

Fiscal consolidation

Both Centre and states need to reduce deficit

Union Finance Minister Nirmala Sitharaman will present the first Budget of the third Narendra Modi government next week. There are expectations around issues such as tax rationalisation, increased capital expenditure, and efforts to generate employment. Although it is likely that this Budget will be closely aligned with the Interim Budget, stakeholders will expect a medium-term road map from the government. In terms of overall fiscal management, as things stand, after facing a shock during the pandemic, the central government is on a steady path of fiscal consolidation. The fiscal deficit for 2023-24 was 5.6 per cent of gross domestic product (GDP), lower than the Budget Estimate of 5.9 per cent. According to the Interim Budget, the government is expected to contain the fiscal deficit at 5.1 per cent of GDP this financial year.

While most of the attention is on the Union government, what matters for macroeconomic management is the general government finances. To be fair, most of the expansion happened at the Union level, but states also needed to put their house in order. In this regard, a new working paper by the National Institute of Public Finance and Policy, which examined the fiscal performance of the states after the pandemic, noted that while the pandemic's impact on state finances was less severe than on the Union government, their commitment to fiscal consolidation is insufficient. Despite a slight decline during the pandemic, states' own tax revenue rebounded to 7.8 per cent of GDP in 2023-24. Meanwhile, state capital expenditure surged and witnessed a 36 per cent increase within a single year. However, the rise in capex was primarily financed through additional borrowing, including from the central government's 50-year interest-free loans. Interest payments have become a large component of committed expenditure, potentially crowding out other spending.

From a broader economic-management point of view, it is worth noting that research shows a correlation between economic development and states' own revenue receipts. In states with high or balanced economic development, like Karnataka, Kerala, and Maharashtra, the share of their own tax revenue accounts for two-thirds of the total revenue. Conversely, lagged states show mixed trends and raised only 44 per cent of their revenue in 2022-23, indicating greater reliance on borrowing and external finance. However, the relationship between capex and development outcomes is not very straightforward. Evidence suggests that capex and social spending have little impact on development outcomes. It is possible that spending in these areas is not enough to make a significant impact. Thus, states need to spend in the right areas to improve outcomes. This would also help increase revenue collection and reduce their dependence on central support.

The data shows states have budgeted for a higher fiscal deficit this financial year than the Revised Estimate of last financial year. It's worth highlighting that the central government has made significant efforts toward fiscal consolidation without reducing capex. States must also aim to reduce the fiscal deficit by improving revenue collection. Government finances — both at the Centre and in the states — must be brought in order at the earliest. Efforts will be needed to boost revenue and contain wasteful spending. This is necessary to bring down public debt, which is hovering above 80 per cent of GDP.

Investing in electric mobility

R&D will help lower import dependence

India's aim to achieve a 45 per cent reduction in emission intensity by 2030 and cut emissions to net zero by 2070 hinges, to a large extent, on its ability to embrace electric mobility. The country has already positioned itself as one of the fastest-growing electric vehicle (EV) markets globally. To improve the position, the Principal Scientific Advisor to the Government of India recently released a detailed report on augmenting research and development (R&D) strategy for e-mobility. The report calls for wider adoption of EVs, with manufacture of indigenous energy storage systems, generation of renewable energy to feed charging infrastructures, and development of sustainable materials and recycling methods.

According to data released by the Federation of Automobile Dealers Associations, in 2023-24, annual EV sales in India surged to 1.75 million units, an impressive 40.31 per cent year-on-year increase. The growth in the EV market can be attributed to initiatives like the National Auto Policy 2018 and the National Electric Mobility Mission Plan 2020. Besides, the government's flagship scheme, Faster Adoption and Manufacturing of (Hybrid & Electric Vehicles), or (FAME)-II, which concluded earlier this year, prioritised the electrification of the two-wheeler and three-wheeler segments. These two segments together account for 98 per cent of vehicles targeted under the scheme and dominate the market for on-road vehicles in India.

As part of the EV30x30 target, India aims to increase EVs' share in newly registered private cars to 30 per cent, in buses to 40 per cent, in commercial cars to 70 per cent, and in two- and three-wheelers to 80 per cent by 2030. However, the high cost of ownership and inadequate charging infrastructure remain a challenge. Further, on the production side, the e-mobility value chain depends heavily on imports. Domestic EV manufacturing is still confined primarily to vehicle assembly, while essential components related to batteries and electronic chips lack domestic capacity and scale. Weak supply chains and inadequate domestic component manufacturers lead to a heavy dependence on countries like China for components and technologies. Reducing dependence on imports within the e-mobility sector will require strengthening domestic research capabilities in the automotive sector. For instance, as an alternative to lithium, 70 per cent of which is imported from China, the report suggests exploration of novel cell chemistries like sodium-ion, lithium-air, aluminium-air, and lithium-sulphur, which may act as potential replacements for lithium-ion batteries. The report estimates that around ₹1,200 crore investment is needed to support R&D across 30 to 34 crucial areas in e-mobility.

For funding, various government departments, including the National Research Foundation, the Ministry of Road Transport and Highways, and the Ministry of Heavy Industries can come together. In fact, investment in R&D must come from both the public and private sectors. Some of the projects that need to be undertaken are outlined in the report. These include research on advanced liquid electrolytes for lithium-ion batteries, dynamic charging systems for EVs, enhanced fuel-cell efficiency, and the development of liquid organic hydrogen carrier storage technology for fuel-cell EVs. Investing in the fundamental science behind the manufacturing of EVs will propel India to attain global leadership in value and supply chains a few years down the line. However, overall environmental gains will remain limited as long as India continues to depend on coal-fired plants as the primary power source.



ILLUSTRATION: BINAY SINHA

A call for greater focus on revenue side

Government must strategically expand the fiscal space to face any exogenous shocks

The Fiscal Responsibility and Budget Management (FRBM) Act was enacted in August 2003, mandating the central government to reduce the gross fiscal deficit (GFD) to 3 per cent of gross domestic product (GDP) by 2008, with some escape clauses. In April 2018, the primary target of GFD of 3 per cent was replaced by the debt-GDP ratio of 40 per cent, with the GFD of 3 per cent being made the operational target.

After the FRBM Act was enacted, there have been two periods of fiscal consolidation efforts. In the first period, the GFD was reduced from 5.8 per cent in 2002-03 to 2.6 per cent in 2007-08. However, with the collapse of Lehman Brothers in September 2008, the global financial crisis (GFC) hit many countries, including India, because of which the GFD surged to 6.5 per cent by 2009-10. After a brief hiatus, fiscal consolidation resumed from 2010-11, and the GFD was reduced to 3.4 per cent of GDP by 2019-20.

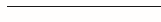
However, India, along with many other countries, was impacted by the pandemic in 2020, which sent the GFD of the central government soaring to 9.2 per cent of GDP in 2020-21, and the debt-GDP ratio to 61.0 per cent, much above the mandated target of 40 per cent. Thus, on both these occasions, the hard-won gains of fiscal consolidation of several years were wiped out by

the two separate exogenous shocks.

There were some marked differences in the two periods of fiscal consolidation. First, the pace of fiscal consolidation (0.6 per cent of GDP each year on an average) in the first period (2003-08) was fast. In this period, fiscal consolidation was achieved partly by compressing expenditure and partly by raising revenue. Of the total fiscal consolidation of 3.2 percentage points during this period, fiscal consolidation of 2.1 percentage points was achieved by compressing expenditure and 1.1 percentage points by augmenting revenue. The gross tax-GDP ratio during this period improved significantly from 9.1 per cent of GDP in 2003-04 to 12.1 per cent by 2007-08. This was driven both by an increase in personal income tax revenue rising from 1.1 per cent of GDP in 2003-04 to 1.8 per cent by 2007-08 and also corporate tax collection from 1.6 per cent of GDP to 3 per cent.

In the second period (2010-2019), fiscal consolidation was only 1.7 percentage points (0.2 per cent of GDP on an annual average basis) comprising expenditure compression of 1.5 per cent of GDP and 0.2 per cent of revenue augmentation. The tax-GDP ratio was broadly unchanged at 10.5 per cent of GDP during this phase. Corporate tax revenue declined from 2.7 per cent of GDP in 2010-11 to 2.2 per cent of GDP in 2018-19, primarily due to the tax cuts

JANAK RAI & AASHI GUPTA



Defence reforms 2.0 for Modi 3.0

Modi 2.0 brought transformative defence reforms, many of which were pending for decades, revitalising the armed forces. As this government begins its third term, sustaining and expanding these reforms is essential to further strengthen India's military capabilities.

In January 2020, the Prime Minister hit the bullet and established the Chief of Defence Staff (CDS) position and formally the Department of Military Affairs (DMA), with the CDS as its secretary. This reform initiated the process of jointness among the three services, integrating them with the ministry's decision-making process. Recently, Parliament also passed an Act providing statutory backing to the CDS. Four and half years later, the report card shows progress in areas like training and logistics. However, the crucial goal of creating Theatre Commands is still on the drawing board. Modi 3.0 must complete this challenging unfinished task and initiate transition to a blue-water navy.

Successful reforms in the defence industry ecosystem were a major highlight of Modi 2.0. These reforms included increased participation by private industry and startups, enhanced transparency, opening testing and certification infrastructure to the private sector, and a greater willingness by the military to use indigenous equipment. Two game-changing policy decisions were earmarking 75 per cent of the capital acquisition budget for domestic industry and banning imports of items on the positive indigenisation lists. Innovation in Defence Excellence (IDEX) galvanised thousands of startups, with several creating world-class technologies. Defence exports grew 15-fold from ₹1,400 crore in 2017-18 to ₹21,000 crore in 2023-24.

It's now time for the next level of reforms in defence. Building on the momentum generated through IDEX and leveraging our strengths in communications and information technology (IT), India should aim to position itself among the top five global defence and aerospace ecosystems and capture a sizeable share of the trillion-dollar industry. Innovation in underwater technologies specific to tropical waters and deep-sea technologies should be opened to the private sector through carefully curated challenges. Despite allocating 75 per cent of the budget to domestic industry, procurement predominantly favours the

public sector, necessitating strict adherence to sourcing 25 per cent from private industry. The defence acquisition procedure (DAP) should support development and procurement of innovative products, including laying down guidelines for costing from single innovative vendors. Procurement timelines set up in 2021 — two years for contracting and one month for signing IDEX contracts — rarely get followed. Internal systems need streamlining to meet these deadlines. Promoting defence exports from both public and private sectors to friendly nations should be an explicit foreign policy. Additionally, lines-of-credit interest rates should be competitive, and an industry-led and government-backed Defence Export Promotion Council should be established.

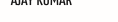
Space is another equally important frontier. Several key reforms have been implemented, including the formation of the Defence Space Agency (DSA) and Defence Research and Development Organisation's Anti-Satellite weapon test in 2019. Next-gen reforms in space could include enhancing defence space budget 10 times or more to bolster the armed forces' space-based surveillance and space situational awareness capabilities. Manpower rationalisation, globalisation of India's navigation system Navic, and greater leveraging of indigenous startup and industry ecosystem. The DSA should be headed by a three-star officer to elevate its role and status.

An untouched area in defence reform is R&D. Despite the 2021 Budget speech announcing that 25 per cent of the defence R&D allocation would be for the private sector, this is yet to be implemented. The 2023 recommendations of a high-level committee need to be put into action. The ₹1 trillion allocated for R&D with the private sector, announced in the 2023-24 Interim Budget, is a good beginning. The DAP should include collaborative R&D in a public-private partnership model for major projects like heavy-weight helicopters and indigenous jet engines for fighters. Although public testing and certification infrastructure is theoretically open to private entities on a fee basis, access is often denied; establishing an independent body to manage them is crucial.

Defence digitalisation began in earnest only in the second term. Over 300 applications were implemented; the Defence Cyber Agency and the Defence

OFF THE GRID

AJAY KUMAR



seeing their homes looted and torched; and of being raped or seeing the young girls they knew being publicly raped. The chapter "Chauras Ki Na Usaf" (The Injustice of 1984) brings one such chilling account of Darshan Kaur, a resident of Block 32, Tilokpuri, a neighbourhood of disadvantaged people in East Delhi who were settled here after Sanjay Gandhi's city beautification drive during the Emergency in 1976. The book is a collection of stories about women who suffered during the anti-Sikh riots. It is also about those who got drawn into the politico-religious narrative as it unfolded in 1984 after Indira Gandhi's assassination. There are stories of women who turned militant; a policeman father who got converted and encouraged his daughter to join "the cause"; of women who were raped and rejected by their families; of women who were raped but told never to speak about

announced in September 2019, which were intended to spur private corporate capital expenditure (capex). However, corporate taxes remained sluggish at 2 per cent of GDP even in 2023-24 as the private capex cycle has failed to pick up so far.

Two inferences can be drawn from the above analysis. First, any major exogenous shock can throw government finances completely out of gear. Therefore, to better withstand any exogenous shock in future, it is important to create enough fiscal space when macroeconomic conditions are normal. Second, fiscal consolidation (required to create fiscal space) needs an improvement in the tax-GDP ratio. There are limits to fiscal consolidation by compressing expenditure, especially because about two-thirds of revenue is pre-committed by committed items such as interest payments, defence and pension. Therefore, fiscal consolidation beyond a point can be achieved only by improving the tax-GDP ratio.

The central government has done well to follow a glide path of fiscal consolidation, whereby the GFD was reduced to 5.8 per cent of GDP in 2023-24 and it is budgeted (Interim Budget) to decline to 5.1 per cent of GDP in 2024-25. Despite this fiscal consolidation, the debt-GDP ratio remained elevated at 55.3 per cent of GDP in 2023-24.

Our analysis suggests that given the current macroeconomic conditions, the interest rate on 10-year benchmark Government of India securities and the primary deficit reduction by 0.6 per cent of GDP (average of last three years) every year from 2025-26 onwards up to 2030, the debt-GDP ratio will moderate, but it would still remain elevated at 54.4 per cent in 2030.

In the 20 years since the FRBM Act was enacted, 2007-08 was the first and the only instance when the mandated target was achieved. There is no denying that two unprecedented exogenous shocks hit the economy, requiring huge fiscal stimulus on each occasion, but it is also true that we have not made sufficient efforts to improve the tax-GDP ratio — the key to sustained fiscal consolidation and reduction in the debt-GDP ratio. Concerted efforts, therefore, need to be made to raise the direct taxes-GDP ratio by broadening and deepening the tax base and improving the tax administration. In addition, efforts also need to be made to rationalise expenditure, wherever possible. Fiscal policy needs to create enough space in a calibrated manner to face any exogenous shock in future and play the counter-cyclical role effectively.

The writers are, respectively, senior fellow, and research associate, Centre for Social and Economic Progress

Artificial Intelligence Council (DAIC) were formed in 2019, and the rollout of 75 AI-based defence applications occurred in 2022. This momentum needs to continue. The DAIC should establish dedicated defence AI infrastructure, such as centralised synthetic data-generation capability for training AI models. Planning for the rollout of post-quantum cryptography for critical digital applications should also be considered.

Launched in mid-2022, the Agniveer scheme revolutionised armed forces recruitment, making the forces more youthful, tech-savvy, and combat-ready. Despite resistance from entrenched interests, the scheme's long-term benefits will emerge over the next few years, necessitating steadfast commitment without significant changes.

