are indelibly imprinted on the collective public psyche by ever-recurring exposure through a blanket bombardment of advertisements, in the press, on TV, and kiosks and hoardings, for all products for all people, from paan masala to penthouse apartments, from A-class automobiles to Ayurvedic treatment for piles (getting to the bottom of your problem).

The screenplay for the film has been scripted by a writer whose inexplicable omission from the roster of winners of the Nobel Prize for Literature reveals a lamentable lack of discernment on the part of the judges.

The musical score for the epic has been composed by a maestro who, had they been around today, would have given Tansen and Tchaikovsky a run for their melodious money.

The director of the film has been hailed by critics as being a worthy successor not only to Satyajit Ray and Sergei Eisenstein, but also to Charlie Chaplin, the Marx Brothers and The Three Stooges.

Finally, to a rising crescendo of drumrolls and stream of out of the theatres their comments are solicited.

“I never actually saw the movie. I went to get popcorn in what I thought was the interval, and I saw everyone coming out, so I went home.”

“I was too busy talking on my cell to Auntieji about all the celebs who were there, to look at the screen.”

“It was fantastic! The best cure for insomnia ever invented.”

Sometimes too large a promise can turn advertisement into hadvertisement. As in, make people feel they’ve had enough.

They Are Scheduled, Not Same

LS polls saw SCs & STs respond differently to the alleged threat to reservations. The reason SCs largely voted against BJP & STs stuck with it, is explained by their different social histories



Dipankar Gupta

Evidence suggests that in 2024 Scheduled Castes (SCs) voted against BJP for they feared NDA would kill reservations if it got re-elected. While this might hold for SCs, it wasn't the case with Scheduled Tribes (STs). Looking at the results it appears that the bulk of SC voters, in prized constituencies, and not just in the cheap seats, headed for the exit door as if the fire alarm had been sounded.

While much of this began even before the movie had properly started, STs, however, stayed back firmly where they were. It's puzzling why they did not react the way SCs did to the threat that BJP might revoke reservations. After all, STs would be equally hurt if this policy is indeed lifted. Yet, NDA did remarkably well where the proportion of STs was much higher than the national average.

UP LS results clearly show that SCs left NDA in numbers. The BJP-led alliance lost 17 of the 22 UP constituencies where SCs exceeded 20% of the population. These hits didn't knock BJP out but were hard body blows. BJP even lost Ayodhya, notwithstanding the Ram temple and earlier victories in assembly elections there.

Contrast this with NDA's performance in the six major states where the proportion of STs is far greater than the all-India figure. NDA won convincingly in all of them – MP, Chhattisgarh, Assam, Odisha, Jharkhand and Tripura. Jharkhand may have seen a clean NDA sweep but for the sympathy wave that was set off favouring the INDIA bloc after the arrest of its CM Hemant Soren.

Such correlations are compelling enough and they do not need any added commentary. Yet, they lead us to a disconcerting conclusion that while SCs and STs both benefit from reservations, their worlds are not alike. The first reason that strikes one off the bat is that STs did not have a national hero like Babasaheb Ambedkar in their ranks, as SCs did – a man who led the Constitution-making team boldly from the front.

Still, that doesn't entirely explain why STs did not rear up as nervously as SCs did once the talk of taking away reservations started gaining decibels. True, STs are also poor, they too have been historically deprived,

but their social backwardness does not come from performing 'polluting occupations' but rather from geographical distance. There was little, or no, stigma attached to the occupations that STs followed.

Even today, about 80% of STs are in the 'non-polluting' primary sector (such as agriculture, forestry, and fishing) and this is well above 53% for the general population. As a matter of fact, there were tribal rulers

in pre-modern India who, according to anthropologist and Gandhian activist NK Bose, were accepted as Kshatriyas. Some of them exist even today, airbrushed lightly with Hinduism, and nobody is pointing a finger.

Again, there are tribes like the Mundas, Tana Bhagats, and Tripuris whose route to Hinduism was via the Bhakti movement. They were not regarded as inferior by neighbouring Hindus and some like the Hill Bhuiyans enjoyed high ritual status. It's also claimed that Odisha's Jagannath cult probably has a tribal past. The chair of the All-Adivasi Cultural Committee asserted in 1973 that several Hindu deities are actually Santhali.

Not only are Hinduised Gonds of western Odisha considered a 'clean' caste, but, in addition, tribals such as the Bhils also appeared in Mewar and Kuchalgarh royal coat of arms where they rubbed shoulders with Rajputs. The most renowned Bhil is the iconic Rana Punja, who is said to have fought horseback to horseback with the mighty Maharana Pratap in the Battle of Haldighati.

These historical features of STs suggest why their response to the reservations scare was more muted than that of SCs. Unlike STs, SCs lived within Hindu society and were condemned to so-called 'polluting' and 'unclean' occupations. Consequently, SCs' route to respectability was principally via education and upward job mobility. This explains why reservations are so central to them.

There is also some consensus among experts that it's because of this original difference between SCs and STs that they haven't yet thrashed out a common leadership in spite of their overlapping hardships. Yet, ironically, even though they are not undermined by the larger Hindu society as SCs are, STs lag behind them on several developmental indices, such as education, representation and stable employment.

Their positional distance from the 'mainstream' economy and polity places STs at a disadvantage. SCs, in contrast, are in daily contact with the broader society, and have learnt how to operate power levers much better than STs have managed to do so far. Had reservations not acted like a lightning rod in 2024 elections, we might have overlooked the differences between SCs and STs.

From the outside they are both poor, but to paraphrase Leo Tolstoy: Rich communities are all alike, but each poor one is poor in its own way.

The writer is a sociologist



Uday Deb

Unlike STs, SCs lived within Hindu society, condemned to so-called 'polluting' jobs. Their route to respectability was via education and job mobility. That's why reservations are so central to them

Q: What's The Best Way To Test Merit? A: Don't Know

Competitive exams are tricky business, as the NEET controversy shows. Problem is, as they say for democracy, other options on the table are worse. An explainer

Ananya Kherra

NEET is in the middle of high controversy, with questions being asked about the process of arriving at this year's results. But there is a larger issue. How should students transition from school to college? What's the fairest way to do this? The challenge is hardly unique to India.

Fair standard in unequal world | National Testing Agency runs exams ranging from NEET for medical admissions, to CUET for admission to all central universities, and JEE for admission to IITs.

NEET replaced multiple entrance exams conducted by different institutions and states. CUET represents a shift from board exam-based admissions to college, where format and content varied across regions and schooling systems, CBSE, ICSE, state boards. CUET offers a single standard. It is a high-stakes test, but so were board exams, which placed enormous stress on students.

Exams are a test of competencies. They are also rationing devices, to allocate scarce resources (college seats) in a legitimate way. They decide merit and rank. In societies of inherited privilege, they were meant to be an objective gauge of ability.

However, it's hard to deny that social circumstances of exam-takers affect their performance. Marginalised social groups have to go a greater distance – for instance, those less comfortable with the prescribed test language are at a disadvantage.

Tensions around equity and excellence are inevitable. How objective can a standardised test be when schooling is segregated between elite and budget private schools, and state schools of various kinds? Sometimes, exams are also gamed, as NEET examinees have alleged this year. To sum up, the question of justice is central to the idea of the competitive exam.

Striking a balance | Exit exams, like board exams, are meant to transition students from one stage to the next. They certify skills and mastery of curriculum. Meanwhile, entrance exams like NEET, JEE, and so on, are gatekeeping tests. There has been democratic pressure on exit exams to be looser, but entrance exams are pushed to be more selective.

The whole world struggles with testing and ranking – they are complex 'wicked problems' that will never have a clear solution. Should a student be evaluated by a single test, or through dynamic, continuous assessment? Exam format is also a contentious topic. Multiple choice questions are an efficient test of knowledge and less prone to grader's bias. Essay-type questions allow more complex assessments. Competency-based evaluation like pass/fail tells you whether the student has mastered a skill, yes or no. The absence of grades and ranks reduces competition and gaming.

However, some element of distinction is needed to grade students for college. Minute rank-ordering is a poor indicator of true merit – difference between 92 and 95 is not a definitive gap in ability. Ranking also causes great heartache and competition, as JEE-rank madness attests. And yet, this kind of competitive exam is the only way a country like India can funnel a large and diverse student population through higher education.

How world gets to college | Ideally, we should assess students with more measures than a single test score. At US universities, a holistic evaluation includes school grades, extra-curricular activity, standardised test scores, recommendation letters and a personal essay.

In Britain, after getting their secondary school certificates, students do two years of advanced study and take A-level exams that determine their university or specialised training paths.

In France, after the secondary school baccalaureate, students work towards a vocational licence or a degree at a public university. There are competitive entrance exams, and highly selective grand ecoles.