Improving the army's teeth-to-tail ratio remains crucial. Reforms such as closing military farms and outsourcing non-critical services need consolidation. The Army Education Corps should be disbanded, and the Remount and Veterinary Corps as well as the Army Postal Service Corps should be drastically optimised. Army Base Workshops and Ordnance Depots must be restructured for productivity, with unnecessary ones closed. While reforms in military wings are crucial, civilian defence sector reforms must also continue. Manpower rationalisation is overdue. Quality assurance functions should be outsourced to professional third-party agencies. Abolishing Cantonment Boards and merging civilian land with nearby municipalities needs to be done. Restrictions on private land construction near defence establishments must be lifted, with compensation provided in cases where necessary.

The government's approach to border areas underwent a game-changing reversal, integrating development initiatives with security concerns. The Border Road Organisation's infrastructure development tripled over the five years, achieving unprecedented milestones in constructing roads at high altitudes and keeping high-range passes open in winters. These initiatives need to be strengthened and scaled up to encourage reverse migration. The government's commitment to ongoing defence reforms is crucial for bolstering India's strategic capabilities and maintaining a competitive edge in a dynamic global context.

The writer is non-resident senior fellow, Carnegie India, distinguished visiting professor, IIT Kanpur, and a former defence secretary

1984: What the women remember



BOOK REVIEW

VEENU SANDHU

In November 1984, when a mob attacked my grandparents' house, which was on a hill in Jabalpur, my grandmother recognised two of the attackers. They were men my grandfather, who was out of the city that day and hence saved, would sometimes help with money and odd jobs. When he later confronted them, they said they had been paid to attack and loot homes of Sikhs to avenge Indira Gandhi's assassination.

My grandparents were shocked. They had lived in Jabalpur for nearly 40 years,

choosing this city in Madhya Pradesh over their ancestral home in Punjab for its gentle, peace-loving people. In the months that followed the attack, they sold the hill house, bid goodbye to the wonderful wilderness that surrounded it, and came to live with us in our army accommodation in Meerut Cantonment. My grandfather, who was quite a storyteller, would sometimes speak of that house. My grandmother, a strong, stoic woman who could aim a rifle in self-defence if needed and whose black-and-white picture in breeches from the 1950s is etched in my mind, wouldn't talk about it. She believed in moving on, and in letting my grandfather hold the stage. But what if I had heard her tell me about the attack in her own words, about how she coped with life after it and what she felt? These questions flared my head as I read Sanam Sutirthi's *The Kaur's* of 1984 — the stories of Sikh women caught in the spiral of politics

and violence that engulfed Punjab and spread to Sikh families outside the state that bloody year.

Several books have been written on the 1984 riots. Among them is Manoj Mitta and HS Phoolka's *When A Tree Shook Delhi: The 1984 Carnage And Its Aftermath*, which delves deep into the evidence that emerged from the proceedings of the Nanavati Commission of Enquiry. Then there is Nilanjana Mukhopadhyay's powerful account in *Sikhs: The Untold Agony of 1984*, and the late Jamail Singh's *Lacuse*. William Dalrymple's travelogue, *City of Djinns: A Year in Delhi*, too, has a vivid account of the nation's darkest chapter.

Mr Wazir's book adds to this body of work by bringing out the untold accounts of Sikh women. It emerges from a task assigned to him by Amnesty International in 2014, when the human rights body still had a court unit in India (its operations were halted in

2020). His research through books and judicial reports on the 1984 riots revealed a gap — the voices of women were missing from the narrative.

Through interviews with survivors and activists across various districts of Punjab, Uttar Pradesh and Delhi, he presents these their own accounts, some of

which are so disturbing that one is compelled to put the book down and take a break to settle the mind. A few of the women's stories have been reproduced from the affidavits the women filed with the commissions investigating the massacre.

Some interviews were conducted over a span of a few years since the women took time to open up about their trauma. When they did, they wanted to tell all — the horror of seeing the mobs, instigated by the police and the political leaders who are named in this book, burning alive their fathers, husbands and sons of

The Kaur's of 1984

The Untold, Unheard Stories of Sikh Women

Author: Sanam Sutirthi

Publisher: HarperCollins

Pages: 231 + xxiii

Price: ₹399

in East Delhi who were settled here after Sanjay Gandhi's city beautification drive during the Emergency in 1976. The book is a collection of stories about women who suffered during the anti-Sikh riots. It is also about those who got drawn into the politico-religious narrative as it unfolded in 1984 after Indira Gandhi's assassination. There are stories of women who turned militant; a policeman father who got converted and encouraged his daughter to join "the cause"; of women who were raped and rejected by their families; of women who were raped but told never to speak about

it for the sake of the family honour.

The Kaur's... is not a dispassionately written book. Mr Wazir is more than an observer, interviewer and researcher. As a Sikh from Jammu & Kashmir and a human rights activist, he is very much a part of the book, allowing the reader to be privy to his own anguish as he narrates the tales.

The book, however, is more than a series of accounts. The author offers some historical context in the first chapter, "Saka Neela Tara — Operation Blue Star", where he takes the reader into the Golden Temple to strategise and plan when the military operation unfolded, throughout referring to Jamail Singh Bhindranwale as *sant* (saint). What transpired inside the holiest gurdwara of the Sikhs; the mood inside as the army was called in a day after Indira Gandhi's appeal for peace through all India Radio and Doordarshan; the people who got caught in it, how they had ended up in the temple, what they talked about — he reproduces it in such detail that you would think he was there, witnessing it all.

US-China Chipping Away at Each Other

A full-blown trade war is still rhetoric

Bipartisan support in the US for restrictions on transfer of advanced semiconductor chip technology to China is expected to result in incremental curbs. Markets have, of course, reacted to the latest iteration of US concerns in characteristic fashion — punishing chipmakers across Europe and Asia. But the fundamental factors shaping the global semiconductor industry are already in play. Nvidia, the largest maker of chips used in AI, has seen its China business slump from a year ago as Joe Biden restricted their exports last October. Intel is the biggest beneficiary of the 2022 US CHIPS Act, as it invests heavily at home to restore its edge over Taiwan's TSMC, the world's largest contract chipmaker. The US restrictions were unveiled by Donald Trump, and irrespective of the presidential election outcome, fragmentation of the global semiconductor industry has an element of inevitability to it.



The US has a long haul ahead in regaining its comparative advantage in semiconductors. It needs to make substantial investment in research to enhance its technological superiority. It must rebuild domestic conductor manufacturing that has been outsourced to Asia. And it needs to build a global supply chain to feed its chip-making capacity. These centric objectives involve a realignment of policy, from education funding in the US to investments in South America and deeper trade relations with Asia. China will, meanwhile, keep chipping away at the US intellectual property moat, offering appealing alternatives to near-shoring, and pull Asia into a tighter manufacturing embrace. Semiconductor superiority is nowhere near a done deal for the US.

The AI race is likely to intensify Sino-US competition over chips. American companies need access to data that China collects to train their AI models. Tesla is betting on Baidu for self-driving cars. Google and Microsoft data centres in China could provide access to restricted Nvidia chips. A full-blown trade war over semiconductors is still rhetoric on the US side.

So, the Seine's Now Clean, Ganga, Anyone?

Cleaning up large rivers is never easy. Proving they are clean and restoring citizen confidence in them is even tougher. Ask Paris mayor Anne Hidalgo. Earlier this week, she got into the Seine to take a well-publicised swim to prove that the city's most famous river had been cleaned up enough for Olympic swimmers to swim in later this month. Swimming in the Seine had been banned since 1923 due to high pollution levels. Since 2015, organisers invested \$1.5 bn to prepare it for the Olympics and to ensure Parisians have a cleaner river after the Games. It seems Parisians now have a river to swim in without worry.

The questions raised about Seine's cleanliness provide a good opportunity to check the status of India's lifeline and most famous, the Ganga. Three mega projects have been launched since the 1980s — Ganga Action Plan (1985), National Ganga River Basin Project (2006), and Namami Ganga Programme (2014). According to the Central Pollution Control Board (CPCB), around ₹20k cr was spent on cleaning the Ganga between 1986 and 2014. Since 2014, another ₹13k cr has been allocated and spent by October 2022.

But we don't yet have a clear answer to any progress made. In Parliament last year, Jal Shakti minister said that the river has seen 'varying degrees of improvement' in water quality and that the number of polluted stretches has come down. However, news reports point out that the CPCB report quoted by the ministry didn't mention what he had said. Cleaning the river, the ministry added, is a continuous process, and National Mission for Clean Ganga is implementing several conservation and rejuvenation initiatives for the Ganga and its tributaries. That's good. But nearly 25 years on, one would have expected better results for a river we consider 'sacred'.



Trouble in paradise continues for the 'domitable' ruling party in the state

UP, UP and Bumping Away in BJP ki UP

Victory has many fathers, but failure is an orphan. Or is it? Going by what's happening to the ruling party of India's most UPwardly mobile state, one reckons there're at least two contenders for fatherhood of BJP's poor show in the 2024 general elections. In the orange corner, there's UP deputy CM Keshav Prasad Maurya, and in the deep orange corner is CM Adityanath. Let's just say the timing has something to do with the upcoming bypolls in 10 assembly seats. As things stand now, BJP as a unit seems a bit bipolar, with rumours of fissions within the party smelling like hints. On a bright achhi and happy chacha meeting BJP prez J P Nadda in New Delhi and having chacha pe charcha for an hour would have meant little. But it seems 58 mins longer than it should have for many within the party to have been just a Pranam, Naddaji meet.

Meanwhile, Samajwadi Party chief Akhilesh Yadav showed that coming up tops in polls — SP won 43 of UP's 80 Lok Sabha seats, BJP winning 36 — does wonders to one's sense of humour. Posting on X this message, 'Monsoon offer: Bring 100, from a government, he's having fun. In a TV interview earlier, he had stated that if Maurya gets 100 MLAs to join his team, SP would support him for CMShip. The problem when the chips are down is that you don't know whether Adityanath would actually dislike that possibility or not.

FAMJAM Entry of the younger set into the family business must be a curated process

THE KIDSON THE BLOCK



Harsh Mariwala & Tatwamasi Dixit

The most significant capital in a family business is committed next generation. So, preparing and inducting the younger set is a key milestone in a family enterprise.

Successful induction of gen next into the family business begins with understanding and aligning with the business' core purpose and values. It is essential for seniors to communicate this purpose effectively, selling vision and mission to the new entrants. If the younger set harbours a different purpose, it can lead to conflicts.

► **Does the business need them?** Clearly defining the primary purpose for bringing gen next into the family business is the foundational first step. Does the platform require gen next? Or do they need the platform? From the perspective of continuing the successful journey created by the founder, expectation from gen next to serve the family business. At times, the family becomes bigger than the business, and accommodating all members becomes difficult. Conversely, the company may require new family professionals to contribute.

► **Fitting process, not entry event** A cookie-cutter approach to the process never works well. Although there are some universal best practices, an ideal design factors in a holistic approach where the individual's aspirations and skill sets are aligned with the needs of the family business platform. Induction of the younger lot should be viewed as a process, not an event.

Inducting gen next has three distinct phases: ► **Pre-induction prep** Focused families invest a lot of time and energy in gen next members to ensure that their interests and exposure are aligned with the business and develop their personalities well. The benefits of family togeth-



Gorta make 'em biz fit, for the mosh pit, both debit and credit

erness and harmony need to be fostered early in the younger lot. They should experience healthy connections, communication and effective management differences. If the family is connected, gen next may feel reluctant to join the family business.

It is imperative that messaging be clear that there is no expectation for gen next to serve the family business. In most business families, dingbells, discussions, social interaction and even pillow talks revolve around business. This acts as an informal way of induction. Milestone events in a business need to be discussed with gen next so that tacit knowledge can be passed on to them. Summer internships, shadowing and volunteering within the ecosystem should become a norm for teenagers.

► **Entering the family business** with an entitlement mindset can be detrimental. Authority and respect must be earned.

For the first two years, new entrants should be allowed to absorb, acculturate and equip themselves to discover the system's strengths. Objective feedback should be given during meetings involving professional and senior family members, detailing strengths and areas of improvement. This is where gen next understands their progress and areas for improvement. Their career journey could traverse multiple roads, taking up a managerial role or driving projects as intrapreneurs to

starting an entrepreneurial journey under the family business umbrella. If the inductee, or the older generation, realises the individual isn't cut out for family business leadership, it's better off pursuing their passion, the family should extend support. They can still be involved in the business as owner-investors.

► **Assimilation** As clarity emerges about the gen next career path design, establishing role and goal clarity becomes essential. Making a clear-cut plan regarding the scope of work, associated power and access to resources equips the next generation with accountability trackers. Quarterly dialogues about performance and expectation setting are critical. It is the seniors' responsibility not only to mentor and handhold the newcomers but also to assign industry leaders and coaches who can mentor them.

Entering the family business with an entitlement mindset can be detrimental. Authority and respect must be earned, particularly from long-term internal and external stakeholders who have been integral to the business.

► **Induction of the younger lot** should be viewed as a process, not an event. A cookie-cutter approach to the process never works well.

business' success. Gen next should strive to understand the organisation's existing culture and integrate seamlessly into the ecosystem. Creating a robust induction process needs to be well thought out and designed in a structured and professional manner. Handling the entry of gen next on an ad-hoc basis disempowers and disorients them.

Gen next's success largely hinges on how much the senior generation has been responsible for curating and governing their induction and entry process. This approach ensures that the induction process is not merely a transactional event but a strategic integration of values, culture and a shared vision between the older and younger generations.

Mariwala is chairman, Mariwala and Dixit is founder, Family Business Research International Centre (FABRIC)



THE SPEAKING TREE

Experiencing True Success

BRAMA KUMARI ASHA

We pursue many goals in our lives. Although life presents us with different situations, it also provides corresponding opportunities to achieve some or all of our desired objectives in every moment. True success is attained by living every moment of our lives in happiness and contentment. Experiencing peace and joy in the ups and downs of life is the real success.

While reaching milestones in various aspects of life is undeniably important, it's equally crucial to maintain a positive outlook. By keeping our actions positive, we can navigate life's challenges with a light heart and a stress-free mind.

Often, when we try to move too fast to our goals, we can achieve some success. However, if we perform actions that cause others pain and sorrow, are not honest, lose hope and confidence, or if our relationships and health suffer in the process, then we do not achieve the right kind of success. Success means experiencing a sense of fulfilment and achievement at every step, not just when the destination is reached. It also means sharing good wishes and genuine contentment with others, giving and taking blessings, serving and sustaining everyone with good qualities and powers, and being good. Worldly success in accumulating wealth or discharging mundane roles without experiencing emotional, moral or spiritual contentment can't be called complete and sustainable success.

Chat Room

Bigger MF Pie to Boost Market

Apropos the Edit, 'Haute Flirting for The Fine Investor' (Jul 18), Sebi must seriously follow up on the idea of allowing MFs to offer higher-risk products wherein the underlying risk factor is clearly and prominently disclosed. A relatively larger section of investors must get access to such sophisticated methods of wealth creation. Systematic investment and withdrawal options can attract a wider section of investors towards these higher-risk products. Ultimately, Sebi should facilitate and promote flow of more household savings into the capital markets, which will grow to promote the country's economic development.

VIJAY MULLAJI
By email

A Poor Demo Of Democracy

This refers to the Edit, 'Choosing to Be Out Of (Gun) Control' (Jul 15). The gun-wielding 'Cowboy in the Wild West' still fascinates the Americans in their adventuresous interventions in Afghanistan, Syria and Iraq, bolstered by the thriving military-industrial complex that battles the world's perceived evil in their bid to promote democracy. Death and destruction wreaked in the process is acceptable collateral with few consequences to their geographically adjacent continent. Their internal democracy is, however, increasingly threatened by rising political discord. Guns re-supply the preferred means of defence and empowerment in the common man's mind.