In Finland there are no standardised tests until the college entrance exam.

In China, the national college entrance exam, *gaokao*, is a high-stakes affair. Korea screens students for college through school records, a college scholastic ability test, and universities' entrance exams. Japan has a two-day common university admissions test, and the big national universities add their own tests or essay requirements. Exam culture in east Asia is brutal. *Shiken jogoku* means 'exam hell' in Japan.

In all countries that have them, mass exams are an event of huge significance. There are striking similarities: adulation of 'toppers', stress and suicides, cheating scandals. Cramping and coaching industries that promise a key to the exam are also a common feature.

In a globalised world, as more students apply to universities outside their home country, standardised tests help to evaluate and place them in a consistent way. SAT is one of the elements used in college admissions in US, and it is now in wider use internationally.

However, some 1,800 colleges in US, including Harvard and Stanford, had dropped the requirement for test scores, holding that systematic discrimination is baked into them. Some have brought them back since. This only illustrates the dilemma of standardised tests: like democracy, it's the worst form of selection, except for all the others.

Calvin & Hobbes



OH LOVELY SNOWBALL, PACKED WITH CARE, SMACK A HEAD THAT'S UNAWARE!

THEN WITH FREEZING ICE TO SPARE, MELT AND SOAK THROUGH UNDERWEAR!

FLY STRAIGHT AND TRUE, HIT HARD AND SQUARE! THIS, OH SNOWBALL, IS MY PRAYER.

I ONLY THROW CONSECRATED SNOWBALLS.

Confounding the dignity of man with mere usefulness arises from conceptual confusion that in turn may be traced back to the contemporary nihilism transmitted on many an academic campus and many an analytical couch.

Viktor E Frankl

Competent Leaders Transcend Personal Bias

Swami Swaroopananda

Visionaries alone can lead a generation. Only those with the foresight to anticipate future needs can be true guides to others. Intelligence is a prerequisite, without which farsightedness is not possible. A vision provides direction and the incentive to reach the goal, which cannot happen without intelligence.

We all work hard and set targets for ourselves, but often lack the vision to back up our work and goals. Understanding the ultimate purpose of our endeavours is essential. For instance, the opening of a school may fulfil immediate goals. However, it is essential to know its ultimate purpose. Is it to earn money or fame, to achieve power, or for social welfare? A visionary leader possesses clarity of purpose and a long-term perspective. His wisdom-empowered decisions benefit the community, society, and the world.

When confronted with eagerness and commitment – obstacles fade away. True leaders face difficulties head-on, devising solutions without succumbing to setbacks. They are exceptional motivators with an unending zest for life and the desire to live and handle challenges. Equanimous, regardless of external circumstances, they inspire confidence in others. They take learnings from all experiences and appropriately apply them to deal with the vicissitudes of life.

Upholding values is crucial for effective leadership. Leaders who demonstrate integrity, honesty, and ethical conduct inspire respect and set examples for others. They must be humble enough to listen to and accept other opinions when appropriate.

Listening is important for gaining knowledge, whether in one's profession or on the path of spirituality. Often, we become so inflexible that we do not listen to others. Sometimes, opportunities come, but we become blind to them; sometimes, solutions are simple, but we do not listen.

There is a case that illustrates this point. A Japanese company received complaints from customers that some of their cartons were arriving empty. After an investigation, they found a defect in the packaging unit. Every hundredth carton would go empty. Numerous engineers were approached to find a solution to repair the machine. Meanwhile, a worker in the department requested an audience with the CEO. The CEO thought the worker was approaching him for personal gain or favour and disregarded him. Eventually, the

worker barged into the CEO's office and told him that he had a solution to the packaging problem – only a hundred dollars were needed to install a powerful fan that would compel the empty cartons to fly off. Sometimes solutions are straightforward if only we pay attention; a CEO, a leader, must listen.

A competent leader reflects on the obvious, larger issues and detects subtle and hidden concerns. He transcends personal biases, exercising control over his ego to ensure impartial decision-making. In an organisation, the evaluation of a person should be based on the quality of his work and not on the boss' likes and dislikes. Favouritism can cause immense damage to any organisation.

The above key attributes of leadership apply to those in formal positions and to anyone who aspires to lead by example.

The author is global head, Chinmaya Mission



THE SPEAKING TREE

The road ahead

The depleted BJP's decision to retain key Ministries is a double-edged sword

There are a number of ways to look at the depleted-in-strength BJP decision to hold onto important Ministries within the Union Government, despite pressure from coalition partners like the Telugu Desam Party (TDP) and Janata Dal United (JDU) for a larger share of the pie. For its part, the BJP has sought to guarantee itself centralisation of power over significant policy choices by holding onto important ministries. This will obviously support upholding a constant course for policy and governance, besides facilitating the quick execution of its agenda and cutting down on red tape. Sitting in significant Ministries enables the party to present its accomplishments and capacity for governance to the public, which is essential for retaining and growing its support base. On the flip sides, disagreements within the BJP-led National Democratic Alliance (NDA) may arise from coalition partners feeling excluded. Relationship tension could result from this being seen as a lack of respect or trust by powerful regional parties like the TDP and JDU. The partners may utilise their ability to bargain to obtain greater sway, which could spark arguments or even inspire threats of abandoning the relationship. This might cause the partnership to become unstable, particularly since the BJP does not have the numbers to prop a Government on its own. On the other hand, it also means that the coalition will not be able to take use of the variety of perspectives and knowledge that its partners can offer. Policies as a result may be less sensitive to local quirks or inclusive. Sometimes, having all the authority in one place results in lack of accountability.



Sharing Ministries within a coalition can encourage a more balanced Government and serve as a check on decisions made by one person. In the long run, political instability could result from coalition partners feeling consistently ignored. In maintaining control, the BJP must make sure that its coalition partners are respected and feel included. However, the BJP's chances in States where these allies have sizeable support bases may suffer if coalition members leave over discontent. This might be harmful in elections that are hotly contested. Even if they do not hold important Ministries, the BJP is still able to include coalition partners in significant decision-making processes. This may lessen feelings of isolation. Keeping a stable alliance and addressing coalition partners' concerns can be achieved by regular consultations and talks. Providing them with strategic ministries or other types of political recompense might assist maintain coalition members' commitment and satisfaction. Maintaining important Ministries, therefore, is a two-edged sword for the BJP. It can guarantee policy continuity and improve governance efficiency, but it also runs the danger of upsetting coalition partners, which could result in political instability. The outcome will mostly depend on how the BJP humours its alliances and strikes a balance between inclusiveness and shared authority and centralised control.

PICTALK



Competitors at the annual dragon boat race in Hong Kong

PTI

India's green energy rise, including 'Green Coal'

Green coal projects reduce pollution, groundwater contamination, promote sustainability, carbon neutrality and spur economic growth

The Reserve Bank of India's latest report reflects a surge in global optimism regarding India's economic prospects, particularly in the energy sector. This year alone, green energy projects valued at approximately Rs 700 billion are set to commence, marking a significant investment milestone. By 2025-26, further project investments are anticipated to reach Rs 765.2 billion, supported by progressive policies promoting sustainable energy. India's power sector has now achieved full electrification and is integrated into a unified national grid, providing rural areas with 20 hours of electricity daily and urban areas with 23.5 hours. Additionally, India has ascended to become the world's third-largest producer of renewable energy, underscoring its commitment to sustainable development.