RUDDHA BAGAI
New Delhi

Keep Profitable Heirlooms

Apropos 'Disinvest, But With Right Interest' (Jul 18), the question of 'whether to disinvest or not' must be addressed with the right of thought. The disinvestment of PSU shares to the context, the sector, the regulatory framework, its social responsibility, etc. The disinvestment of PSUs may only distort the socioeconomic fabric of a country like India. Interesting as it is, the writer in '75 Years of 10 years, the dividend paid to Govt by PSUs was more than the receipt of disinvestment proceeds in the past decade. It appears that there is no need to sell a PSU if it is running profitably.

K N MANN
Lucknow

Letters to the editor may be addressed to
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ChatGPT SHAIROF THE DAY

There's a chap named J P Vince,
Whom Indians suddenly want to romance.
'He's our new Sunak,' they say,
'In a desi son-in-law way.'

Poor Rishi, he's yesterday's dance!
...
Ganga was spent on cleaning the Ganga between 1986 and 2014. Since 2014, another ₹13k cr has been allocated and spent by October 2022.

But we don't yet have a clear answer to any progress made. In Parliament last year, Jal Shakti minister said that the river has seen 'varying degrees of improvement' in water quality and that the number of polluted stretches has come down. However, news reports point out that the CPCB report quoted by the ministry didn't mention what he had said. Cleaning the river, the ministry added, is a continuous process, and National Mission for Clean Ganga is implementing several conservation and rejuvenation initiatives for the Ganga and its tributaries. That's good. But nearly 25 years on, one would have expected better results for a river we consider 'sacred'.

Who have not got first dose of the diphtheria-tetanus-pertussis vaccine (DTP1) - a proxy indicator for access to immunization services

Source: Statista, Unicef

operations. Budgetary allocations for world-class industry parks, as seen in Dubai and China, will derisk and shorten the time to start a manufacturing plant. Shared infra aids monitoring, regulation and green practices, by sharing RE, recycling and wastewater recovery costs.

► **Green financing** India's green transition will require incentives and financing. The budget must facilitate this journey. The absorptive capacity of allocated funds needs attention, as released funds often remain unused by states and gram panchayats despite community needs. Monitoring and releasing funds against outcomes remain critical to ensure the proper utilization of funds.

► **Jobs** Political compulsions and inclusive growth require increased focus on jobs. Job-intensive sectors like tourism, food and agriculture processing, and social infra to provide water and sanitation, education, and healthcare will aid inclusive growth. Tax incentives for these sectors for capital goods, skill training programmes and specific allocations from startup funds and finance will support their growth. Given Govt's mantra, incentives to encourage women-led development should find support in the budget.

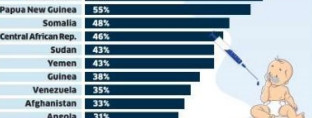
► **R&D** Increased focus on encouraging R&D and innovation by effectively operationalising the ₹1 lakh cr R&D fund announced in the interim budget would be welcome. Recently, the government announced clusters by co-locating private sector, academia, investors and R&D institutions will encourage collaboration, and outcomes that can be commercialised. Areas that will benefit the nation with enhanced capability and capacity include water and sewage treatment, recycling and delivery of water conservation of lakes and water bodies, smart mobility, life sciences, RE and AI.

► **Competitiveness** Creating competitive industries that provide high-quality affordable goods requires lowering logistics costs from 13% to 8% of GDP, reducing taxes on capital goods, and ensuring the establishment of businesses and

Vaccination Needed

Access to vital vaccines to combat certain preventable diseases is still far from universal. According to data from WHO and UNICEF, the vaccination rate against diphtheria, tetanus and pertussis — one of the main indicators of vaccine coverage — is below 70% in 10 countries in 2023.

Countries with the highest share of children not vaccinated against diphtheria, tetanus and pertussis in 2023



States in same panel countries: India 7%, China 4%, US 2%, Brazil 4%, Russia 7%, Pakistan 6%.

Who have not got first dose of the diphtheria-tetanus-pertussis vaccine (DTP1) - a proxy indicator for access to immunization services

Source: Statista, Unicef

Don't Tweak What Works

ing and tech to increase throughput on existing tracks will support our efforts to expand rail infra.

► **Real estate** The sector is booming, driving growth in its supply chain of construction materials, household equipment and more. In the interim budget, Nirmala Sitharaman announced additional 2 crore houses in the next five years to PM Awas Yojana-Urban. The industry is experiencing a noticeable contrast between premium and affordable housing sectors. Buyers are swiftly snapping up premium units, while affordable housing faces challenges in generating demand.

Creating supply where needed, and ensuring a high environmental standard with attention to recycling water, sewage treatment and energy efficiency is critical given the scale of building activity.

► **Capital markets** According to an ASAM study, IPOs in the last 15 months have raised ₹80k cr, highlighting a vibrant domestic equity market. This success enables PE funds and promoters to exit easily with decent returns, encouraging fresh investments. However, only 20% have gone into capex, and 15% have gone to financial institutions to augment their lending capacity. Finance investment in our capital markets must remain a vital focus of this budget and policy over the next few years. We could drive the price of affordable capital for startups down from the 30% currently available to rates more like those prevalent in China, Israel and the US. Let's not tinker with what's working. But increase thrust in areas that need attention, applying the lens of environment-friendly and inclusive growth.

Bell Curves ■ R Prasad



Why practise with past years' question papers when the current ones are available?

ALGO OF BLISSTECH

Spurging Money

Money, if you have enough, is by itself useless. The pleasure comes in splurging it. It's a delightful cha-chacha with decadence. The thrill of walking into a store, and walking out with a big haul of treasures you never knew you needed — and probably don't — is a rebellion against the tyranny of budgets.

Splurging is not just about the spending — it's a rebellion about the emotional high that comes with it. You know the latte is overpriced. So, fill your basket with shoes that scream luxury.

blissful more for your soul than for your toes. Or the sheer ecstasy of booking a spontaneous luxury weekend getaway. It really boils down to freedom and not being tied down by cash.

So, go ahead. Indulge in the guilty pleasure. After all, life's too short to deny yourself extravagance when you're able to not just afford it but wallow in it. The whole point and purpose of money — and money-making — is to get rid of it. What you save are not actually things or experiences, but a gush of dopamine, endorphins, adrenaline...

The writer is chairperson, Rathachild & Co

Keep walking

Recalibrating privatisation

The bullish valuation of PSU stocks has provided space for a more non-aggressive strategy

AHEAD OF BUDGET 2025, there are indications of a policy rethink regarding strategic disinvestments or privatisation of public sector undertakings (PSUs) that was announced with much fanfare in Budget 2022. In the spirit of the government having no business to be in business, it announced that Air India, Neelachal Ispat Nigam Ltd (NINL), Bharat Petroleum Corporation Limited (BPCL), Shipping Corporation of India (SCI), Container Corporation of India, IDBI Bank, BEMIL, Pawan Hans, besides two public sector banks and a general insurance company, would be privatised. However, progress has been somewhat underwhelming with only Air India and NINL going to the Tata Group. Post-elections, the government's reduced majority in Parliament may have also dictated a degree of caution regarding the P-word, which is politically fraught due to the popular perception that it entails selling the family silver to pay the butler.

But a more important reason appears to be the robust performance of PSUs that have outshone their private sector peers in the last five years due to their efficient capital management that has rewarded the government (and minority stakeholders) with much higher revenues and dividends. This uptick in PSU performance has no doubt provided "strategic space" to the ruling dispensation to recalibrate its sweeping agenda for privatisation, which entailed retaining a minimum presence in four strategic sectors while strategically disinvesting the rest. Exemplifying the new mood on the policy front is the fate of the state-owned fuel-cum-refining giant, BPCL. The Union minister of petroleum and natural gas, Hardeep Puri, has clearly stated that plans to sell it were off the table as BPCL was making almost as much profit in a year as the price it was to be sold for.

In 2022, the government called off the sale process as the shortlisted bidders did not put in financial bids amidst concerns of the lack of pricing power of state-owned fuel retailer-cum-refining companies. The government would henceforth pursue privatisation keeping various factors in mind, including the far from conducive prevailing political atmosphere. For such reasons, the government might pursue the existing pipeline of IDBI Bank and SCI but is unlikely to soon take up any big-ticket strategic disinvestments. Unlike strategic disinvestments—which are complicated exercises and politically contentious—plain vanilla stake sales or disinvestments are not so controversial. The P-word entails a shift of management control to the acquiring party in contrast to disinvestments or incremental scrip sales of listed state-owned entities while the government retains majority control. Given the booming valuation of PSU stocks, this might indeed be the best time to partially offload stakes.

As the market capitalisation of 80 listed PSUs has increased 2.56 times to ₹59.5 trillion as of July 12, the government can easily raise substantial revenues by selling minority stakes. For such reasons, the disinvestment targets in the forthcoming Budget 2025 can be more ambitious to fetch the government sizeable "miscellaneous capital receipts" to fund the government's capex plans to boost overall economic growth. Indications are that the government will also raise considerable resources through asset monetisation, including selling parcels of underutilised land of state-owned entities. Relying on market borrowings to finance a public capex push is not desirable from a fiscal consolidation standpoint. While at some point the private sector must do the heavy lifting in terms of investments, the government must garner resources from disinvestments to complement that effort.

Some of Trump's tax cuts worked, but at what cost?

DONALD TRUMP'S 2017 TAX CUTS and Jobs Act was the biggest corporate tax cut in US history. How did it affect the economy? The question has taken on increased importance now that the former president has said that, if he defeats President Joe Biden, he'll like to reduce corporate taxes even further.

Some background: Most economists have long favoured lowering the corporate tax. At its previous rate of 35%—the law reduced it to 21%—the US rate was one of the highest in the world. Under former President Barack Obama, there was a plan to cut it to 28%, along with closing some loopholes. The academic literature indicated that cutting the corporate tax would yield economic benefits, mostly by stimulating investment and economic growth.

Various post-mortems have been performed on the Trump tax cuts over the past few years, but many of them did not have enough data on investment, or sufficiently consider how the tax cuts did not benefit all companies equally. Now there is new data and analysis, the most comprehensive yet. The results are decidedly mixed, but it's clear that Trump's tax cuts were effective along some margins.

One result: Total tangible corporate investment went up by about 11%. That has been a welcome shot in the arm for an economy that was by some measures suffering from an investment drought. The strong state of the Biden economy may, in part, be due to the Trump tax cuts.

The second effect of the tax cuts is more dramatic yet. The federal government's corporate tax revenue fell by about 40%, because of both the lower tax rates and more generous expensing provisions. That decline is from a base level of corporate tax revenue of 2.9% of GDP in 2017.

What it all means is that US corporations got to keep more of their money, and the US government got less. Suffice to say that there is a wide range of opinions about this trade-off. No study of the tax cut itself can resolve those disagreements. Nonetheless, it is central to any assessment of the policy.

The fiscal position of the government is weaker today than it was in 2017, so opinions on that resource reallocation to the private sector might have changed. On the more positive side, there has been a long-run increase in GDP of 0.9%—a substantial sum in an economy of more than \$27 trillion. When it comes to wages, however, the tax cuts have been a disappointment, as labour income rose by less than \$1,000 per employee, far less than had been predicted by the bill's proponents.

On the third hand—I am, after all, an economist—it's also the case that benefits from tax cuts can take up to a decade to appear. It's possible that the pandemic and subsequent high rate of inflation interrupted the natural response to the improved corporate incentives. If true, there still might be more of a bonus from these tax cuts in the years to come. Some conclusions about the tax cut have been more concrete. For instance, the accelerated depreciation provisions generated more investment per dollar of tax revenue than any other incentives in the bill. In contrast, the tax cuts to pass-through firms underperformed. That could be useful knowledge next time the government restructures the corporate tax system.

Ultimately, the final verdict on these tax cuts may come down to whether America can afford them. Currently, the federal deficit is in the range of 6% of GDP. Americans have shown themselves fairly resistant to either spending cuts or tax hikes, so it is far from clear how the budget might move to a more sustainable long-term position. The desirability of any reduction in taxes or increase in spending may depend on what happens with the rest of the budget.

A re-elected Trump would try to protect one of his signature initiatives. A re-elected Biden would let it expire. It remains an open question how hard either one would fight to follow through on their promise.



TYLER COWEN
Bloomberg

BUOYED BY AN appetite for "minimum government, maximum governance" and a reformist approach for various rungs of administration, the Modi government has been bestowed with a historic third term. The mandate imbues a sense of responsibility combined with foresight, as the government casts to stone its first full Budget after the results. There's a chorus of industrial and individual expectations from government directives and fiscal policies. As the nimbus of July descends, the anticipation surrounding the Finance Act 2 is palpable. India, in its quest to become aatmanirbhar, has often recalibrated tax reforms into a panacea for population and revenue administrations. Conversely, the initiation of roundabout tariff structures to address inverted duty structures, customs, compliance procedures, and multi-lateral tax treaty obligations places India uniquely on the map of being a beacon for tax right-handedness. Any potential policy on India's custom landscape will eventually shape the country's trade dynamics and bilateral/multilateral trade and investment treaties.

With a primary objective of substituting imports and strengthening the manufacturing capacity of India, the production-linked incentive (PLI) scheme has managed to gauge the attention of almost all the sectors with its success stories. The scheme, announced during the ravages of Covid-19 in 2020, set out to cover 14 sunrise and strategic sectors including telecom, electronics, specialty steel, high-efficiency solar modules, among others. It has grown from strength to strength in efficiency and enabling of these latest sectors. Case in point: the government's reopening of the PLI scheme for "white goods", with a prime focus on LED lights and air conditioners.

Following this development, major industry associations have been expecting an extension of the scheme to the bur-

DIGITAL PUBLIC INFRASTRUCTURE (DPI) is a unique Indian innovation that revolutionised identity, payments, commerce, credit, among many sectors. The 2023 Economic Survey estimated that DPI could add between 60 and 100 basis points every year to India's economic growth potential.

DPI, as an interoperable, open, and inclusive system, can play a critical role in accelerating digital transformation. It is an infrastructure-based approach to achieve societal goals through an ecosystem (comprising technology, markets, and governance) built in public interest and leveraging private innovation.

Think of the payment apps built on top of the Unified Payments Interface or Know Your Customer applications built on the foundation of Aadhaar. Account aggregators, Open Network for Digital Commerce and Open Credit Enablement Network have created the plumbing for financial and commercial transactions. It is now time to harness the versatile power of DPI: India needs a climate stack.

The intense heatwave from North India this year or the devastating floods in Sikkim and Assam are only a few examples of climate events that significantly hit human and business activities. Four aspects emerge.

Physical changes: The physical impact of climate change-induced events applies through almost all segments of society: agriculture, businesses, homes, health, insurance, etc. The impact is seen in physical aspects like soil, houses, infrastruc-

LETTERS TO THE EDITOR

Skilling and jobs

It is a well-known fact that capital runs after profit without any sentiments. Profit comes from skill and productivity. Investors cannot compromise on skills while recruiting workforce. The reservation decision by Karnataka will naturally have no takers from the investors, and if the government insists even the existing firms may think of relocating their

MUKESH BUTANI
SHANKEY AGRAWAL

Respectively, managing partner, and partner,
BMR Legal Advocates

geoning electronics sector. The Budget may potentially unravel reforms to tap this potential. However, one must exercise caution, especially vis-à-vis the need to streamline computation mechanisms and easing the processes of application and subsequent disbursement.

Along with fostering domestic manufacturing, there is a significant expectation that the Budget would incorporate reforms to streamline large-scale manufacturing. For India to be at par, a being noble and vaunted, may not be the be-all and end-all.

In the wake of a rampant proliferation of high-end technology and a Mayfair digital economy, global value chains (GVCs) elicit the attention of the government. This found a prominent mention in the National Democratic Alliance's electoral manifesto. The India-China trade war has certainly disrupted the global trade map and affected the flow of goods between countries. While India aspires to compete with China and Vietnam as the global factory floor, the deliberative aspect lies in contemplating whether the laws are self-sufficient. The nation has adequate certainty in laws to promote free flow of raw materials into and manufactured goods out of India.

India's customs procedure, transfer pricing law, and source-based principles governing attribution of profits to the permanent establishment of non-resident foreign companies deserve a relook.

With an aim to boost trade, India has inked deals and FTAs with Sri Lanka, Bhutan, Thailand, Singapore, Malaysia, Korea, Japan, Australia, the UAE, Mauritius, and the Association of Southeast Asian Nations. Consequently, these FTAs have opened new markets for Indian goods and services by eliminating tariffs and non-tariff barriers. However, complex certification requirements and exigent rules of origin under the FTAs have dented India's overall import position. The CROTOR Rules, 2020, which were implemented to protect the domestic

THROUGH THE LOOKING GLASS

India needs a climate stack

AKHILESH TILOTIA

Public policy strategist and climate finance expert
Views are personal

ture, and supply chains.

Business and insurance: Businesses see revenue losses, stalled operations, increasing expenses, or investment requirements. Many areas are becoming uninsurable as insurers and reinsurers are unable to come to a common understanding of what a good model of future losses could look like at a time when regulatory reporting requirements with respect to climate are increasing.

Public intervention: Governments are being called upon to make global commitments and develop policies to attract investments. This impacts fossil fuel tax revenues and increases climate investment incentives. Governments are now required to invest in resilience and face uninsured expenditure for immediate relief after a crisis.

Time: Climate change events in the short run require quick adaptation measures. In the longer run, citizens and communities must develop a resilient lifestyle, or in extreme cases find new places and ways to live. The short- and long-term impacts feed into each other, requiring high quality data and forecasting.

At its core, a climate stack puts together the many pieces of information that various participants are observing. This information can be historical: weather data like temperature, humidity, precipitation, and significant events,

Climate stack, a common platform with standardised vocabulary on climate, can create a shared language for all

losses, etc.; current: soil conditions, insurance rates, type, frequency, and impact of damage, etc.; future: model-based forecasts of weather events or their impact, or investments planned.

Many data points are already public, produced by authorities or agencies charged with their production and maintenance. Many like a time series can be collected via a digital ecosystem of internet-of-things devices, subject to privacy and consent. Similarly, various agencies, largely in the public or academic sphere, are building forward-looking models on climate impacts.

These data and models are being developed independently. Enterprises are integrating aspects pertinent to power forecasting and action systems. For example, ITC, along with an ecosystem of partners, has created artificial intelligence-powered models to identify micro and near-term impact of weather patterns that are disseminated to stakeholders (farmers, officers, supply chain participants), with advice on contingent actions.

Climate stack, a common platform with standardised vocabulary on climate terms and information, can create a shared language for all participants. It can foster reciprocal data relationships: all participants can receive input and offer data. This will help aggregate and develop learnings. A common understanding can

Taxing the rich

A debate on imposing additional taxation on billionaires and the super rich has again picked up momentum. This time, it seems to have gathered greater relevance and context. A singular pursuit of wealth has led to its huge creation for a few through innovation and technology, resulting in even more disparity. The history of monetary control

GROWTH PERSPECTIVE
Vice president Jagdeep Dhankhar

People from outside cannot judge India. They do it from their own perspective. There are many people, less in the country and more outside, who are unable to digest our unexpected and unimagined progress, that we are becoming a superpower

RAISING MANUFACTURING

FARSIGHTED MEASURES EXPECTED TO BOOST EXPORT OF MANUFACTURED GOODS

Budgeting for a Viksit Bharat



Respectively, managing partner, and partner,
BMR Legal Advocates

The cynosure of the Budget on making India central to all aspects of the value chain shall intertwine with envisaging an ecosystem conducive for the operationalisation of these large, thriving GVCs. The worldwide production of electronics, for instance, is highly consolidated among a group of nations such as South Korea, Taiwan, China, Vietnam, and Malaysia. Currently, India lags behind these nations in creating large-scale manufacturing. For India to be at par, a

string of regulatory reforms for tax, tariffs, and labour, along with increased focus on introducing preferential incentives for production, infrastructure development, skilling, and R&D is sacrosanct.

The underlining objective behind executing free trade agreements (FTAs) will be to harmonise standards of trade between participating countries.

With an aim to boost trade, India has inked deals and FTAs with Sri Lanka, Bhutan, Thailand, Singapore, Malaysia, Korea, Japan, Australia, the UAE, Mauritius, and the Association of Southeast Asian Nations. Consequently, these FTAs have opened new markets for Indian goods and services by eliminating tariffs and non-tariff barriers. However, complex certification requirements and exigent rules of origin under the FTAs have dented India's overall import position. The CROTOR Rules, 2020, which were implemented to protect the domestic

industry from misuse of FTAs by ensuring verification of the country of origin, has merely morphed into a draconian compliance measure for importers. The responsibility to prove the origin of goods now falls on these intrepid importers, which necessitates an urgent relook. Further, the drawback of export incentive schemes such as "Services Export from India Scheme" and "Merchandise Export from India Scheme" in lieu of the World Trade Organization dispute has left exporters hoping for newbalancing measures. There is a significant anticipation that the Budget will finally develop clear and precise procedures for streamlining trade to realise aspirational goals.

Close on the heels of the amnesty strides for taxpayers during the Interim Budget in February, the government is expected to revitalise amnesty schemes for the resolution of lingering customs and goods and services tax litigations. Along the lines of past amnesty schemes such as Sakhi Vishwas and Vishwas Vishwas, such a roster will reduce the backlog of tax litigation in the country which will otherwise waste precious revenue and time of the administration.

The upcoming Budget holds promise for fostering a spirit of transformative transcendentalism, in which tax reforms remain the show-stopper. "To tax, we are, and with tax, we grow" should be the hallowed call for finance minister Nirmala Sitharaman. Come July 23, the government initiatives this Budget shall indubitably gear towards reimagining and promoting India with a granular focus on ensuring efficiency and ease of compliance. It shall herald a progressive wave of development-centric transformation across sectors to propel India to glory.

Co-authored by Harsh Shukla, managing partner, BMR Legal. With contributions from Shreya Wadhwa and Lopamudra Mahapatra, associates, BMR Legal

Society, business, and policymakers need data and models of climate change; building a tool that houses a common understanding can empower all stakeholders

power robust forecasting methodologies. Unlike in traditional insurance where risks are empirically estimated through long-range data sets, climate risks are based on forecasts. Standard forecasting models can create a common definition and understanding of the risks being underwritten. With short-range and granular forecasting, such a tool can create a dispersed model of interventions.

The stack can also feed into various other initiatives: Gati Shakti in infrastructure, building codes in different locations, health-related digital interventions, or serve as the base for business reporting and supply chain planning. It can become a repository of India's carbon emissions and inventory of its credits. In global negotiations, an open and transparent stack can create further confidence in our interventions to peak and bend our carbon curve to zero. Models and forecasts built on the stack can offer alternative ways to achieving India's 2070 net zero goal.

Just like the DPI ecosystems, building a climate stack will require a grouping of climate stakeholders from engineering, social impact, financing, regulation, etc. to build common standards. It will require the convening power of the government, preferably in a separate entity like it was done for the unique identification project. Cross-ministerial and cross-sectoral support of the sector will be required to make this stack a success.

With inputs from Sivakumar S, ITC and Ruma Sarkar, IIM Calcutta

would show that governments do not tax the rich just because inequality is high. The basic tenet of tax administration is of treating people as equals. The moot point is whether taxing the rich would advance or undermine this premise, given that social safety net for the lesser privileged is so inadequate.

—R Narayanan, Navi Mumbai

Write to us at letters@expressindia.com

10 THE EDITORIAL PAGE

WORDLY WISE
THE COURT IS THE BUREAUCRACY OF THE LAW. IF YOU BUREAUCRATISE POPULAR JUSTICE THEN YOU GIVE IT THE FORM OF A COURT. —MICHEL FOUCAULT

The Indian EXPRESS

FOUNDED BY
RAMNATH GOENKA
BECAUSE THE TRUTH INVOLVES US ALL

RAHIM ALI, INDIAN

Supreme Court restored his citizenship, over two years after he died. Those who failed him, and others, must answer

THE SUPREME COURT'S judgment last week confirming, after a 12-year legal battle, that Rahim Ali is an Indian citizen, is a judicial milestone. Its sheer, however, is dimmed by the fact that Ali is not present in his moment of vindication. He died two-and-a-half years ago, after living with the constant fear that he would be uprooted from his home in Kashimpur village, Nalbari district, Assam. Ali's story, at once tragic and absurd, is symbolic of the promises not kept in the fundamental social contract between citizen and state, enshrined in the Constitution's letter and spirit. Ali's wife, Hajera Bibi, on learning of the Court's verdict, told this newspaper: "What is the point now? The fear that he lived under, of being taken away, died with him. If they still wanted to call him a foreigner, what would they have done? Picked him up from his grave?" The question, steeped in sadness and anger, is a reproach. It is also a call for accountability from an opaque and labyrinthine process that casts the onus of proving their innocence on the vulnerable.

Under Section 6 of the Foreigners Act, people excluded from the citizenship register can file an appeal in a Foreigners Tribunal (FT). In 2012, an FT delivered an ex-parte order declaring Ali a foreigner. The Gauhati High Court dismissed his petition, filed on the grounds that he could not appear before the FT because of a medical condition. Rahim Ali's family — mostly agricultural labourers — sold or mortgaged what little property they had to meet travel and legal expenses. After years of twists and turns, when the SC finally upheld his citizenship, it was too late. Unfortunately, his tale is not unique. The Assam government's figures paint a shocking picture: According to its submission in the state assembly in February, 100 FTs had disposed of 3,37,186 cases at the end of last year and 1,59,353 people were declared foreigners. As many as 94,149 cases are still pending. How many of the 1,59,353 have been unfairly stripped of their citizenship like Rahim Ali? For how long, and by what justification, will the nearly 1 lakh people whose cases are pending live under the Sword of Damocles? If, like with Ali, it is found that the FTs and Assam police were wrong, will the government compensate them — can it — for their trauma, time and expenses?

The SC chided the state police for not having any material support for its claim that Ali came from Bangladesh. It must also look into why quasi-judicial and judicial bodies saw fit to disenfranchise him despite the lack of evidence. Disturbing, too, is the rise of a political idiom that seeks to paint many like Ali with the broad brush of exclusion. On Wednesday, Assam Chief Minister Himanta Biswa Sarma raised a familiar bogey at a meeting in Jorhat: "I've witnessed this 'love jihad' and 'land jihad' firsthand in Assam, where 40 per cent of the population comprises Bangladeshi infiltrators." The figure he cites is close to the Muslim population of the state. The Constitution promises liberty, equality and dignity to every citizen. The criminalisation and disenfranchisement of Ali, and others like him, is a betrayal of that promise. Until that changes, Hajera Begum's question — what is the point now? — will continue to tar a justice that is hard to find or comes too late.

ALL-WIN

The digital registry, U-Win, could be a game changer. It should lead to a more expansive vaccination programme

DESPIITE THE CHALLENGES, India's Universal Immunisation Programme (UIP) is one of the major public health success stories, globally. With the government planning the launch of a digital vaccination registry, U-Win, on August 15, the UIP is poised to be placed on a much surer footing. The portal will steer the inoculation of 29 million pregnant women and 26 million infants annually against vaccine-preventable diseases. Under the current system, inoculation data is recorded manually by ASHA workers and then collated in state and national-level registries — this process usually takes more than a month. Immunisation at private healthcare facilities is often not recorded. U-Win will capture every vaccination event and ensure the availability of real-time vaccination data to healthcare policymakers. Such information flows could improve planning and lead to more responsive outbreak-averting interventions.

In 1978, India's first national immunisation programme against multiple diseases — then called the Expanded Programme for Immunisation — comprised four vaccines. The UIP today targets 12 diseases. NFHS data show that close to 80 per cent children in the 12-23 months age bracket have received the recommended vaccines. In recent years, however, surveys have flagged concerns. Routine immunisation services were disrupted during the Covid pandemic. The vaccination drive picked up in 2022. But, WHO-UNICEF data for last year indicate a minor dip in the percentage of children inoculated against diphtheria, pertussis and tetanus. Studies have also underlined that a section of India's migrant population gets left out of the UIP, or does not receive timely jabs. Another big challenge is to reduce the number of children who drop out from the vaccination programme. U-Win, which can be accessed from any geographical location, could be a game changer — it can improve vaccine coverage among disadvantaged groups, ultimately reducing infant mortality rates. Parents will get SMS alerts on the date for the next jab and they can book slots in advance anywhere in the country, without having to carry physical records. The authorities must, however, take care to ensure that India's digital divide does not come in the way of beneficiaries keeping their date with the vaccinator.

During Covid, the COWIN platform played a key role in vaccine delivery. Another portal, the e-Vin, has been tracking vaccine-related cold chain logistics since 2015 — it has ensured an 80 per cent reduction in instances of vaccine stock-outs. Now U-Win is slated to become the world's largest immunisation registry. The country's impressive suite of digital delivery systems should pave the way for making the UIP more expansive. There is a compelling case for including the HPV vaccine, for example, in the programme.

GARBAGE TIMES

A new Chinese formulation could help make sense of a time of chaos and conflict

CALL IT DESPAIR, with Chinese characteristics. The buzz among social media users in China is that their country has entered a new historical era, which has been dubbed as "garbage time" — a term used in sports to describe the minutes left on the clock when the results are clear, and there is already a definite winner and a loser. It is obvious which side Chinese internet users find themselves on, in a country where a stagnating economy has led to rising unemployment, surging food prices and a generation that no longer believes in the promise of the "Chinese century".

This particular use of the term first surfaced in an article written by the editor of a Guangzhou newspaper, ostensibly about "garbage times" of the past — like the Soviet Union's terminal decline after its 1979 invasion of Afghanistan — but widely agreed to be a veiled reference to Xi Jinping's China. The government — astid with precursors of "garbage time", like "tang ping" (lying flat/giving up) and "neijuan" (inward curling/burnout) — has deployed its mouthpieces to rubbish the notion.

The Chinese have unique problems, but at a time of global chaos and conflict, record-breaking summer temperatures and super storms, "garbage time" could make for wider usage. How else to describe an epoch when a pile of trash called the Great Pacific Garbage Patch becomes big enough that it shows signs of supporting a coastal ecosystem of its own? From paper to silk, tea to gunpowder, the Chinese have contributed much to the rest of humanity — a new formulation of humour and hopelessness, with which to make sense of a world that resists all such attempts would only be the latest.