A key innovation on the horizon is green coal, which is poised to revolutionize energy production in India. Green coal offers significant potential as a sustainable alternative to traditional coal, seamlessly integrating into existing



thermal power plants. For instance, a 1,000 MW power plant consuming around five million tonnes of coal annually could see a significant reduction in carbon emissions by replacing just 10 per cent of its fossil fuel with green coal, equating to half a million tonnes of sustainable fuel. It is estimated that using 1 kg of green coal instead of fossil coal can reduce CO2 emissions by approximately 2 kg per kg of coal replaced. India's largest state-run power generation company is making substantial strides in the green energy sector, including green coal initiatives. An Initial Public Offering (IPO) for NTPC Green, a subsidiary focused on green energy, is expected by the end of the year. NTPC, a major player in India's power sector, had previously planned to produce green coal, also known as torrefied charcoal, from municipal waste. This project, executed by its subsidiary NTPC

Vidyut Vyapar Nigam Ltd and awarded to Macawber Beekay, boasts a plant with a capacity to process 600 tonnes of waste daily, producing 200 tonnes of green coal from municipal solid waste (MSW). The success of NTPC's Varanasi Harit Koyla Pariyojna, managed by Macawber Beekay Private Limited (MBL). Prime Minister Narendra Modi, while inaugurating the Varanasi Harit Koyla Pariyojna, praised the project as a testament to the government's dedication to environmental sustainability. The green coal project is a cornerstone of the "Make in India" initiative and represents significant progress towards the "Atmanirbhar Bharat" mission. MBL has successfully produced green coal for NTPC Ltd, one of India's largest coal consumers in the power sector. After demonstrating the technology in Varanasi, the CPSU has entrusted MBL with additional projects, including the establishment of the world's largest waste-to-green coal plant in Greater Noida. Indian companies have

increasingly diversified into green energy solutions, with MBL leading the way in transforming municipal solid waste into eco-friendly green coal. The inauguration of the world's first commercial green coal plant by Prime Minister Narendra Modi highlighted the company's innovative capabilities. The technology not only converts waste into a viable alternative to fossil fuels but also addresses critical waste disposal challenges. The waste-to-energy process involves the meticulous collection and treatment of MSW, followed by moisture removal and the segregation of non-combustible materials. The refined waste is then processed to produce high-calorific charcoal powder that exceeds the energy value of traditional coal. This method reduces carbon emissions, promotes carbon neutrality, and provides economic benefits by lowering the costs associated with traditional coal usage and mitigating the health risks linked to mining and waste accumulation. (The writer is Chairman & Managing Director, Macawber Beekay; views are personal)



AJAY KUMAR GUPTA

Let statecraft replace vicious propaganda

The BJP poll machinery's aggressive narrative proved to be counterproductive; it's now time to change the nature of dialogue from confrontation to consensus

The seamless swearing in of Prime Minister Narendra Modi for the third term, given the fractured mandate handed out by voters in the Lok Sabha elections in 2024, must have come as big relief for those who invest in the Indian market. The investor could be a small-time shareholder or a rich corporate professional. The economic reforms launched by Dr Manmohan Singh, the Finance Minister in the Narasimha Rao Government in 1991, have tumbled on through the regimes of another five Prime Ministers, who followed Rao, including Manmohan Singh himself. The importance of the continuity of these reforms can be gauged from the fact that in the past three decades, it has lifted more than 50 crore Indians out of mortifying poverty. From the economic point of view, the Narendra Modi Government's biggest shortcoming during its second term, which had a very strong mandate, was its inability to carry out farm reforms. It faltered in communicating to the farmers the benefits of the new agriculture laws and the profits it could accrue to the farm hands. The negative narrative perpetuated by the communication machinery of the Modi regime, which was largely taken over by the IT Cell of the Bharatiya Janata Party (BJP), proved to be an impediment not just in the implementation of the farm legislations but also failed to immerse the spirit of Hindu pride in the months following the consecration of the Ram Temple in Ayodhya. An aggressive narrative, borrowed from the cantankerous television debates and not necessarily backed by facts, on the social media platforms prove to be counterproductive. With the rise of the fact-checking tools, the decisions to let Jawaharlal's Nehru's love stories and propaganda of similar genre overshadow the Narendra Modi Government's achievements proved to be one of the biggest deflating factors in the BJP's campaign of 2024, with the



party falling way short of the halfway mark. The communication battle on the farm laws, instead of focusing on the merits of the reforms, became a fight between the Hindustanis and Khalistanis. The attempt to paint those opposed to the reforms as espousing the agenda of Balkanisation was ill thought of, and the BJP has paid a heavy price for it electorally not just in Punjab but across the farmlands of the country. Several other initiatives which could have welded people strongly in the support of the Modi 2.0, got undone by the showing of the brute power of large numbers, not as much on the ground, as in the narratives floated by the establishment's publicity arm. The whole attitude to run down the 'Argumentative Indian', an expression borrowed from the title of the bestseller by Amartya Sen, as anti-national in the event of s/he not agreeing with the Government only helped firm up the anti-Government stand than making them fall

FROM THE ECONOMIC POINT OF VIEW, THE NARENDRA MODI GOVERNMENT'S BIGGEST SHORTCOMING DURING ITS SECOND TERM, WHICH HAD A VERY STRONG MANDATE, WAS ITS INABILITY TO CARRY OUT FARM REFORMS

in the Government's line. The biggest question which must be haunting the BJP leadership is that when the residents of Uttar Pradesh took an "overwhelming" part in the celebration of the consecration of the Ram Temple, why did it not endorse the party as enthusiastically when it came to the electoral battle? Once again, the propaganda machinery only helped turn a happy moment into an instant of loyalty test. It was seen that handing out an invitation to the Opposition leaders to a 'quasi-political' function was to get them to refuse and get branded as 'anti-Hindu'. No communication expert would ever prepare a model which would spend time in their hour of glory on the rivals. The narrative so floated in the end created a situation where the 'homecoming' for Ram Lalla got overtaken by 'Ayodhya-coming' of the Opposition leaders. Today, the BJP Government is perched on the support of Chandrababu Naidu's Telugu Desam Party and Nitish Kumar's Janata Dal (United).

Both the leaders did not come to Ayodhya but have come to the support of Narendra Modi 3.0. In the past, they have even called the Ramjanambhoomi Movement as a 'political project' of the BJP. The latest narrative of the open denouncement of the voters of Uttar Pradesh by the BJP's extended family will certainly not find traction with either Kumar or Naidu. The castes and communities who did not vote for the BJP voted for Kumar and Naidu in their respective States. The call of the hour is to change the nature of the dialogue from confrontation to consensus, not only among the National Democratic Alliance (NDA) partners but among all the stakeholders of India, that is Bharat. The demand of the situation is to push the economic and strategic agenda as statecraft than a tool to demonise and belittling those opposed to the Government. (The writer is an author and president of the Centre for Reforms, Development & Justice; views are personal.)

LETTERS TO THE EDITOR

SUNLIGHT'S INFLUENCE ON LIFE

Madam — Apropos the news story "Sunshine on shoulders, a spring in my step!", published on June 11, this is my response. Summers have been harsh this year. I do not recall Delhi temperatures shooting to 50 degrees plus in the 26 years since we shifted to the national capital. Advisories have been issued by the state governments to avoid venturing out in the afternoons. However, a month down the line, we would forget the harrowing days and long for a glimpse of the sun as monsoon clouds darken the skies. The sun's impact on our lives is undeniable. Reflecting on a hazy morning in east India and contrasting vacations in England highlight how sunlight influences our mood and activities. Sunshine's warmth and brightness are universally cherished, sparking joy in parks and bringing health benefits like the essential 'sunshine vitamin.' Despite modern conveniences, nothing rivals the sun's antibacterial properties for drying clothes. Beyond practical benefits, the sun inspires language and culture, as seen in phrases celebrating people as 'sunshine.' However, this fleeting sunlight also reminds us of the urgent need to combat pollution. By prioritising a cleaner environment, we can ensure future generations enjoy the sun's life-giving rays.

Siya Bhatia | Mangalore

OPEN ACCESS TO GREEN ENERGY

Madam — Apropos the news story "India's green power policies come of age," published on June 7, this is my response. As a daily reader of the newspaper, it's encouraging to see the strides being made towards green energy in India. The MNRE's Surya-Ghar initiative and other regulatory reforms highlight a significant shift towards renewable energy (RE) accessibility. The Surya-Ghar scheme aims to provide affordable electricity through rooftop solar installations, potentially benefiting millions of households by 2027. This is a commendable step towards sustainable energy for all. The recent amendments to the Electricity

Surge in numberplate violations



Apropos the news story "Traffic Police Books 16,800 People for Defective Number Plates This Year," published on June 10, this is my response. As a regular reader of the newspaper, the recent spike in penalties for defective number plates in Delhi is quite striking. The Delhi Traffic Police have booked over 16,800 people this year, a stag-

gering 286 per cent increase from last year. This sharp rise underscores the intensified efforts by the authorities to enhance road safety. Defective number plates are more than a minor infraction; they pose significant risks, from impeding law enforcement to contributing to traffic violations. The focus on high-traffic areas and the detailed breakdown of top violator zones, like Mayur Vihar and Nand Nagri, highlights the strategic approach taken by the police. It's commendable that alongside enforcement, there are awareness campaigns aimed at educating vehicle owners about the importance of compliant number plates. This holistic approach not only aims to correct current issues but also to prevent future violations, ultimately contributing to a safer and more orderly city.

Saanvi Jain | Jamshedpur

Rules, 2005, highlight the government's dedication to enabling consumers to establish and maintain dedicated transmission lines, enhancing energy efficiency. The Green Energy Open Access Rules of 2022 aim to simplify approval procedures, fostering transparency and consistency nationwide. Judicial interventions are vital for ensuring proper interpretation and enforcement of laws. These efforts signify significant advancement in India's renewable energy drive towards a greener, more sustainable future.

Reyansh Tiwari | Tirupati

ATTITUDE SHAPES HUMAN BEHAVIOUR

Madam — Apropos the news story "Factors that influence our attitudes," published on June 10, this is my response. Reading about the Mahabharata and its timeless narratives offers profound insights into human nature. The epic, attributed to sage Veda Vyasa and transcribed by Lord Ganesha, vividly portrays the complexities of human attitudes. It showcases a spectrum of emotions and standpoints that drive actions, often influenced by exter-

nal factors. Duryodhana, a prominent character, exemplifies how arrogance and anger, fueled by his uncle Shakuni and others, lead to destructive behaviour. This mirrors historical atrocities like the Nazi genocide, highlighting the dangers of prejudice and hatred. Conversely, the story of the Zen Master and the Thief underscores the transformative power of compassion. The Master's forgiveness and understanding helped the wayward student reform, illustrating that empathy can foster positive change. Human attitudes, shaped by social interactions and experiences, can lead to either constructive or destructive outcomes. This continuous learning process underscores the importance of compassion and understanding in shaping a better society. Harold S Geneen aptly encapsulates this, emphasising that leadership is reflected in attitudes and actions, not just words.

Aarush Kapoor | Vijayawada

Send your feedback to: letterstopioneer@gmail.com

FIRST COLUMN

BLUEPRINT FOR A BETTER SOCIETY

Every segment of society should work to fulfil the expectations of other segments



RAJYOGI BRAHMAKUMAR **NIKUNJ JI**

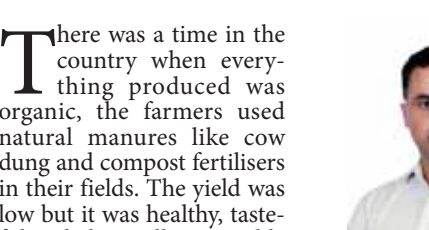
We all dream of a better world where there is peace, happiness and harmony, don't we? No one would like degradation of the environment, loss of human lives due to wars and murders, corrosion of human spirit by crime and corruption, dehumanisation through poverty and troublesome social, economic and political conditions, embroiled with high tension and turmoil that drain human energy and make life miserable. On the contrary, all would like life to be characterised by harmony and health, well being and wealth and heavenly happiness and purity. But the question is, what are those values and how can such a socio-politico-economic system be established which has those values and which will enhance human experience and enable men and women to have such lifestyle as can make such a society viable? If we conduct a survey among various groups of people, we will find that their opinion would most probably crystalise around 10 or 15 major points. They would say that a better world is one in which the following exist only in milder forms or to a lesser degree than we have in the present-day world. These major problems or causes of sufferings are wars, violence and cruelty in any form --- poverty, unemployment and social, economic and political injustice, environmental pollution and ecological imbalance, corruption, crime, indiscipline and obscenity, disease, infirmity and high mortality rate, slavery, lack of freedom or deprivation of human rights, hunger, malnutrition or starvation, wrong attitudes towards the other sex and abuse of children, addictions, intoxications, tensions and lack of happiness, hatred, suspicion, fear, cut-throat competition,



rivalry and absence or lack of love and co-operation at various levels of society. Post this survey, if we conduct another kind of survey, asking every segment of society about what efforts or improvements they expect from the other segments so that we may have a better world order, a fair enough consensus on the following lines would emerge. People would say that they want: Scientists to have an orientation of spirituality, religious leaders to have scientific temper, doctors to treat not only the body but also the mind or the soul, education to have spiritual and moral development also among its aims, women to be given proper social status and man's attitude and outlook towards them to be more spiritualised. The youth and the children should be given more love and they should give more regard and service to the elders. The society should have a balance of love and law and it should be based on the principles of justice, fair play and equality of opportunity. Now these and such other aims can be fulfilled if every segment of society works for the fulfilment of what other segments expect of it. Each individual also has to contribute of his or her talent or time to work towards raising awareness of the people so as to realise the above goals. For this global task, global cooperation is required. Hence, a new kind of bank to which each individual or institution can offer its contributions so as to build a better world is the need of the hour. *(The writer is a spiritual educator & popular columnist; views personal.)*

Organic renaissance: India's rapid shift towards chemical-free farming

As consumer awareness of health and sustainability surges, India is witnessing an unprecedented rise in the organic food market



AJEET **GODARA**

There was a time in the country when everything produced was organic, the farmers used natural manures like cow dung and compost fertilisers in their fields. The yield was low but it was healthy, tasteful and above all sustainable practice. Then came chemical fertilisers which no doubt increased the yield manifold but also led to several side effects. It is not sustainable and lacks the taste of organic products and above all not as healthy as it should be. Besides the farmers are also paying the price in terms of their health and overuse of Urea and other chemicals ruining the soil quality and depleting the water table. In this scenario, organic farming is the way to go. Now with

The Garhwal Regiment's glorious military heritage

Lansdowne, steeped in military tradition since the establishment of the first Garhwal Battalion in 1887, tells a tale of valour and colonial legacy

The still air in June over the Bhawani Dutt Joshi Parade Ground carved out of Kaludanda (renamed Lansdowne after the then Viceroy) converts into an air pocket when the fourth batch of 251 Agniveers call out Jai Badri Vishal Ki Jai, the feared Garhwal regiment war cry. The raising of the first Garhwal Battalion was ordered in 1887 by C-in-C, later Viceroy, Lord Roberts. The British may owe India USD 49 Trillion as reparation but their payback was impressive: instruments of governance, strategic culture and infrastructure, including 5000 to 6000 feet high ridge-top cantonments, today's hill stations like Lansdowne whose Mall Road became the exclusive white's only- promenade, restricting locals to the windswept 'Thandi-sadak' on the reverse slope. Dotted with pine, oak and rhododendrons, the ridge lights up with the majesty of Nanda Devi towering among the distant Himalayas. The sprawling Bungalow No 6 amongst a hundred such, constructed in 1906 was home to Colonel Mainwaring commandant of 3/9 Royal Garhwal Rifles and was bought by MES for a princely Rs 10,053! It was after Nepal's second invasion that Garhwal capitulated and through legendary Jung Bahadur Rana's progeny married into Garhwal's Sah ruling family. Scattered but indistinguishable descendants of erstwhile Nepalese can be found in Pathankot village as are remnants of 2/3 Gorkha Rifles also raised here which have an umbilical cord with the Garhwal Regiment. Originally Garhwalis and Kumaonis joined 5 Gorkha Rifles (Frontier Force) whose first Colonel was Bobs Bahadur, Victoria Cross winner, Lord Roberts who gave Veer Garhwali a separate identity. The nom de plume of the Garhwali soldier is valour: in World War I and Waziristan, it won three Victoria Crosses (Rfn Gabbar Singh Negi posthumously; Naik Darwan Singh Negi and Lt David Kenny) and innumerable battle and theatre honours and gallantry awards till 1947 that would fill this page. After independence, the Regiment bagged one Ashoka Chakra, four MVC, 18 KC, 51 SC, 52 VrC, and 375 Sena Medals. The Regiment has 22 Infantry battalions, three Rashtriya Rifle battalions and two Territorial Army battalions. To commemorate its unique achievements in operations, the Regiment was conferred the Royal title: Royal Rassi (Lanyard) in 1921 and to honour its braves and martyrs, an iconic bronze statue was built in 1923 which was unveiled by C-in-C, Lord Rawlinson. Designed by makers of Victoria Memorial Calcutta, Martin and Co, the statue on green granite is the most unique and defiant image in the world of unknown soldiers, the Veer Garhwalis. Added later was the epic shloka from Mahabharat. Lord Krishna to Arjun: 'Lament not the death of a warrior; for one killed in battle is honoured in heaven'. It was a silver replica of this Unknown Soldier that PM Modi presented to the PM of France in 2015 to commemorate the centenary of WWI. The Darwan Singh War Museum is the grand repository of the history and achievements in war and peace of the Regiment. But the creme d la creme of Lansdowne is the Garhwali Officers Mess which is India's most spectacular, filled with collector's items. Officers and ladies



THE STATUE ON GREEN GRANITE IS THE MOST UNIQUE AND DEFIANT IMAGE IN THE WORLD — OF UNKNOWN SOLDIER, THE VEER GARHWALI

of the battalion who arrived in 1887 chose this ridge-top locale and declared it their mess which sprouted only in 1892. Its red slanting roof and miniature Victorian-style colonnades are draped with ivy and creepers. In the middle of the lawn is the still functional Sun Dial measuring time by the position of the sun. Carved below is: "The shadow of my finger cast divides the future from the past; Before it stands the unborn hour in darkness and beyond thy power: Behind its unreturning line the vanished hour no longer thine: One hour alone is in thy hand, the now of which the shadow stands." Nearby is the ubiquitous Unknown Soldier, covered with bushwork. The Officer's Mess initially had three large rooms: the main hall, dining room and billiards room. Add-ons were the Card room, the Generals gallery, the indispensable bar and two libraries on either flank. Rooms are resplendent in silver trophies and walls covered by big and small game heads and skins that will draw ire from RSPCA. The Visitors' Book table is eye-popping and studded with memorabilia. The broken China-glass floor is laid out in a design that radiates towards four Maltese Crosses, the original crest of the