HUSAIN HAQQANI

PAKISTAN'S DEPUTY PRIME Minister, Ishaq Dar, has walked back an announcement by the country's Information Minister Attaulah Tatar about the government's plans to ban the party of imprisoned former prime minister Imran Khan. But the idea of banning Pakistan Tehreek-e-Insaf (PTI) has been delayed, not abandoned. An outright ban would be no more effective in denting Khan's popularity than other high-handed measures so far. It will also add to Pakistan's political instability at a time when the government's priority should be restoring economic health and pursuing durable peace with its neighbours.

Pakistan's constitution allows proscription of a "political party (that) has been formed or is operating in a manner prejudicial to the sovereignty or integrity of Pakistan." The country's military-led establishment has been instrumental in banning other parties in the past, most notably the National Awami Party (NAP), led by Pashtun nationalist Abdul Wali Khan, son of Indian freedom fighter Abul Ghaffar Khan.

NAP was banned twice, once under Martial Law in 1970 and then again in 1975 under civilian rule. The second time, the Supreme Court of Pakistan upheld the ban, citing the party's opposition to the ideology of Pakistan and its championing of Pashtun and Baloch rights. Party members reorganised first as the National Democratic Party (NDP). The NDP still exists and has led or been part of several governments in the northwest Khyber-Pakhtunkhwa province since the 1980s.

If the ban on NAP, a party despised by Pakistan's establishment for its secular, pro-India stance, proved difficult to sustain, it is unlikely that it would work against the populist PTI. Imran Khan is the civilian face of the Pakistan establishment's traditional worldview. He espouses a particular mix of Pan-Islamism, Muslim exceptionalism, and anti-India Pakistani nationalism that can be identified with military rulers such as General Ayub Khan and General Pervez Musharraf.



JAI ANANT DEHADRAI

IMAGINE BEING TAXED each time you went for a walk, to print a document, or for simply having your limbs intact. This is precisely the manifest injustice being faced by millions of disabled Indians. Although it sounds absurd and patently unfair, this is a consequence of the Goods and Services Tax regime prevalent in India. This law was enacted in 2017 to simplify and consolidate India's tax regime. For the last seven years, since its enactment, disabled individuals who rely upon prosthetic limbs, Brailers and wheelchairs must compulsorily pay an additional five per cent tax on these essential mobility aids.

Revenue policymakers in India have created such a regime which not just discriminates against the disabled but goes a step further and effectively penalises them for being disabled. This comes as a surprise given Prime Minister Narendra Modi's concern for the disabled whom he refers to as being "divyang" — which means divine in Hindi. The constitutional position concerning this brazen illegality is unambiguous. A tax regime which has the effect of penalising movement and learning, activities that able-bodied individuals do not pay any tax for, outrightly fails the test of reasonableness under Article 14 of the Constitution. Even without applying any esoteric and complex legal principles, a layman can also understand the unfairness of the arithmetic behind this.

Let us take the case of a wheelchair user who pays five per cent GST for a motorised wheelchair costing Rs 1 lakh. If the life of the wheelchair is taken to be 500 kilometres, the tax burden on the disabled user can easily be worked out to be Rs 10 per kilometre.

Any move in Pakistan to ban Imran Khan's PTI will hurl nation further down the road of authoritarianism

If the ban on the National Awami Party, despised by Pakistan's establishment for its secular, pro-India stance, proved difficult to sustain, it is unlikely that it would work against the populist PTI. Imran Khan is the civilian face of the Pakistan establishment's traditional worldview. He espouses a particular mix of Pan-Islamism, Muslim exceptionalism, and anti-India Pakistani nationalism that can be identified with military rulers such as General Ayub Khan and General Pervez Musharraf.

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After his ouster in a parliamentary no-confidence vote in April 2022, Khan doubled down on his populism, adding generals to the list of villains from whom he would save Pakistan. That has created a powerful narrative of victimhood, blaming Pakistan's elites and foreign conspiracies for the country's problems. Like other populists, Khan does not offer realistic solutions to serious problems. But he gives an opportunity for powerless people to vent their rage and frustration.

Khan's popularity represents the dominance of the establishment's ideology over Pakistan thinking even when the military's current leadership wants to break from it. His rise to power in 2018 may have been orchestrated by the military but now his support base is very real. PTI supporters are angry with the military for breaking up with Khan and turning to the politicians that the military and PTI had together described as corrupt.

The uneasy alliance between the military leadership and the allegedly corrupt politicians faces challenges from within the establishment as well. Not all military officers and judges, and their family members, are willing to turn their backs on Khan and embrace politicians whom they have been brought up to hate. But he gives an opportunity for powerless people to vent their rage and frustration.

Efforts to deny PTI additional seats in parliament, reserved for women and religious minorities, were recently foiled by the country's Supreme Court. A reliable establish-

ment ally in the past, the superior judiciary currently appears to be swayed by public opinion. If PTI is banned, there is no guarantee that the Supreme Court would uphold the ban.

Pakistanis interested in politics seem to be fed up with hybrid regimes maintaining the trappings of democracy while being run from behind the scenes by military intelligence officers. But there is little consensus among politicians on how to revive the country's stagnant economy, running on borrowed money for years.

Moreover, none of Pakistan's political parties know what to do with the terrorists, nurtured as proxies against India and Afghanistan, who have become a threat to Pakistan's internal security.

There is little fresh thinking about foreign policy either, beyond PTI's populist nationalist rhetoric and the ruling coalition's cautious formal engagement with other countries. While politicians squabble and quarrel, pursuing personal conflicts and extreme narratives, the military still retains the ability to craft plans, however flawed, to run the country.

A ban on PTI would hurl Pakistan further down the road of absolute authoritarianism. A direct military takeover would not be far, although, in the current environment of negativity towards the army leadership, it might not be easy for the military to rule without civilian cover.

To avoid bringing the country to that crossroads, Pakistan's politicians (including Khan) need to take a path they have never taken before by cooperating with one another instead of confrontation and polarisation. But will it happen soon enough to avoid the disaster that awaits Pakistan's democracy?

The writer, former ambassador of Pakistan to the US, is Diplomat-in-Residence at the Anwar Gargash Diplomatic Academy in Abu Dhabi and Senior Fellow at the Hudson Institute in Washington DC

DISABLING THE DISABLED

GST on wheelchairs, Brailers is discriminatory, reinforces message of inferiority

Naturally, an able-bodied person would scoff at the notion of having to pay the government a tax for every kilometre they walk. Similarly, a blind person today must absorb the tax burden of a Braille publisher, which is an additional levy owing only to them being blind. Such a tax levied on goods used by people with disabilities for their movement and to acquire knowledge amounts to the most explicit and trenchant form of discrimination possible.

The Supreme Court has had numerous occasions to test the constitutionality of a tax levied by the government in landmark cases such as *Sakal Papers* (1961), *Indian Express* (1984), and more recently, *Aashirwad Films* (2007). Our judges have consistently struck down any tax, cess or duty, which have had the effect of even indirectly curtailing a fundamental right. In *Sakal Papers*, the Supreme Court struck down the government-imposed restrictions on advertising in newspapers as being violative of free expression — noting that reduced advertising would lower the circulation of the newspaper thus impacting the citizen's fundamental right to free speech and expression under Article 19(1)(a). Similarly in *Indian Express*, a case which came 23 years after *Sakal Papers*, the Supreme Court while striking down the customs duty imposed on newspaper, termed such a levy as being a "burden imposed on the common man for being literate and for being conscious of his duty as a citizen to inform himself about the world around him." In *Aashirwad Films*, the Supreme Court considered the constitutionality of a tax levied on non-Telugu movies being screened in

Andhra Pradesh. While striking down this clearly discriminatory levy, the Court went so far as to term such a tax as being "socially divisive".

The tax imposed on disability aids is no different. It has the effect of perpetuating negative stereotypes against those who are disabled by expressly penalising their disability as against their able-bodied counterparts who bear no such tax burden for performing the most basic of tasks — walking and reading. In 2024, such a tax regime must no longer remain on the books. Even when tested on the anvil of Article 15, which prohibits discrimination on grounds of "place of birth", this tax fails. The phrase "place of birth" used in this provision must be given a purposive interpretation to include individuals with disability and on that ground too, such a tax must be struck down. In fact, the government enacted the Rights of Persons with Disability Act in 2016, which, under Section 3, specifically prohibits discrimination against persons with disability. Chief Justice D Y Chandrachud in a landmark judgment from 2021 on Article 15 (J. C. D. Nishu) held that the conception of equality requires the recognition of indirect discrimination.

Even though the GST revenue collected from disability aids is minuscule as compared to the total figure, the issue is one of dignity for the disabled and by taxing them for something as basic as movement and reading, we send them a message not of empowerment but of inferiority.

The writer is an advocate practising before the Supreme Court of India



JULY 19, 1984, FORTY YEARS AGO

CITIZENS JOIN SEVA

OVER 100 CITIZENS of Amritsar on July 17 joined the Budha Dal Nihang chief, Santa Singh, and his followers in performing kar seva at the Golden Temple complex, ignoring orders of the high priests, who met to decide what action to take against the chief for disobeying their hukam to halt voluntary service. Singh even ridiculed their orders.

FOOD ADULTERATION

THE RATE OF food adulteration in Delhi is alarming. According to a market survey by Mahila Dakshita Samiti, it is as high as 70

per cent in the city's outlying areas like Azadpur and Jahangirpuri. Within the main city, adulteration ranges between 40 per cent in Yusuf Sarai to 22 per cent in Hauz Khas. Officials in the Delhi administration's Prevention of Food Adulteration (PFA) department confirm that adulteration is rampant in the capital.

ARMY'S FLOOD RELIEF

THE ARMY'S SWING into relief and rescue operations in the flood-affected areas of West Bengal and Bihar while the situation has shown little improvement in Assam. About 150 army officials with 12 power boats were

issued to rescue marooned individuals, while the surging waters of the Mahananda River engulfed more parts of Bihar's Katihar district. More than one million have been affected as a result of the floods in the state.

EFFICIENT POWER USE

THE ENERGY MINISTER, Shiv Shankar, emphasised the need to make efforts to operate thermal power plants at a higher plant load factor, at a meeting of power ministers. The meeting was attended by the Planning Minister, who also called for improvement in the working of state electricity boards and checking transmission and distribution losses.

THE IDEAS PAGE

DIS/AGREE
THE BEST OF BOTH SIDES

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



C R Sankar

The Supreme Court has asked the Centre to frame a menstrual leave policy that ensures women are not discriminated against at the workplace. But should discrimination even be a part of the conversation?

Too late, it should happen now

Is the concern really that it may fuel discrimination against women? Or is it that this is going to be seen as discriminatory to men?



MANJIMA BHATTACHARYA

LAST WEEK, THE Supreme Court dismissed a petition to make menstrual leave mandatory at the workplace stating that "mandating such leave will lead to women being shunned from the workforce". The Court's statement follows comments by several politicians over the last year. The former Union Women and Child Minister, for instance, took a stand against menstrual leave in Parliament saying it would be used to discriminate against women and asked the house, "Why should a woman's menstrual cycle be known to her employer?" In other words, that it is a private matter and should remain so, not spilling into public life or the workplace.

These quick dismissals of menstrual leave don't give us time to really engage with the proposal and think it through, because it is a tricky proposal that even women's rights activists have been unsure of, although for different reasons. Their concern is that it will lead to a return to women being determined by their biology after struggling to be seen as humans beyond their reproductive organs. That it may reinforce stereotypes of women as being weaker or needing special treatment, everything women's liberation movements have fought against.

At the same time, there is a freshness and boldness to acknowledging the challenges of working when in pain and discomfort, something women have gritted their teeth and done for generations. There is a radical appeal to the idea that menstruation is not sickness (and so should not be tethered to the misnomer of "sick leave") and to name it is to normalise it.

The Court's suggestion that the government undertake consultations to formulate a model menstrual leave policy is an opportunity to understand what it might really mean in practice.

Menstrual leave policies translate to a day of paid leave that women can take at their discretion without advance notice or the need to submit a certificate, or other provisions that aim to make working a more comfortable experience for women. Several countries in South-East Asia have legislation with varying designs -- from an optional day of menstrual leave every month, to three days off a year, flexible arrangements such as remote work, a more comfortable space to work in for women on their period, or longer breaks in the workplace a few days a month.

Do women actually use the provisions?

The little research that exists seems to suggest that it depends on cultural norms, and that this is the actual problem at hand -- that women do not use it because of the shame associated with menstruation. Japan has had a menstrual leave provision in their labour law since 1947, but women rarely avail of it because of said cultural taboos. Spain, and more recently Ireland, passed legislation on menstrual leave after a successful trial period. Bihar has had a menstrual leave provision for government employees since 1992, and Kerala introduced policies in 2023. In no instance has it been reported that a menstrual leave policy prevents employers from hiring women.

So, is the concern really that menstrual leave may fuel discrimination against women? Or is it that this is going to be seen by the male workforce as being discriminatory towards men? Laws and policies that aim to account for disadvantages (affirmative actions, compensations, special needs) are often seen as discriminatory rather than humane and socially responsible. Compared to inherent advantages men have because they are male (gender pay gap, boys' clubs, the lack of slut-shaming, sexual harassment and a glass ceiling, to name a few) the advantage here is perhaps negligible.

It is hard to describe what a painful period experience is like for many women, and how much it can derail everyday life for all women. Regardless of this, it should not be too difficult to trust that a colleague

is not able to function as productively for a day or two, and it's not an excuse for shucking work.

Instead, menstrual leave should be placed alongside broader conversations on self-care and the workplace. We live in a work environment where taking leave is guilt-ridden and seen to be reflective of bad work ethics. It is not unusual for people to brag about the number of sick leaves or vacations they did not take, as if it is a badge of being a good worker. Policies that try to make it more manageable

for women are one of several measures employers can take to encourage employees to take leaves for self-care, whether for period pain or otherwise.

A regular biological fact like menstruation should not be shameful. It's alright to not have to act as per normal if you are in pain or discomfort. This is a chance to stop the charade. If women are in discomfort, they should be able to take the day off -- and not pay a penalty for it.

In 1978, American journalist and feminist Gloria Steinem wrote a piece called "If Men Could Menstruate" in which she imagines a world of menstruating men. Where "men would brag about how long and how much" and the world would celebrate menstruation without a trace of taboo.

In this world, surely a little menstrual leave would have been a reality already.

The writer is a sociologist and author of *Intimate City*

Acknowledgement of menstruation is central to policy intervention. It is only a matter of time that we witness concrete measures



SNEHA BANERJEE

THE SUPREME COURT of India recently disposed of a writ petition that sought directives for implementing policies for menstrual leave to women, emphasising that it was for the executive to decide and not the courts. The petitioner had sought provisions for menstrual leave to be included under the Maternity Benefits Act, 1961. It seems logical host legislation to nestle in a new policy provision as menstruation broadly concerns reproduction, and that this legislation provides for leaves to women at the workplace. There have been some initiatives on this from the executive, despite polarised arguments on the rationale and efficacy of menstrual leaves. On one hand, those in favour of such leaves envision them as a relief measure that accommodates the needs of those who are menstruating. On the other hand, there are apprehensions that instead of inclusion and support, these leaves would further stigmatise menstruation and employers would be disincentivised to hire and/or promote women. There are also arguments that flag concerns about misuse.

Let me start by saying two things: That the

goal of gender equality is to be achieved, that the Indian state has committed itself to, then denial and invisibilisation approach towards menstruation cannot continue. Provisioning for accommodations in the public, beginning with educational institutions and workplaces, is a necessary initiative. Global historical policy experience indicates that even when provided for, such leaves are often not availed. Does fear of discrimination explain this alone?

Or, is a deeper consideration of how diverse needs must be accounted for needed?

A deeper consideration of how diverse needs must be accounted for in ways in which we envisage people's socio-economic participation? In times where there are prominent voices that valorise inhuman working hours as a hallmark of efficiency, commitment and productivity, how do we address the need for care, empathy, and valuing health in physical, mental and emotional senses as a society? Overall, there are formidable indications that there is growing acknowledgement of menstruation as an important area of policy intervention. In that sense, it seems that the issue is no longer whether or not there ought to be menstrual leaves, but that of devising ways of providing for them. Given these, it is only a matter of time that we witness concrete measures, that are hopefully need-sensitive and rights-based in their orientation.

provisions be available for all, arguably unconsciously, so as not to fuel stigma and cast aspersions on "productivity based on menstrual cycles". Yet, no clear roadmaps are laid out regarding modalities of such provisions.

Earlier, in 2018, Nisong Ering, a Member of Parliament from Arunachal Pradesh, introduced a Private Member Bill (PMB) titled "The Menstruation Benefits Bill", which provided for two days of paid menstrual leave, four days leave for students in Class VIII or above, as well as provisions for "thirty minutes of rest period twice a day for not more than four days during menstruation in a month". Interestingly, in its approach it drew not just on the Maternity Benefits Act (which lays down leave provisions as well as nursing/breaks, crèche, etc.) but also on the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013 for redressal of grievances. Since 2018, there have been five PMBs on menstruation related issues, that have dealt with access to hygiene products and menstrual leaves. All of them have since lapsed.

Socio-culturally, there are diverse ways in which menstruation is celebrated as well as stigmatised. It is celebrated as a marker of fertility and stigmatised for being "dirty" and "impure". As a natural biological phenomenon, menstruation and related bodily ramifications can range from minor discomfort to cramps and pains that render one periodically incapacitated. However, those who menstruate are socially conditioned to cope with these in ways that mostly include non-acknowledgement in our social functioning in direct contrast to how all-encompassing it is as a bodily experience. If the

mandating job reservation for locals on hold. The Bill had proposed to reserve for Kannadigas 50 per cent of all jobs in the management category and 75 per cent in the non-management category. Notably, a similar law was passed by the BJP government in Haryana, but it was declared unconstitutional and struck down by the high court in 2023. The draft Bill infringes upon Article 14 (equality before law), as a fundamental wedge is sought to be created between people domiciled in different states, which is contrary to the concept of common citizenship in the Constitution. Industry leaders and institutions, including Nasscom, believe this would deter talent and investment from flowing into the state.

Khokan Das, Kolkata

BATTLING TERROR

THIS REFERS TO the article, "What's needed in Jammu" (IE, July 18). Currently, there is a definite need for a larger security presence in Jammu. This has to be followed up with regular tactical operations to preempt any future terror attacks. However, anti-terrorism strategies are not addressing the root cause of terrorism in Kashmir. A permanent solution to this malady needs to be found. Hateful narratives will not allow for lasting solutions. Such ideologies only create a trust deficit within the people of J&K. Policymakers should never forget that

The writer is assistant professor, Department of Political Science, School of Social Sciences, University of Hyderabad. Views are personal

WHAT THE OTHERS SAY

"The conditions of frustration that have fuelled far-right insurgencies in many other democracies are not absent in Britain. To neutralise that threat, the prime minister is betting on state intervention to ease the cost of living crisis and restore public faith in politics in the process."

—THE GUARDIAN

Let the Opposition speak this session

Fairer distribution of time in Parliament is not just about procedure, but accountability and representation



ZERO HOUR
BY DEREK O'BRIEN

Question: When Parliament does not function or is disrupted, who is the biggest beneficiary?

Answer: The government in power.

THE LOGIC IS straightforward. One, the government is accountable to Parliament; two, Parliament is accountable to the people; three, when Parliament is dysfunctional, the government is not accountable to anyone!

The total time scheduled for the upcoming session of Parliament is 190 hours. Here is how this time is divided between the government and the Opposition. About half the questions for Question Hour and half the number of notices for Zero Hour are filed by Opposition MPs. This adds up to 31 hours for members of the Opposition to raise questions and matters of public importance. In comparison, the Union government gets 135 hours out of the total 190 for government business and other issues -- a whopping 70 per cent of the total time.

There is a legitimate need to cut down on the hours available to the government. Allot more time to the Opposition. Four hours must be reserved each week, in each House, to allow discussions on matters of urgent public importance. Additionally, two hours should also be reserved for a Calling Attention motion (here the MP brings a matter of urgent public importance to the relevant Minister's notice who is mandated to reply). This will give the Opposition an added six hours each week in both Lok Sabha and Rajya Sabha to raise important issues of national public importance. This would mean about 117 hours for government business and 45 hours for the Opposition. A much fairer system.

In recent years, several critical legislative decisions have been made without adequately hearing out the Opposition. For instance, the farm Bills initially came as an ordinance, and were not sent to the department related parliamentary standing committees or the select committee of the Rajya Sabha for scrutiny, as the Opposition requested. Passed by voice vote in the Rajya Sabha, Opposition demands for a vote were ignored. Ultimately, these laws had to be repealed.

Notably, in the 17th Lok Sabha, a total of 221 Bills were passed. More than one-third were hurried through with less than a 60-minute discussion. Only one out of six Bills was scrutinised by Committees. Even the ones that made it to the committees were handled casually. The Bharatiya Nyaya Sanhita, 2023, which proposes a sweeping overhaul of the criminal justice system with 356 amendments, along with the Bharatiya Nagrik Suraksha Sanhita and Bharatiya Sakshya Bill were all discussed in merely 13 sittings. In comparison, the Code of Criminal Procedure (Amendment) Bill, 2006, with its 41 amendments, was scrutinised by the Home Affairs Committee over 11 sittings.

Another recent issue that saw minimal participation from the Opposition was the "discussion" on the Parliament security breach. In 2001, when Parliament was attacked, both houses of Parliament engaged in a comprehensive discussion involving the Prime Minister and the Home Minister. This inclusive dialogue demonstrated a commitment to addressing security concerns collaboratively and transparently. However, in stark contrast, in 2023, when Parliament security was breached, 146 Opposition MPs were suspended for demanding a discussion on the subject.

The Provisional Collection of Taxes Bill 2023 was debated by only two and six members and passed in approximately 21 and 30 minutes in Lok Sabha and Rajya Sabha, respectively. Similarly, the Telecommunications Bill saw participation from merely four and eight members and was passed in one hour four minutes and within an hour in Lok Sabha and Rajya Sabha, respectively. Many other Bills have met the same fate. The Jan Vishwas Bill, the Personal Data Protection Bill, Government of NCT of Delhi (Amendment) Bill etc.

Between September 2020 and August 2021, 113 notices were filed by MPs in the Lok Sabha for Short Duration Discussion. Only two were accepted. Not allowing notices for a debate on matters of urgent public importance is the most lethal device to muzzle the voice of the Opposition in Parliament. The presiding officers, in their wisdom, would do well to address this.

The re-allotment of time in Parliament between the government and the Opposition needs to be seriously looked at. This is not merely a procedural adjustment, but a fundamental necessity to uphold the principles of accountability and representative democracy.

The writer is MP and leader, All India Trinamool Congress Parliamentary Party (Rajya Sabha). Additional request by Chahat Mangani and Dharmant Jain

LETTERS TO THE EDITOR

JOBS FOR SOME

THIS REFERS TO the editorial, "Drop this bill" (IE, July 18). Perhaps after realising its blunder, the Karnataka government has temporarily put the bill mandating job reservation for locals on hold. The Bill had proposed to reserve for Kannadigas 50 per cent of all jobs in the management category and 75 per cent in the non-management category. Notably, a similar law was passed by the BJP government in Haryana, but it was declared unconstitutional and struck down by the high court in 2023. The draft Bill infringes upon Article 14 (equality before law), as a fundamental wedge is sought to be created between people domiciled in different states, which is contrary to the concept of common citizenship in the Constitution. Industry leaders and institutions, including Nasscom, believe this would deter talent and investment from flowing into the state.

Khokan Das, Kolkata

BATTLING TERROR

THIS REFERS TO the article, "What's needed in Jammu" (IE, July 18). Currently, there is a definite need for a larger security presence in Jammu. This has to be followed up with regular tactical operations to preempt any future terror attacks. However, anti-terrorism strategies are not addressing the root cause of terrorism in Kashmir. A permanent solution to this malady needs to be found. Hateful narratives will not allow for lasting solutions. Such ideologies only create a trust deficit within the people of J&K. Policymakers should never forget that

they deserve equal rights and economic opportunities as enjoyed by fellow citizens in other parts of India. The successful conduct of the Lok Sabha elections in J&K is a stepping stone towards granting full statehood to J&K -- sooner rather than later.

Manish Mishra, Bhopal

THIS REFERS TO the article, "What's needed in Jammu" (IE, July 18). Jammu has become the new theatre of action for terror activities. New Delhi needs to counter this shift by reworking its strategy to combat infiltrators, given the terrain that favours the latter. It is going to be a challenging and drawn-out struggle for the Army and J&K police in which patience, not provocation, would be required. The government must act quickly and prevent terrorism from delaying the forthcoming assembly elections.

Vijai Pant, Hempur

PETTY POLITICS

THIS REFERS TO the article, "Targeting the PM" (IE, July 18). Prime Minister Narendra Modi's political opponents are equally guilty of going overboard while taking jibes at him. The petty political discourse which both sides engage in, even if spoken in the heat of the moment, speaks of their ill-will against the other. While the minor setback to the BJP in the recently concluded Lok Sabha elections has led to the emboldened voice of Prime Minister Narendra Modi critics, they still need to understand that a strong Opposition means constructive criticism and not merely Modi-baiting. Course correction is overdue.

Kanna Chhabra, Gurgaon

OUR VIEW



Trump plans to weaken the dollar: A futile goal?

While he looks likely to win the White House, he may find that the dollar's supremacy and strength are two sides of the same coin. And currency manipulation could hurt US interests

Unless US President Joe Biden lets another Democrat contest this year's election, Republican candidate Donald Trump seems all but sure to win the White House. It's not just opinion polls. Consider the contrast in optics: A visibly ageing Biden who looked stumped at a key debate versus a fist-pumping Trump who arose unshaken from the snick of an assassin's bullet. In the 'home of the brave and land of the free,' as the US styles itself, it's clearly advantage Trump right now. His campaign to 'Make America Great Again' has an economic aspect that the rest of us cannot ignore. Its global impact, after all, is likely to be far greater in magnitude than magnanimity. Most strikingly, he wants a tariff of 10% on all imports and a duty of 60% on Chinese shipments. Plus, to boost American exports and shrink the US trade gap with other countries, Trump has said he wants to weaken the dollar, which would make US-made stuff cheaper in export markets. This idea is less scandalous than his rejection of free trade, but also less feasible. So long as the American dollar remains the world's chief reserve currency, weakening it may prove to be a mug's game.

Nonetheless, what options would a Trump administration have? On paper, a sure-shot way to diminish a currency's value is to debase it through oversupply. Ever since America unpegged its dollar from gold in 1971, it has had ample space for that. But then, with world trade conducted largely in dollars, global demand for the greenback has held up against great gluts of supply. We saw this most vividly during the covid pandemic, when the US Federal Reserve opened a liquidity gusher and let its liabilities (and assets) bloat to nearly twice their size.

Other central banks infused their economies with money too, but on a much smaller scale. Still, while the Fed's action may have stoked US inflation, the dollar's exchange value didn't crumple. But once the Fed started reversing its ultra-easy money policy, the greenback began to rise as investor funds from around the world flowed into American assets. In other words, the dollar's supremacy and strength are two sides of the same coin. An alternate approach for Trump would be to go for a Plaza Accord 2.0. In 1985, to achieve a better trade balance with its major partners (Japan and Germany, notably), Washington coaxed them to support their currencies. The hitch here is that in a world of free capital flows, trying to control a currency's external value loosens one's policy grip on what it's worth at home, as local inflation gets harder to keep steady. Even so, allies are often ready to play ball. In today's context, though, the world's big exporter China would probably refuse. Its record reveals the opposite: an effort to keep exports competitive by weakening its yuan in the wake of rising US barriers. Could Trump try to bully Beijing? At most, he could push the US into tit-for-tat tactics by having its central bank buy yuan to counter China's dollar purchases that peg the Chinese currency down. The Fed, though, has good reason not to abandon its dollar float and will probably resist the idea.

Should any of the above pan out, what would it imply for India? Although we run a trade surplus with the US, it causes no anxiety in Washington, and since we're unlikely to come under pressure, we can expect an orderly depreciation of the rupee to survive a Trump presidency. Unless, of course, the US does something drastic—like a sovereign default. But then, that would be an odd way to make America great.

MY VIEW | TECH WHISPERS

The gold rush of the AI age is for Nvidia's graphic processing units

Their use in running AI applications has led businesses, governments and investors to hoard them



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March 2024 was a big month for Sunil Gupta, the founder-CEO of a then little-known Indian cloud services provider, Yotta. The fast-growing company was competing in the market with global giants, including hyperscalers, and trying to carve out its own niche. Its ambitions were big, reflected in its name itself—a Yottamer is the term for 10 to the power 24, or 10 followed by 24 zeros. On 18 March 2024, the company's aims seemed to get closer as it welcomed its first cluster of over 4,000 graphic processing units (GPUs) from Nvidia, making it the first Indian cloud provider to have these and offer a high-performance AI cloud to eager customers. Word in the market was that this took conversations at high political levels with Nvidia's top management.

If AI is a gold rush, Nvidia's GPUs are the gold. Much has been written of the astonishing rise of Jensen Huang's company, whose market capitalization has rocketed from \$400 billion in 2021 to \$3.25 trillion last month, making it one of the world's most valuable businesses. This upshot, unprecedented in the tech sector, was driven by one product: its GPUs. Nvidia first made these high-performance processors for gaming, as that industry boomed. After achieving domination in gaming, Nvidia pivoted smartly when it realized that its chips could be workhorses for crypto mining

after crypto exploded off the block about five years ago. But it was its second smart pivot, realigning its GPUs to feed off the AI and Generative AI frenzy, that sent the company past the \$3 trillion mark. Today, Nvidia has more than 80% of this fast-growing market and is far ahead of the competition with its release of new versions every year. It also makes a secret weapon: CUDA, or Compute Unified Architecture, the software that runs these GPUs.

This dominance has made Nvidia's GPUs a scarce commodity, giving it enormous pricing power and leading large customers to hoard GPUs, both for their own future needs and to deny competitors. Access to GPUs is seen to offer an unparalleled competitive advantage: the market measures a company's AI prowess by how many of Nvidia's latest A100, Grace Hopper or Blackwell GPUs it has. Meta and Microsoft spent a combined \$9 billion last year to buy 150,000 of them each, with Meta reported to have accumulated 600,000 and Microsoft aiming to amass 1.8 million by end-2024. Google and Amazon bought 50,000 each last year. Chinese players are denied the latest chips by US law, but have been buying earlier versions in hundreds of thousands and smuggling in the latest versions through other countries.

It is not only BigTech but countries that are amassing chips the way they used to buy and hold strategic reserves of oil. The US has placed restrictions on their export to unfriendly countries so that it always leads the AI race. Singapore drove 15% of Nvidia's revenue in the third quarter of 2023 as it rushed to build AI data centres. Even India has ordered 10,000 of them as part of its India AI Mission.