Regiment. Crocodile skin sofa sets glisten as no one sits on them. To insert the John Roberts and Co. made billiards table, the entire roof had to be uprooted while the piano from Chappells, Bond Street London (more famous for sartorial products) rests rhythmically in a corner. The glistening mahogany dining table adorning the dining hall is credited to makers C Lazarus also of Calcutta. Every room has a fireplace with brass railings and customised settings The Card room contains the letter by Field Marshal Bill Slim written in 1967 eulogizing the gallant Garhwali: "I have commanded Battalions of every Regiment of Indian Army but I never had a better one than 3 Garhwal-and that's something from a dyed in the wool Gurkha as me to say. But it is true". The bar has charming water-colour sketches made by a local Gorkha lad, a long-gone Gopal Chhetri that cheer your drinks. The quaint downtown market survives on a small but happy populace determined not to let Lansdowne be renamed either Jaswant Garh (after MVC awardee Jaswant Singh Rawat of 1962 war) or even Bipin Nagar (after late CDS Gen Bipin Rawat whose Shaun village is 30 km away). Soldiers and civilians are agnostic

about shedding colonial legacy and wish to retain Lansdowne. Locals say the state government is monumentally corrupt: so ex-servicemen and politicians don't mix. Still, two Generals made it good. Bhuwan Khanduri who became Chief Minister and TPS (Topsy) Rawat many times minister while highly decorated Ajay Kothiyal KC, SC, VSM and a double Everest lost his deposit during the last state elections. Subedar Major Shailendra Mohan Bhist located at Garhwal Regiment's Kotdwar detachment is look-alike brother of Ajay Bisht more famous as Yogi Adityanath! The clock has moved a full circle: Garhwalis bhullas (brothers) are now again joining the depleting Gorkha Regiments and learning to speak Nepali. The Garhwal regimental legacy is protected by its three symbols: Lord Badrinath, the regimental deity, the iconic Unknown Soldier and the Royal Rassi. They help instil gumption and guile while invoking Jai Badri Vishal Ki Jai. *(The writer, a retired Major General, was Commander, IPKF South, Sri Lanka, and founder member of the Defence Planning Staff, currently the Integrated Defence Staff. The views expressed are personal)*



and oils. The products of organic companies are available not only through its website but also on major e-commerce platforms such as Amazon, Flipkart, and Bigbasket, making them accessible to a broad consumer base. The brands have also expanded their product range into seed verticals, encompassing wheat, barley, mustard, and other grains. By doing so, organic companies aim to ensure that their organic farming practices start from the very beginning of the agricultural process. What is interesting is that Organic companies are committed to sustainable farming practices and farmer welfare. They provide specialised

training programs to farmers to enhance crop management skills and boost yields. The farmers must be safeguarded from any potential contaminants in their food supply so that the end users get a real organic product. There is definitely a need to maintaining high-quality standards in organic farming else the consumer trust is broken and the industry as a whole suffers. With online registration and certification processes in place most of the fraudulent practices in the segment have been wiped off. But the field is not without challenges. However, the transition from chemical to organic is not simple. It is a painstaking process but rewards are gratifying. Transforming agricultural land into organic farming takes around three years. And in places where chemical fertiliser use is rampant, it could go beyond three years. Besides, fraudsters often damage their reputations. Often prices are jacked up unrealistically. The growth of organic products in India is a testament to the changing consumer landscape and increasing awareness about health and sustainability. Still, the market share of organic products is just one per cent but the growth is exponential. This sector is growing at the rate of 20 per cent which shows the growing demand for organic food and people's interest in them. *(The writer is confounder of Natureland Organics; views are personal)*

The Tribune

ESTABLISHED IN 1881

India-Pak impasse

Both nations should strive to reduce trust deficit

SHORTLY after assuming charge as Foreign Minister for a second term, S Jaishankar said with reference to Pakistan that India would want to find a solution to the years-old cross-border terrorism. 'That cannot be the policy of a good neighbour,' he added. His statement comes on the heels of the messages posted on X by Pakistan Prime Minister Shehbaz Sharif and ex-PM Nawaz Sharif, congratulating PM Narendra Modi on his re-election. While Shehbaz confined himself to a terse sentence, Nawaz expansively appealed for replacing hate with hope and seizing the opportunity to shape the destiny of the two billion people of South Asia. Modi was equally terse in thanking Shehbaz and no less eloquent in reminding Nawaz that the people of India had always stood for peace, security and progressive ideas.

The exchange of messages is significant as India-Pakistan ties have been in deep freeze since the Pulwama terror attack and the retaliatory Balakot airstrikes of February 2019. The situation worsened after India revoked Article 370 of the Constitution and bifurcated Jammu and Kashmir in August that year, even as the hopes raised by the opening of the Kartarpur corridor were snuffed out soon. However, some positive signs have been visible of late. Alluding to the 25-year-old Kargil War, Nawaz admitted last month that Pakistan had violated the Lahore Declaration in 1999. Interestingly, during their Lok Sabha election campaign, some BJP candidates promised the resumption of India-Pakistan trade via the Attari-Wagah crossing.

Amid backdoor diplomatic efforts, India has been asserting that terrorism and talks cannot go together. But as last week's Reasi attack has shown, it's an onerous task for Pakistan's military-controlled political leadership to turn off the terror tap overnight. Both New Delhi and Islamabad need to take a step forward, even if it's tentative to start with. This will help in reducing the trust deficit and bringing the two neighbours to the talks table.

Gaza peace plan

US wins key support at Security Council

THE US has requested the UN Security Council to support its proposed Gaza peace deal, signalling a concerted effort to end the ongoing hostilities. President Biden's plan, unveiled on May 31, outlines a process that begins with Hamas returning all remaining Israeli hostages, followed by Israel's eventual withdrawal from Gaza. This plan, however, faces a web of diplomatic challenges. Neither Israel nor Hamas has fully endorsed the proposal, reflecting the deep-rooted mistrust and conflicting objectives that have prolonged the conflict. The Biden administration's consideration of a separate deal with Hamas, bypassing Israel, underscores the complexity of the situation. This approach, while controversial, highlights a pragmatic shift towards diplomacy over military action, as the US no longer views Hamas as a military threat to Israel.

The draft resolution emphasises a ceasefire contingent on ongoing negotiations, with Qatar and Egypt playing crucial roles in sustaining these talks. On Monday, the UN Security Council adopted the plan after Russia chose not to block it, marking a diplomatic victory for Washington. Pressure is mounting on Israeli PM Benjamin Netanyahu, who faces domestic dissent, most notably with the resignation of former defence chief Benny Gantz from the emergency war cabinet over Netanyahu's handling of the war. Demonstrations by the families of hostages have amplified the demand for a diplomatic resolution.

US Secretary of State Antony Blinken's regional tour aims to garner support for the peace deal and address humanitarian concerns, such as reopening the Rafah border crossing to aid Gaza. Blinken's mission reflects the broader strategic objective of securing regional stability and alleviating the humanitarian crisis. The US proposal's success depends on it navigating the intricate political landscape and securing the commitment of both Israel and Hamas.

ON THIS DAY...100 YEARS AGO

The Tribune.

LAHORE, THURSDAY, JUNE 12, 1924

The Assembly and Lee report

WE cannot say that either the Assembly or the country has gained anything by the passing of a resolution by the former at its meeting on Monday, adjourning the discussion on the Lee Commission's report till the September session. The ground on which the Government accepted the proposal for adjournment and announced its decision not to take any action on the report till the matter had been discussed by the House was specifically stated by both the Home Member and the Finance Member. "I am prepared," said the former, "to give on behalf of the Government of India and the Secretary of State a pledge that no decision on any question of principle or policy shall be arrived at till this House has had an opportunity in the September session of examining this report, but on the understanding that the House passes Sir Sivaswami's resolution substantially in the terms of that resolution." The most important part of this so-called pledge is, of course, the proviso, and those Members who received the first part of the announcement with applause must have been speedily disillusioned as they listened to this part. For what did it amount to? Only this that the Government should be at liberty to give retrospective effect to any decision it might arrive at from April 1, 1924. As these decisions were only to follow the discussion in the House and were not in any sense and to any extent to be necessarily determined by that discussion, it is easy to see that the Services ran no risk whatever and lost absolutely nothing by the Home Member's pledge.