The list of big buyers goes beyond countries. One of the most intriguing customers is venture capital firm Andreessen Horowitz (a16z), which has built up a stash of more than 20,000 Nvidia GPUs. Kate Clark writes in *The Information* (bit.ly/3zKbYg8) about how it is using H100 processors to bag the hottest AI startups as businesses to invest in. These small startups find it near impossible to access this scarce commodity, without which they cannot build their AI models. A16z steps in to invest, sweetening the deal with discounted or free access to its GPUs. This offer forms a compelling reason for startups to sign up. A case in point was super-hot GenAI startup Luma AI, which chose A16z for its chips, despite other investors offering it a higher valuation. Other VC firms have cottoned on, with Index Ventures and Daniel Gross also procuring the 'new gold'.

Demand for these chips and their scarcity have reached ridiculous levels: a few years back, an entire truck-full of Nvidia GPUs was waylaid and its contents stolen. Months later, they turned up in Vietnam. There have also been instances of theft from warehouses, forcing special security measures.

This is reminiscent of how gold was stored in the Fort Knoxes of the world as strategic reserves and countries began hoarding another precious commodity, oil. As data becomes the new oil and AI emerges as the power that unleashes intelligence and information from this data, chips and GPUs, currently from just one company, are becoming the new gold of the modern age.

QUICK READ

Nvidia's GPUs have seen such a frenzy of demand that the firm is now among the world's most valuable, with Big Tech majors like Microsoft and Meta snapping up these enablers of AI offerings.

Strategic GPU reserves are being created by businesses and countries to stay ahead on the AI curve. Even venture capital firms are stockpiling them to get an investment advantage.

10 YEARS AGO



JUST A THOUGHT

The value of the dollar can move up and down depending on market forces... And that's really important because it allows us to set monetary policy for the benefit of the US economy, rather than having to worry about defending a particular exchange rate.

JEROME POWELL

GUEST VIEW

Global minimum tax: Will the budget offer a road map?

SANJAY TOLIA



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The corporate tax landscape is undergoing a seismic shift, globally, with the advent of the Global Minimum Tax, also known as Pillar Two. By 2024, this initiative had been adopted by 30-plus countries, signalling the most significant reform of international tax regulations in a century. Prepared under the Organisation for Economic Co-operation and Development's (OECD) Inclusive Framework, which encompasses over 140 countries, Pillar Two is poised to redefine the fiscal obligations of multinational enterprises (MNEs).

Pillar Two aims to curb profit-shifting and ensures that MNEs pay a minimum level of tax in all the countries where they operate. It applies to MNEs with global revenues above €750 million annually and they must pay a minimum effective tax rate (ETR) of 15% on a country-by-country basis.

How does it work? The mechanics of Pillar Two are transformative. Should an MNE's ETR fall below 15% in any given country, a supplementary top-up tax is levied to make

up the difference. This top-up tax is payable to the nation where the MNE's parent company is based.

For instance, an Indian MNE with subsidiaries in the UAE and Germany that has an ETR of 9% in the former country and 30% in the latter would be subject to a 6% top-up tax in India for the shortfall in the UAE. However, the UAE will have the first right to collect this tax if it enacts a compatible domestic minimum tax. If neither India nor the UAE enacts Pillar Two, Germany would be able to collect the UAE shortfall through a backstop rule known as the under-taxed profit rule (UTPR), which is set to take effect in several countries from 2025.

Pillar Two has been designed in such a way that if even one country legislates it, the entire top-up tax could be collected by that country. Therefore, no country, including India, would like to be left behind in the implementation process.

Implementation is picking up steam: Pillar Two implementation is gaining momentum, with 50-plus countries at various stages of rolling it out. European countries such as the UK, Switzerland, Belgium, the Netherlands, France, Germany and Ireland, along with countries like Australia, Korea, Japan and Canada, have already implemented Pillar

Two, starting this year. Singapore and Hong Kong have announced that they would roll it out in 2025, while the UAE has initiated consultations for its implementation.

The impact on MNEs: All impacted businesses should assess the impact of Pillar Two on their current and prospective transactions. Pillar Two analysis and compliance require extensive accounting and tax data, a lot of which may not be readily accessible. MNEs must, therefore, assess their system-readiness to accommodate the analytical, compliance and reporting requirements of this new tax regime.

Given the phased manner of its implementation across different jurisdictions, MNEs would also need to navigate a mosaic of local regulations.

Most Indian MNEs have either initiated or completed preliminary impact assessments. They are now in the process of preparing for ongoing compliance and tax provisioning in case of an ETR shortfall in a low-tax country.

Pillar Two impacts the corporate race to stay competitive. The new global tax regime will impact existing tax incentives and tax-holiday schemes across the globe, as a low ETR on account of such incentives will result in a top-up tax liability. Therefore, several countries are re-designing their tax incentive programmes for their businesses to remain competitive in the post-Pillar Two world.

Incentive schemes are being revised not just to be Pillar Two-compliant, but in such a way that they serve as encouragement only for substantive business activities (those which are deemed important, i.e.) and affect the ETR only to a limited extent. MNEs, therefore, would now need to take into account changes in tax-incentive structures as they re-assess their ongoing and proposed investments.

India's Union budget could lay out a roadmap for Pillar Two. We are just a few days away from the first full budget of the

Countries are fast adopting this regime, assessing its impact on the competitiveness of their businesses and redesigning their tax incentive schemes. For India, it's a question of when, not if.

QUICK READ

Multinational enterprises await the Union budget in anticipation of India unveiling its approach to the adoption of this 'Pillar Two' global tax aimed at fair corporate taxation across the globe.

Modi 3.0 government. Anticipation is high among MNEs and tax professionals alike of a roadmap for India's approach to Pillar Two taxation.

Given the complexity of Pillar Two rules and the impact it will have, it is advisable that India's introduction of the regime is preceded by consultations with various stakeholders. Such consultations should focus on the interaction of Pillar Two with India's extant tax system. Its implications for tax incentives for GIFT City in Gujarat may also need to be discussed.

The implementation of Pillar Two by a growing number of countries amounts to a collective stride being taken towards tax fairness across the planet. Remarkably for a world that has seen many waves of business globalization, this is the first ever tax system that's truly global. It would require MNEs to shift mindsets even as they adopt new technologies and ways of doing things. With the first full budget of the newly sworn-in government due on Tuesday, we are waiting to see how exactly India plans to embrace this global tax reform.

It is not a matter of if, but when. The countdown has clearly begun. Jitendra Jain, a partner at Price Waterhouse & Co LLP, contributed to this article.



| MY VIEW | STATISTICALLY SPEAKING

MINT CURATOR

Tax reforms: India's agricultural income exemption needs a rejig

We could drop the exemption for corporate claimants and farm earnings above a certain level for the sake of a fairer system

**T.C.A. ANANT**

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Next week will see the first budget of the new government being presented. As is traditional for this time, newspapers and opinion columns are full of suggestions on what the Union Budget should focus on. It comes at a very interesting time for the government. On one hand, there is an 'embarrassment of riches', with rapid growth in both direct and indirect taxes, high and stable economic growth, and moderate inflation—all of which suggest that the economy is in a sweet spot with enormous potential for expansion. Alongside these riches, there are many signs of simmering discontent, as indicated by the government's recent electoral performance, urban middle-class angst over an 'unfair' tax burden, and other indicators.

The government has taken a number of steps over the last ten years to mitigate the burden of taxes. Take GST, for instance. A Reserve Bank of India study shows that the effective weighted average tax rate had fallen to 11.6% by 2019 from 14.4% when GST was launched, which was in turn lower than the 'revenue neutral rate' of 15.3% estimated by the Subramanian Committee. Similarly, the 2019 cut in corporate tax rates to 25% or less made India competitive vis-à-vis other leading economies. It is in this background that a demand has arisen for a reduction in personal income tax rates. This demand, though, stands in conflict with a significant concern raised over rising inequality in India. The government, in order to tread a balance between these concerns, has introduced an alternate income tax regime with limited exemptions and lower slab rates.

It is in this context that the blanket exemption provided to taxes on agricultural income becomes an issue of concern. The third Tax Administration Reform Commission Report (2014) noted that "agricultural income of non-agriculturists is being increasingly used as a conduit to avoid tax and for laundering funds."

The principal argument for why agricultural income is exempt from income tax is that such earnings are covered by the State List under entry No. 46 in the Constitution of India, and thus only state governments have the authority to enact legislation on its taxation. In addition, it is also pointed out that agriculture is a high-risk profession (subject to very high variability in output and prices), with small operational holdings. The National Sample Survey Situation Assessment of Farmers in 2019 pointed out that over 83% of agricultural households possessed less than 1 hectare of land, with the average holding being 0.5 hectares. Small landholdings constrain farmers from adopting risk diversification techniques available to corporate entities. It is also worth noting that the average monthly income of an agricultural household in 2018-19 was just ₹10,218, as estimated.



ISTOCKPHOTO

Insofar as these arguments are concerned, we may note the following. First, the GST experience has demonstrated that if the Union and state governments work together in a spirit of cooperative federalism, constitutional structures are not an impediment to reform. Second, a proper tax regime could address concerns of low income and high risks in agriculture through appropriate thresholds for tax exemption. These, however, will need to be evolved through a dialogue with all relevant stakeholders. A more immediate line of reform which could plug the loophole pointed out by the Tax Administration Reform Commission would be to address the tax exemption being taken by non-agricultural establishments claiming large agricultural incomes.

Let us understand this better. In 2019, India's Comptroller and Auditor General (CAG), in its audit of the direct tax department, undertook an assessment of the exemptions claimed for agricultural income. For the purposes of this audit, the CAG examined a sample of returns with agricultural income claims greater than ₹5 lakh. A sample of 6,778 cases were examined by the audit team. The report, whose details are available in Report No. 9 of 2019 (Direct Taxes), has some interesting observations.

The report points out that 22.5% of the cases examined pertain to those where exemptions were allowed without verification of supporting documents. There were significant data-entry errors in cases where agricultural incomes of over ₹1 crore were reported. In addition, the descriptive data

showed that 10.7% of the cases relate to registered companies, which were allowed an income exemption of nearly ₹1,161.5 crore (which was 45.6% of the total agricultural income in the sample). Such a large exemption to corporate entities is particularly problematic given that these entities have also benefited from a reduction in corporate tax rates.

An immediate step towards eliminating the country's agricultural income tax exemption would be to restrict its use by companies. An article in *Business Standard* in 2016 sheds further light, showing that the companies claiming exemption for agricultural income included multinationals and public sector companies, as well as firms engaged in biotechnology and pharmaceutical production.

In addition, there are many number of stories in both newspapers and social media of eminent personalities in diverse non-agricultural fields claiming large exemptions on agricultural income. The public accounts committee on the CAG report had recommended that the ministry devise methods for scrutiny of agricultural income above ₹10 lakh, ₹50 lakh and ₹1 crore (in ascending brackets), so as to better identify high-risk cases. As an initial reformist step, we may consider removing agricultural income above a certain threshold (say, ₹50 lakh or ₹1 crore) from the exempt category. This would reduce perceptions of inequity.

These reforms by themselves may enable the lowering of direct tax rates under the new income tax regime even further, thus addressing some of the angst expressed by articulate classes.

QUICK READ

We should restrict companies from claiming this benefit meant for farmers as it's clear that even multinational and public sector enterprises have been lowering their tax bills on its account.

India should also consider removing agricultural income above a certain threshold (say, ₹50 lakh or ₹1 crore) from the exempt category. This would reduce perceptions of inequity.

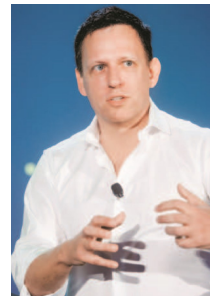
These reforms by themselves may enable the lowering of direct tax rates under the new income tax regime even further, thus addressing some of the angst expressed by articulate classes.

Will Thiel's 'doping games' set the stage for superhumanity?

A drug-enhanced sports contest raises unsettling ethical questions

**PAMY OLSON**

is a Bloomberg Opinion columnist covering technology.



Peter Thiel's Enhanced Games have stirred up a controversy

Peter Thiel's Enhanced Games promise to be an annual sporting event that lets athletes use performance-enhancing drugs, nicknamed the pro-doping Olympics. The games have captured imaginations and money. But behind them is an unsettling effort spearheaded by tech billionaires like Thiel to use science and technology to enhance the human race.

Their vision sounds alluring: If we can lengthen our lifespans and augment our brains and productivity, we'll live a life of leisure, powered by robots and funded by universal basic income. But they rarely mention that utopia could come with a price, eroding human agency and perhaps worsening inequality.

Thiel, best known for being an early investor in Facebook, has poured millions of dollars into longevity research and has reportedly signed up for cryonic preservation. OpenAI's CEO Sam Altman also plans to preserve his brain upon his death so that his mind can become one with the hyperintelligent AI systems. "I assume my brain will be uploaded to the cloud," he once said. Amazon's founder Jeff Bezos is trying to reverse ageing, while Google founders Sergey Brin and Larry Page have also poured money into immortality research. Elon Musk is trying to enhance human cognition with brain implants through Neuralink. Christian Angermeyer, a tech investor running Thiel's Enhanced Games, has written that we should expect several waves of human enhancement, with the first generation marked by mass adoption of weight-loss medications, followed by drugs that can tackle muscle degeneration for older people and enhance cognition. Psychedelic drugs that can address mental health issues will follow, before what he describes as the final wave: "transhumanism" through brain implants.

This isn't just the techno-optimist philosophy normally associated with Silicon Valley—that complex biological and social issues are just like engineering problems it is best placed to solve. It's also a contemporary resurgence of something like transhumanism, the theory that humans can evolve past their physical limits with the help of science and technology.

Technologists who take this idea to its extreme believe that the merger of humans with computers isn't just possible, but necessary. Musk told his Neuralink scientists to work with a "maniacal sense of urgency" to deploy his brain implants so humans can defend themselves against future rogue AI. Google's Page is so enamoured of the idea that computers will one day spawn digital

beings that Musk said Page called him a "speciesist" for favouring human life over digital life forms.

The problem with this zeal is that it can lead to ends-justify-the-means thinking, which doesn't bode well for a philosophy with disconcerting roots. Transhumanism was coined in 1957 by the biologist Julian Huxley, a British advocate of eugenics who saw the idea as a scientific way to improve humans. He pushed for "positive eugenics," encouraging "genetically superior" people to reproduce, for instance. While the likes of Thiel, Musk, Page and Altman aren't advocating eugenics, they're pursuing similar objectives to transhumanism. Given their influence, that shouldn't be dismissed as wacky, but scrutinized for the possible repercussions in the long term.

One potential victim is the value of human achievement itself. Jaron Lanier, a pioneer of virtual reality, has argued that we should resist technological enhancement if we want to maintain an economy where people earn their own way. "If you structure a society on not emphasizing individual human agency, it's the same thing operationally as denying people clout, dignity, and self-determination," he was quoted as saying.

Economic inequality could also worsen in a world where enhanced individuals get an edge in education and job markets—or achieve superior health. Angermeyer is battling away criticism from the International Olympic Committee that he is "destroying" any concept of fair play and fair competition in sport. The panel is right. For all the cheating that does go on in the Olympics, we need a level playing field for sporting contests to be meaningful.

One partner at a venture capital firm summed things up best for me on the sidelines of a tech party. The real benefits of artificial general intelligence (AGI) will come when people with brain implants can become the smartest ones in the room. Technologists, in other words, are eager to get a competitive edge on everyone else.