Time to put S&T policies back on track

Need to create a conducive environment for pvt investments and meaningful industry-academia tie-ups



DINESH C SHARMA
SCIENCE COMMENTATOR

IN the past 10 years, innovation was perhaps the most quoted buzzword in speeches of the Prime Minister, Cabinet ministers and science bureaucrats in India. Several awards, missions and schemes were announced to promote science-based innovation in different sectors. It is, however, surprising that all this was happening without a proper enabling environment. The grand intentions of the Modi 2.0 government to boost scientific research remained a 'work in progress' at a time when the global research landscape is fast changing with the emergence of deep tech. Little progress was made on three critical counts — science and technology (S&T) policies, funding mechanisms and research priorities — and the new government's agenda should be to prioritise them.

An exercise to develop a new National Science, Technology and Innovation (STI) policy was initiated during the Covid-19 pandemic in 2020. Several drafts were prepared, but the policy remains on paper and is yet to be finalised. The policy was to replace the one released in 2013 by the UPA government. The first task of the new government on the science and technology front, therefore, should be to finalise the STI Policy and start its implementation in earnest. If the new dispensation finds that the draft is not good enough, it should junk it and continue with the 2013 STI policy framework. The policy goals enunciated in 2013 remain unfulfilled even after a decade. Among the key objectives of the 2013 policy was to 'position India among the top five global



REALITY: Simply blaming the private sector for not investing in R&D is not going to change the dismal picture. istock

scientific powers by 2020' and to increase the gross expenditure on R&D (GERD) to 2 per cent of the GDP. We have seen little progress on the expenditure front. India has slipped on this parameter. The GERD in 2013 was 1 per cent of the GDP. It came down to 0.66 per cent and 0.64 per cent during 2019-20 and 2020-21, respectively, according to the latest available data from the Department of Science and Technology. The 2013 policy was unequivocal about the need to increase GERD and enhance public investment in scientific research, but the 2020 STI draft is vague on this count. It talks of developing a 'financial landscape of the STI ecosystem' in which departments and ministries of the central, state, and local governments as well as government and private companies will set up an STI unit with 'a minimum earmarked budget to pursue STI activities.' On the face of it, it is an outdated idea. It was first proposed in the 1980s.

The technology development roadmap suggested in the draft is equally adrift. The policy draft seeks to promote technology self-reliance and indigenisation to achieve the larger goal of 'Atmanirbhar Bharat'. For this, a

The NRF has been promised an outlay of ₹10,000 crore a year, which is a minuscule part of the Centre's present spending on R&D.

two-way approach has been prescribed — indigenous development of technology as well as technology indigenisation. At the same time, it says, "international engagements will be facilitated to gain essential know-how towards creation and development of indigenous technologies."

Another grand idea of the Modi government was the National Research Foundation (NRF) as a supra-research funding agency. It was first announced by Finance Minister Nirmala Sitharaman in her Budget speech in 2019. The NRF is still to see the light of day even after Parliament passed a Bill for its

formation in 2023. The idea of a funding agency along the lines of America's National Science Foundation was first proposed by the Scientific Advisory Committee to the Prime Minister, headed by Prof CNR Rao, in 2005. As a result, the Science and Engineering Research Board (SERB) was established in 2008 to streamline funding for scientific research. The NRF Act of 2023 repealed the SERB Act of 2008 and dissolved SERB.

There has been no credible justification from the government for replacing SERB with a new body. The only intention seems to be to create a centralised body to fund and also regulate research. NRF's Governing Board will be presided over by the Prime Minister and two ministers (Science and technology and education) will be the Vice-Presidents. Even with SERB, researchers complained of bureaucratic delays, one can imagine the fate of such a heavily political governing structure for the NRF. In a large and diverse country like India, do we need a centralised funding mechanism based in New Delhi or multiple channels of funding in different sectors?

While GERD as a percentage of the GDP has remained static or

dropped in some years, the kitty available for research in absolute numbers has gone up with rising GDP. The figure for 2020-21 was Rs 127,380 crore. It is mainly driven by the government sector — the Central Government contributing 43.7 per cent, state governments (6.7 per cent), higher education institutions (8.8 per cent) and the public sector (4.4 per cent). The contribution of the private sector stands at 36.4 per cent. A bulk of the central government's R&D expenditure is going for defence research (30.7 per cent), followed by space (18.4 per cent), agriculture (12.4 per cent), atomic energy (11.4 per cent), Council of Scientific and Industrial Research (8.2 per cent), Department of Science and Technology (6.8 per cent), Department of Biotechnology (4.4 per cent) and medical research (3.1 per cent), information technology (2.2 per cent), earth sciences (1.5 per cent), environment and climate change (0.8 per cent) and renewable energy (0.1 per cent). Going by this data, it appears agriculture, medical research, climate change, weather forecasting and renewable energy are not the research priorities of the government. Can we afford to neglect these key areas?

Simply blaming the private sector for not investing in R&D or hoping that the Corporate Social Responsibility (CSR) funds could be used to boost scientific research is not going to change the dismal picture. The NRF has been promised an outlay of Rs 10,000 crore a year (including private funding), which is a minuscule part of the Central Government's present spending on R&D. We need a fundamental policy shift and a clear vision to enhance public investment in research. Whatever India has achieved in sciences since 1947 is a result of an unqualified thrust on public spending. At the same time, policies must create a conducive environment for private investments and meaningful industry-academia partnerships. We need a clear agenda for scientific research.

THOUGHT FOR THE DAY

The scientist is not a person who gives the right answers, he is one who asks the right questions. — Claude Levi-Strauss

Myriad hues of laughter

SHANKAR GOPALKRISHNAN

THEY say laughter is the best medicine. Medicine is mostly bitter, but thankfully, laughter comes in different flavours. At one end of the spectrum are those who laugh as though they are consuming medicine. It flows in a trickle, in ounces and teaspoonfuls, just this much and no more!

I watch comic films wearing such a laughter hat. 'Didn't you understand the joke?' my wife asks, scrutinising my grave expression. 'I did understand the joke. That's exactly why I cannot laugh,' I say. Stand-up comedians should be thankful that I am not in the audience. By now, they would have lost all self-confidence, watching every joke fall flat, with not a ripple registered on my placid face.

At the other end of the spectrum are the popular comedy shows on TV. The anchor normally employs a laughing sidekick to liven up the show. The sidekick has just one job — to laugh at the drop of a hat. For every innocuous comment from the anchor, the sidekick claps his hands and laughs uproariously. 'I went to the market and bought potatoes!' the anchor comments. The sidekick repeats the line 'I went to the market' and breaks into a bout of convulsive laughter to the extent that he can't complete the sentence. Watching him, I get irritated: 'They must have fed him laughing gas! No wonder he laughs for the silliest reason!'

Today's generation replies on social media with the ubiquitous 'LOL' and 'ROFL'. I have always been tickled by ROFL ('Rolling On the Floor Laughing'). Imagine someone sitting in a train replying with ROFL. One moment, he is sitting on the side-berth, all normal. He reads your message and the next moment, he goes rolling down the train's aisle! How do the co-passengers react to this spectacle?

Laughter comes in several styles. In one, the person is laughing, but not one sound emerges. Only the eyes crease into a straight line, the face turns red, and the shoulder rocks. He is like a volcano, the lava is smouldering, but it is all bottled within. After several minutes elapse, suddenly, the volcano explodes into a round of resounding laughter. There are others who laugh with their mouth closed — so much so, each laughter bout is a snort, much like that of a bull. And still others laugh so much that they hold their sides and plead with tears in their eyes: 'Don't make me laugh any more! Please!' In such extreme cases, the laughter ends in a hiccup. With each hiccup, they laugh still more, leading to more hiccups. It is a vicious cycle that knows no end.

We are told that laughter is a 100 per cent human response. Animals can express all emotions but cannot laugh. Humans have decided for animals that animals cannot laugh! One fine day, when humans finally succeed in their self-destructive ways, all the monkeys and elephants will assemble and break into a collective laugh. After all, he who laughs last laughs best!

LETTERS TO THE EDITOR

All eyes on PM Modi

Apropos of the editorial 'PM's team', all eyes are on Prime Minister Narendra Modi as he embarks on a record third term. He will no longer be able to steamroller Bills that are in line with his party's agenda through Parliament, as he does not enjoy the absolute freedom and unchecked power to do that anymore. But there is no doubt that the country is far more developed today than it was a decade ago. The year Modi took over, India was the 11th largest economy in the world. Within a span of 10 years, it rose to become the fifth-largest economy. This is a reflection of PM Modi's commitment to making India a developed nation by 2047. The government must stay focused on maintaining the pace of development while steering clear of divisive politics.

RK ARORA, MOHALI

Ditch strongman politics

Refer to 'How Modi 3.0 looks from South Asia'; as Prime Minister Narendra Modi begins his third tenure, the gaze of South Asia is fixated on India with a blend of anticipation and retrospection. The region, once buoyant with the promise of Modi's 'Neighbourhood First' diplomacy, now harbours a cautious optimism for a renewed SAARC spirit and India's rapprochement with Pakistan. The initial grandeur of SAARC invitations has waned, giving way to a realpolitik that prioritises nationalistic fervour over regional camaraderie. Yet, the recent electoral verdict in India has rekindled hope across South Asia — a hope for a leadership that transcends majoritarian narratives to embrace the pluralistic ethos that once defined the subcontinent. The collective aspiration is for Modi 3.0 to steer away from the shadows of strongman politics and towards the light of cooperative regionalism.

SAHIBPREET SINGH, MOHALI

Curb menace of terrorism

Refer to the editorial 'Terror attack in J&K'; the presence of foreign terrorists in the Valley is a matter of grave concern. This is an outcome of the systemic failure of intelligence agencies to keep track of terrorist activities

and movements. Mere financial assistance to the victims' kin will not be enough. The need of the hour is to curb the menace of terrorism with the help of local communities and village defence guards. Clearly, some of our neighbouring countries, such as Pakistan, are not pleased about the swearing-in of Narendra Modi as PM for the third consecutive term. We must stay vigilant.

MD SHARMA, SHIMLA

Assault not a terror attack

The remarks made by actor and MP Kangana Ranaut after she was slapped by a CISF staffer at the Chandigarh airport last week are unacceptable. By linking the attack on her to what she described as a rise in violence and terror in Punjab, she has given the world a bad impression — and one that is wrong — of the border state. Not only do such remarks sow seeds of disharmony in society, but they also strike fear in the hearts of the masses — both locals and tourists. This was not the first time that a politician was hit or assaulted. There have been many cases of ministers being attacked or having their faces blackened with ink by protesters. But none of those attacks was labelled an act of terror. Kangana, as a newly elected legislator, bears a lot of responsibility. She must be careful with her words.

HARSIMRANVIR SINGH, PATIALA

Legacy of a media baron

The demise of veteran media entrepreneur and film producer Ramoji Rao marks the end of an era. His passing away has understandably left Telugu people in a state of grief. Rao was a compassionate man who touched thousands of lives through his ventures. He was always ahead of his time. The entertainment and media personality will be fondly remembered by generations of cinema buffs, especially those who live in Andhra Pradesh and Telangana and are big on Telugu cinema. Among many of his successful endeavours as an entrepreneur was the Hyderabad-based Ramoji Film City, which is certified by the Guinness Book of Records as the world's largest film studio complex.

RAMESH G JETHWANI, BENGALURU

Recalling Ambassador Asrani's Lagos masterstroke



RAMU DAMODARAN
SENIOR FELLOW, CENTRE
FOR SOCIAL AND
ECONOMIC PROGRESS

THERE is much for which to remember Ambassador Arjun Asrani, who passed away recently. He was one of the surprisingly few Indian Foreign Service officers who served thrice in the same embassy—Tokyo, in his case, first as ‘language trainee’, then as second-in-command and finally as Ambassador. As Deepa Wadhwa, who headed the Japan mission 20 years later, remarked, “he was a mentor to many who followed him, maintaining a close association with the country where he was highly regarded and honoured with their highest civilian award.”

Much earlier, he was the only one to be transferred from Washington, where he had made a mark as the head of the Embassy’s economic wing, to New York, where those abilities were thought necessary for the post of Consul-General. Most of his designations through a distinguished pre-ambassadorial career sported the letter ‘e’ for ‘economic’, though, as he once said, it could well have stood for ‘ecumenical’, the aspiration to bring together all the ‘churches’ in foreign policy

— political, economic, commercial, consular and cultural — in the unison that a rising power demanded.

But the ‘e’ could have stood for ‘exultation’ or ‘exaltation’ as well — two words, as he once smilingly told me, he always confused, secure in their seeming synonymity, each or either a fitting description of the service to which he belonged, the service that belonged to him, and the experiences it afforded.

Such as the exultation of punting down the Cherwell river during his probationary courses at Oxford and, a few months later, the exaltation of seeing a rice farmer’s yield outside Mysore, where he was on ‘district’ training, the crop burgeoned by the still new Japanese method of cultivation with high productivity seeds planted at regular distance, energised by fulsome fertilisers and careful irrigation.

It was these immediacies of experience that were to make him, in his phrase, a “born-and-bred bilateralist at heart”, although he ensured that a brief foray into multilateral diplomacy served his country and its interests well.

It was in March 1987 that the government of Nigeria convened an unusual meeting in capital Lagos, describing it as the “concert of medium powers”. The concert was a fairly arbitrary selection of nations, including Algeria, Argentina, Austria, Brazil, Egypt, India, Indonesia, Malaysia, Mexico, Senegal, Sweden, Switzerland, Venezuela, Yugoslavia and Zimbabwe, in addition to the host.



ACCLAIM: Asrani ensured that his foray into multilateral diplomacy served his country and its interests. FACEBOOK

The idea of such a grouping had been put forward in the mid-1970s by a distinguished Nigerian academician, Bolaji Akinyemi, who was the Director-General of the Nigerian Institute of International Affairs; 10 years later, he was given the opportunity to realise it on his appointment as Foreign Minister by then President Babangida in 1985.

As the professor-turned-practitioner phrased it, medium powers “can assist in consolidating international peace and security through the process of confidence-building among states (and) can operate as a voice of reason in a discordant world, where might is often mistakenly regarded as synonymous with right.”

When the invitation to participate reached New Delhi, a number of factors came into play while taking a call. While India did not want to offend the largest country in sub-Saharan Africa, it also did not want to appear to challenge the primacy of Zimbabwe, which

Like the words of the Japanese poet, Basho, he loved, Asrani is now on a journey... my dream goes wandering

had taken over as the Chair of the Non-Aligned Movement (NAM) just eight months earlier. That conundrum was resolved by Hanare, which confirmed that it would attend the Lagos meeting. India was also against a proliferation of ‘groups’ without a defined purpose, having just helped create the “six-nation, five-continent” initiative on disarmament and being in discussion with other non-aligned countries on a ‘Group of 15’ within the movement to interact substantively with global financial and trade organisations, a group that was to be formalised two years later.

But there was much India admired in Nigeria (and its Foreign Minister), including its leading of a 30-nation boycott of the 1986 Edinburgh Commonwealth Games in protest against Britain’s apparently acquiescent attitude to apartheid South Africa and its call for a nonaligned solidarity fund for the frontline states and liberation movements in southern Africa, which was to

take shape as the Africa Fund chaired by India. If India were to help rethink the idea of the ‘concert’, it would have to be done on the margins with grace and tact, attributes which were immediately identified in Ambassador Asrani, who was asked to lead the Indian delegation.

He arrived in Lagos a few days ahead of the meeting, and preliminary discussions with other delegations suggested a shared puzzlement about what exactly the outcome would be. His front-page interview with a Nigerian newspaper was both upbeat in spirit and non-committal in specifics. It also brought him recognition, manifest in the many heads that turned when we went out for dinner before the conference.

One of them came up to our table and introduced himself as Keswani, an Indian businessman and entrepreneur; he spoke in companionable Hindi with Asrani briefly before wishing us good night. “He will go far,” Asrani said to us. “He wants to launch department stores which his associates want to name after this city; he feels — rightly, I think — that calling them ‘Lagos Mart’ or the like will be too limiting, and he must have a name that can expand comfortably.”

He paused and, suddenly, like the Grateful Dead, his eyes glowed with the gold of sunshine. “That is it!” he exclaimed. “That is what, Arjun?” asked Deb Mukharji, High Commissioner in Lagos. “Don’t you see?” Asrani replied. “If adding ‘Lagos’ to the name limits Keswani’s possibilities, think of how much it would the convening of ‘medium powers.’ If we

bring ‘Lagos’ into the name, there is no other country which would venture to host a second meeting. Let’s talk to our hosts first thing tomorrow morning. But what name should we suggest?”

“The Lagos Concert?”, I suggested hopefully, but it was brushed aside with the *jhadoo* it deserved. “Forum”, said Asrani suddenly. “A group committed to conversations, not conclusions. But we don’t need to spell that out.”

Early next morning, Asrani met a senior Nigerian officer: “We feel, Excellency,” he said, “the name ‘Concert of Medium Powers’ is too anonymous. This conference should be identified with its creator, just as the Congress of Vienna or the conference at Versailles were. Why not the ‘Lagos Forum’?”

And so the title came into being. What it implied was that no other nation would choose to host another conference, constrained by the specificity of its name. It was left to Nigeria to organise a second one some months later, but the growing lack of interest was palpable. Even Zimbabwe chose to opt out of the group with an explanation that could, at best, be considered disingenuous from the NAM Chairman, that it was “a small country just coming out of armed struggles that led to independence in 1980, (and which) could not be in the league of medium power states.”

And so the Forum, indeed the Concert, faded gently into memory — reminiscent, in a sense, of the words of Japanese poet Basho, whom Asrani studied and grew to love, “on a journey, ill, my dream goes wandering, over withered fields”.

Manpower shortage calls for a rethink of Agnipath scheme



MAJ GEN ASHOK K MEHTA (RETD)
MILITARY COMMENTATOR

THE Agnipath scheme was a big issue for the Opposition during the recent election campaign. Referring to the scheme, Prime Minister Narendra Modi accused the Opposition of using the Army as a political weapon. This is a case of the pot calling the kettle black. Now, NDA allies Janata Dal (United) and Lok Janshakti Party in the Modi 3.0 government have sought a review of the scheme.

According to recent reports, the Department of Military Affairs (DMA) has launched an inquiry into manpower shortage resulting from the scheme. Why the DMA waited two years is intriguing, for it was clear as daylight that unacceptable deficiencies would accrue as the quota for recruitment was woefully inadequate in the backdrop of the rate of retirement, especially after the nearly three-year drought in recruitment

amid the Covid-19 pandemic. But there was a method to the madness.

Defence Minister Rajnath Singh was seated among Service Chiefs when the transformative Agnipath scheme was announced in June 2022. Officers of the tri-service DMA spelt out its virtues: arguably a more youthful profile for below-officer rank personnel. Serving Chiefs, whose deep selection generally ensures conformity, later lauded the controversial reform.

Gen MM Naravane (ret), predecessor of Chief of Army Staff (COAS) Gen Manoj Pande, reportedly mentioned in his long-delayed book, *Four Stars of Destiny*, the shock and awe generated by Agnipath, which was described as ‘a bolt from the blue’ for the Air Force and the Navy. The *Tour of Duty* scheme, conceived earlier by the late Gen Bipin Rawat, was a short-term recruitment plan to be test-bedded for 5,000 personnel. Even before the DMA launched its investigation into Agnipath, I had begun to quiz officers and others about it. The negative views of veterans are well-known. I visited two infantry regimental centres — Gorkha and Garhwali — in Shillong and Lansdowne and the Signals Training Centre in Goa. Until recently,



ON THE WARPATH: Anti-Agnipath protesters have demanded a return to the old recruitment system, whose star attraction was pension. TRIBUNE PHOTO

infantry regiments, barring Gorkhas, were only marginally deficient in manpower, but managing units on the LoC and LAC was not easy.

The Gorkhas were the ones to take a hit. Sixty per cent of the manpower for 38 Gorkha battalions comes from Nepal-domiciled Gorkhas (NDGs). Nepal had quietly rejected Agnipath, which was imposed unilaterally — without any consultation — though recruitment is in accordance with the 1947 tripartite treaty between the UK, India and Nepal.

Last month, Foreign Minister S Jaishankar said India would act in its national inter-

It is intriguing that the Dept of Military Affairs waited for two years to launch an inquiry into manpower crunch resulting from the new scheme.

est and not at the behest of any other country, referring to Nepal. No one needs to tell Jaishankar that NDGs joining the Indian Army is not just recruitment but a strategic bonding and an Indian asset in Nepal. In the absence of recruitment for four years, many Gorkha battalions are nearly 100 soldiers short of the authorised strength. Further, the 40 per cent Indian-domiciled Gorkha (IDG) quota is undersubscribed: so, Garhwals and Kumaonis are being recruited in lieu of Gorkhas. Last year, Gen Pande even considered disbanding Gorkha battalions.

In Shillong, Sabathu,

Banaras and Lucknow, the Gorkha regimental centres are training Agniveers from other regiments. The truncated 31-week training programme is producing yet-to-be-tested short-service soldiers. Even in Goa, where they train communication specialists, no one spoke well of Agnipath. During the election campaign, anti-Agnipath protesters demanded a return to the old recruitment system, whose star attraction was pension. Even as the government is keen to project Agnipath’s resultant youthful profile, the real motive is the reduction of salary and pension bills to create funds for modernisation. In 2023-24, the capital outlay pertaining to defence modernisation and infrastructure development was Rs 1.63 lakh crore, while Rs 1.38 lakh crore were allocated for pensions.

No recruitment for nearly three years of pandemic created a void in the Army alone of 1,80,000 personnel. In addition, the Agniveer intake of around 42,000 (28,000 Army, 8,000 Navy and 6,000 IAF) annually tells a different story. The Army is recruiting for four years with 25 per cent retention from 28,000 personnel, which is 7,000, while nearly 70,000 will retire every year. On top

of this, 2023 was the Army’s year of transformation and right-sizing. An additional 1,00,000 soldiers were to be retrenched in addition to the shortfall of 1,80,000 in 2023, plus the yearly depletion. By April last year, after the Integrated Defence Staff ordered a 10 per cent reduction in combat units, manpower deficiency had risen to alarming levels.

I raised the matter at a veterans’ seminar last year, which was presided over by Gen Pande. Stunned silence prevailed. No one in the armed forces is prepared to bell the cat. A Lieutenant General who dealt with manpower — he has superannuated but still can’t be named — went to meet the Joint Secretary concerned in the PMO to inform him about the alarming deficiency. When he spelt out the estimated shortfall, he was informed: “*Sahib ko sab malum hai*” (Sahib knows it all). Agnipath and Agniveer are believed to be the PM’s contribution to the vocabulary of transformational defence reforms. However, the scheme has severely undermined the operational capabilities of the armed forces. That’s why the DMA has launched an internal survey.

QUICK CROSSWORD

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ACROSS

1 Without any conditions (2,7)

8 The choice part (5)

9 To shock (7)

10 A supporting pillar (6)

11 Make insensitive (6)

12 For practical purposes (2,6)

15 Superficial (4-4)

18 Nervously tense (2,4)

20 Intention (6)

21 Spoilsport (7)

22 Flinch (5)

23 Playwright (9)

DOWN

2 Pure refreshing air (5)

3 Long vehement denunciation (6)

4 Endless (8)

5 Start a journey (3,3)

6 Official record of meeting (7)

7 Restore to former position (9)

11 Rebuke severely (5,4)

13 Large retail store (8)

14 Unaccounted for (7)

16 Tenacious (6)

17 Piece of small shot (6)

19 Flagrant (5)

Yesterday's solution

Across: 1 Backlog, 4 Leap, 7 Gape, 8 Pristine, 10 Shut up shop, 12 Tremor, 13 Affray, 15 Upper crust, 18 Origanum, 19 Peep, 20 Dunce, 21 Lobster.

Down: 1 Bogus, 2 Captured, 3 Garish, 4 Loss of face, 5 Amid, 6 Therapy, 9 Out of place, 11 Argument, 12 Toehold, 14 Sequel, 16 Taper, 17 Kilt.

SU DO KU

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YESTERDAY'S SOLUTION

6 9 2 8 1 5 3 7 4

1 4 5 7 6 3 9 8 2

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5 7 3 9 2 8 4 6 1

4 8 1 6 3 7 2 9 5

2 6 9 5 4 1 7 3 8

9 1 8 3 5 4 6 2 7

3 5 4 2 7 6 8 1 9

7 2 6 1 8 9 5 4 3

CALENDAR

JUNE 12, 2024, WEDNESDAY

■ Shaka Samvat 1946

■ Jyeshtha Shaka 22

■ Jyeshtha Parvishle 30

■ Hijari 1445

■ Shukla Paksha Tithi 6, up to 7.17 pm

■ Harshana Yoga up to 5.15 pm

■ Magha Nakshatra up to 2.12 pm

■ Moon in Leo sign

FORECAST

SUNSET: 19:28 HRS

SUNRISE: 05:19 HRS

WEDNESDAY THURSDAY

CITY

MAX

MIN

Chandigarh

44

26

New Delhi

45

29

Amritsar

45

27

Bathinda

45

26

Jalandhar

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Ludhiana

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Bhiani

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Hisar

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27

Sirsa

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Dharamsala

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Manali

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Shimla

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20

Srinagar

31

13

Jammu

43

25

Kargil

26

12

Leh

22

08

Dehradun

42

25

Mussoorie

31

20

TEMPERATURE IN °C