The techno-optimist view that science and technology can "enhance" human life has long reigned in Silicon Valley, but every innovation has a price and unexpected complexities. The utopia that their enhancement technology will lead to is far from certain.

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| MY VIEW | PEN DRIVE

Don't let the joys of travel run into the chaos of crowds

RAHUL JACOB

is a Mint columnist and a former Financial Times foreign correspondent.

The plane's doors had just closed when the pilot announced that because of congestion at London's Heathrow airport, the plane faced an hour-and-a-half delay before it could taxi to the runway. Eventually, it took off more than 30 minutes late. When we landed at Doha airport in the middle of the night, the terminal was so jammed with people that it seemed like another planet where mysterious Martians in burgundy jackets had turned night into day. Everywhere one looked, people were running for connecting flights, with very few staff around to direct anyone. The area where flights for South Asia take off, as a witty Sri Lankan friend put it, "is a real mess."

"There are always people running to those gates. 1.45am to 2.30am at Doha downstairs is akin to an Olympics warm-up." Onward travellers to South Asia are usually directed to a bus that circles the bleak monospace around the airport for 10 minutes before depositing passengers at the aircraft.

Trying to get to a theatre for a matinee show a week earlier in London, I found myself queuing on Tower Bridge simply to get off it amid so many tourists that it was possible to imagine—as on Portobello Road in Notting Hill where I lived for almost a decade till 2010—that the city is occupied exclusively by a nomadic population that had parachuted in on low-cost flights.

From queues at crowded airports to long lines at popular monuments, peak travel season around the world resembles what the Booker Prize-winning author Shehan Karunatilaka depicted as the beginning of hell, a succession of queues managed by an inept socialist bureaucracy to determine who goes where.

Long after 'revenge travel' became a cliché, travel is rebounding this year to reclaim pre-pandemic levels. This is good news for the labour-intensive tourism industry. International visitor travel jumped by a third in 2023, but still remained almost 15% below 2019 levels, according to the World Tourism Council. But a boom in domestic tourism and higher ticket prices and hotel tariffs saw revenues increase by 23% over 2022, which was only 4% below the 2019 level.

European cities are raising fees for local attractions in an effort to reduce the tourist inflow. In March, *The Guardian* reported that since the beginning of this year, "foreign visitors to Istanbul's grand mosque Hagia Sophia, which gets about 3.5m visits a year, would have to pay €25 for the privilege. Venice is so overrun by visitors it has introduced what amounts to an entrance fee for the entire city, ranging from €3 to €10." In Spain, cities such as Barcelona and Seville are looking at ways to control the inflow of tourists; since last year, the proof-of-funds that visitors must show has increased considerably.

Asia's most popular tourist destination, Thailand, is moving in the opposite direction. It is trying to reinvigorate its economy by broadening visa-free entry to 93 countries and territories, up from 57 earlier. This liberalization took place with effect from 15 July, as the government seeks to boost annual

incoming arrivals to 39 million, a level Thailand last saw in 2019 before the pandemic. In the first six months of the year, arrivals passed 17.5 million.

I would wager that in 2024, the number of travellers around the world will get close to levels seen during the pandemic, while everywhere airports and airlines have become used to managing with fewer staff. This is in effect the double whammy that is making travel less enjoyable than before. Social media publicity, meanwhile, has led to crowded attractions being overrun with even more visitors. For those who do not have children and can avoid travel during school holidays, or empty nesters, the best option is to avoid the peak season. Living in London as the *Financial Times*' travel editor between 2003 and 2010, I never travelled during summer. When I moved to Hong Kong, I never went away during the weeklong Chinese New

QUICK READ

Peak travel season around the world resembles what the author Shehan Karunatilaka depicted as the beginning of hell: endless queues as part of a selection process for heaven or hell.

Long after 'revenge travel' became a cliché, travel is rebounding this year to reclaim pre-pandemic levels. This is good news for the tourism industry but maybe not for travellers.

Year break in late January/early February as tourist destinations were slammed.

My aversion to crowds while I am on holiday extends to my nostalgia for visiting Rajasthan's monuments, as I did as a schoolboy decades ago, without cavalcades of tourist buses that seem like invading non-violent armies. I visited Mehrangarh in Jodhpur and the magical fort at Nagaur in summer about 10 years ago and wandered around in hallucinatory happiness, despite 45° Celsius heat. I was so alone on an early morning in Nagaur that when the caretaker's wife's shadow fell across the murals I was looking at, I jumped in fright.

The trouble with this strategy is that some attractions are date-bound and seasonal. Last Thursday, I was at Wimbledon, gasping at the Renaissance-styled artistry of Lorenzo Musetti as his guile on the tennis court helped him triumph over the much-higher ranked Taylor Fritz. Most of us, including Queen Camilla a few rows away, didn't leave our seats for three hours. When the sun is out in summer, Wimbledon (and much of England) seems like a real garden of Eden. It is a fundamental rule of travel that its many pleasures mean delayed flights and chaotic airports are quickly forgotten.

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PAPER WITH PASSION

Bill of woes

Karnataka Govt puts local job quota bill on hold after the State's IT industry reacts strongly

The Karnataka government has put on hold a bill requiring reservations for locals in the private sector following significant backlash from the industry. The Government will reconsider the bill before presenting it to the state Assembly. This decision came just hours after the state cabinet approved the bill, which proposed reserving 50 per cent of management positions and 75 per cent of non-management positions for Kannadigas in the private sector. The Karnataka State Employment of Local Candidates in the Industries, Factories, and Other Establishments Bill, 2024, was to be presented in the Assembly on Thursday. Chief Minister Siddaramaiah, along with his ministers, praised the bill, emphasising their "pro-Kannada" stance and stating that their main priority is to "ensure the welfare of Kannadigas." However, the bill met with tough resistance from the IT industry that criticised the bill, arguing that it would hinder the growth of the tech sector in Bengaluru and negatively affect the IT industry in Karnataka. The rationale behind the bill was to address the high unemployment rates among the state's residents and to ensure that local talent is given priority in job opportunities within Karnataka.



But industry leaders felt that a quota system for locals would hinder the ability of companies to hire the best talent available, potentially compromising their competitiveness and productivity. Besides, if implemented this bill would have legal and constitutional issues. The bill could violate the right to equality and freedom of movement, as enshrined in the Indian Constitution and could face significant hurdles in courts, leading to prolonged legal battles. Furthermore, the proposed

bill raised concerns about increasing regionalism and social tensions. It was feared that such a policy could create divisions between locals and non-locals, leading to a less cohesive society and potential conflicts. According to a report by the Federation of Indian Chambers of Commerce (FICCI), Karnataka's overall unemployment rate is 2.7%, which is lower than the national average of 4.2%. But these figures hide the low employability of the local populace. But to correct it with populist measures is not the best solution. Instead of mandating job reservations, the Government should focus on improving education and skill development programs for locals. Enhancing the quality of education and providing better vocational training could empower local youth to compete effectively in the job market. Now that the bill has been withdrawn it could come back later in a different form. The decision to put the bill on hold has significant political implications. The Karnataka Government has averted a standoff with the IT industry and other businesses but it may disappoint its support base which was expecting job opportunities. Nonetheless, suspending the bill will likely reassure businesses and investors. But the Government will have to focus on providing employable skills to locals, so that they could get employment in Karnataka's IT industry.

PICTALK



Shia Muslim mourners participate in an Ashura (10th Muharram) procession, in Mirzapur

Religion and politics in modern India

Today, as memories of Partition fade with each passing generation, the intertwining of religion and politics continues to shape the nation's discourse



VINAYSHIL GAUTAM

A community is also known for the issues it raises and seeks to debate. The national narrative over the last 100 years or more has been severely overlaid with religious contention. India is probably the only country in the world that got its independence with conditions in which the imperial power worked assiduously to debate/impose decisions in areas that were subjected to be tackled with the investiture of independence. The open threat and use of bloodshed in many parts of the sub-continent while sorting out such issues in the days preceding independence made the matter particularly gory. It was in many ways reminiscent of a civil war instigated for various reasons. Perhaps it will take still more time to coolly reflect on what happened, where and how, and indeed if it was at all avoidable. Interpersonal relationships, intertwined with religious overtones split over the streets and private homes in a matter which still makes one wonder how a noble cause of independence could so intractably get mixed up with pre-disposed religious zeal and interpretation. Experience showed that partition did not solve the problem but only split the problem into two pieces. The two independent states of India and Pakistan are still to rise beyond the echoes of what happened. The price paid at the human level cannot be comprehended through the aid of books, cinematography, or visuals. As the generation that experiences it gradually passes away, the tremors of partition remain.

This cannot be done well as a method of problem-solving for contentious issues. One wonders if the realization is sufficient around to the effect that 'enough is enough'. The hatchet needs to be buried before the agony continues to reign with many real forms of misery. The subject is not just one of emotions, but how it has affected the very concept of nation-building in many ways, big and small. This cannot be the place to hope



for some permanent therapies or solutions. That may well prove to be more than a lifetime and generational effort. However, what can be done is to create certain awareness, which helps to restore a greater sense of balance and strengthen sanity all around. Election after election and contention after contention somehow veers around to undertones of communal issues. This is avoidable if a consensus can be built up not to go public with statements and actions on issues that are essentially communal. Many countries of the Third World broke away from the yoke of imperialism through the 20th century and beyond. In many cases, there was an undertone of violence that persisted. There was violence over race, there was violence over ideology, there was violence over the protagonist of the Cold War, but nowhere in the world was the post-independence issue so intertwined as an undercurrent with communalism as in the case of the sub-continent. Even a casual look at much of the media and listening to much of the media's drumming up of concerns shows how much of communication time is spent on overtones of communal concern. This is

A LEGITIMATE QUESTION THAT NEEDS TO BE UNDERSTOOD IS WHETHER ANYONE GAINING BY BRINGING RELIGION SO WIDELY INTO THE POLITICAL PROCESSES. IS IT POSSIBLE TO HAVE RELIGION BE A MATTER OF FAITH AND POLITICS A MATTER OF CONTROL OVER GOVERNANCE?

avoidable because it does not help development and it does not strengthen equity. Indians are known to be bright, intelligent, and have long traditions of intellectual excellence, which many parts of the world have not only recognized but gained strength from. To put it simply, a question can be asked: is it possible to freeze all talk from communal concerns as a public issue and let the concerns embedded in it be tackled only at the inter-communal level?

This needs to be done without blowing it up as a regional or national issue which begs support from communities that may not have even understood what was being debated. Whether Faizabad election results were determined by the nature and quantum of compensation to the communities is something on which the jury is still out. This issue needs to be understood in greater depth. However, one can avoid converting these concerns into fanning communally backed political support. In other words, can one simply delink religion from politics so that religion remains a matter of faith and politics deals with the struggle for control of the decision-making process?

A legitimate question that needs to be understood is whether anyone gaining by bringing religion so widely into the political processes. Is it possible to have religion be a matter of faith and politics a matter of control over governance? All political talk needs to avoid reference to religion, if for nothing better than avoiding emotiveness and irrelevant dissipation of energy. Political discourse can deal with economics, sociology, even history, and more, anthropology can be brought in, and so can industrialization and agriculture, but avoid drawing in religious loyalties, and emotions. Attempts to draw upon religious sentiments with self-defeating orientation need to be stopped. An attempt to eliminate communalized political narratives and contentions may be an option worth considering. Some managed to successfully achieved this, and while they may be experiencing various forms of violence, violence stemming from religious loyalties is not their failing. (The writer is a well-known management consultant of international repute. The views expressed are personal)

LETTERS TO THE EDITOR

A CALL FOR ACTION

Madam — It is disheartening to note that four army personnel sacrificed their lives fighting terrorists in Doda district, Jammu. This cowardly attack must be condemned in the strongest terms. Our dignified sources seem unable to effectively address the challenges in Jammu & Kashmir, leading to repeated attacks on our army. Despite the brave efforts of the army in counterinsurgency operations, the situation is worsening, with increasing casualties. This raises serious questions about Prime Minister Narendra Modi's abrogation of Article 370, which was intended to bring peace to the valley.

There is a clear lack of coordination between the State and Central governments, and a trust deficit between local people and the army, contributing to these escalating attacks. It is high time for Prime Minister Modi to act decisively rather than relying on empty assurances, as ground realities are more precarious than they appear. This failure is not only an intelligence issue but also deeply demoralizing for our armed forces, who are currently engaged in counterinsurgency operations while also keeping vigil over Ladakh's sovereignty. The increasing attacks are eroding the morale of the troops and causing immense grief to their families. The government must prioritize tangible actions over rhetoric to ensure the safety and security of our soldiers and restore faith among the local population.

Janga Bahadur Sunwar/jalpaiguri

DO NOT IGNORE ENGLISH

Madam — Encouraging the use of one's mother tongue and regional languages is important, but it's equally crucial to ensure that English education is not neglected from childhood. English provides citizens, regardless of age, gender, or profession, with global opportunities in education, employment, business, and services. No state should impose any regional language on

Age-defying sportspersons



If technology is rapidly transforming our lives, can we overlook the role of competitive sports? Uncertainty is the only constant in world-class sporting events. Ranges of years have shown that age is no barrier to success.

Athletes like Serena Williams, Novak Djokovic, MS Dhoni, Tiger Woods, Rohan Bopanna, James Anderson, and recently, Lionel Messi, continue to outperform younger competitors. Their success can be attributed to advancements in medical science, financial support, rest, temperament, a balanced diet, exercise, a positive attitude, and a relentless passion for their sport.

Lionel Messi, despite participating in four major tournaments including the 2016 Copa America without victory, finally triumphed in this year's final, proving his skill and defying age. He has recreated the magic that Diego Maradona brought to soccer. We hope he continues to adapt and maintain his enthusiasm and spirit.

Vijay Singh Adhikari/Nainital

SC'S BENCH FOR MONEY BILLS

Madam — It's good that the Supreme Court has accepted to form a constitutional bench to look into the controversial issue of money bills in parliament. The money bills do not need to get approval of Rajya Sabha as they may be connected to urgent financial affairs of the country. Of late, it has become a practice for the Government which doesn't have majority in Rajya Sabha to introduce and get passed some bills as financial bills in parliament in order to bypass the close vetting by Rajya Sabha. The Aadhaar Act and Prevention of Money Laundering Act have been passed in that manner, attracting criticism from many. Now the highest judiciary would step in to clear the air in this regard. The executive should respect the constitutionally mandated role of the legislature in true spirit. This move is essential for maintaining the delicate balance of power.

DVG Sankara Rao/ Vizianagaram

Send your feedback to:

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The harsh reality of child labour in rural Bihar

Despite Government efforts, the economic realities force families to make children work, often resulting in their exploitation

Baiju (name changed), an 11-year-old child, from Tella village in Kudihi block, 22 km from Muzaffarpur in Bihar, wakes up every morning like other children. However, instead of going to school, he heads off to work as a labourer, a burden he has borne for the past three years. Baiju, who belongs to the Mahadalit community, used to attend school. Life changed after his father's death, as he was forced to drop out of school and start working to support his family. He explains that his mother's meagre income is not enough to sustain the six members of his family.

Consequently, he had to give up his education and began working. She does not have enough money to educate her children, forcing her to send Baiju to work. Child labour is a grave issue affecting millions of children worldwide, and in our country, it has reached alarming proportions. According to a UNICEF report based on the 2011 census, there are approximately 10.1 million child labourers in India, including 5.6 million boys and 4.5 million girls. Most child labour-



NISHA SAHANI

ers can be found working in domestic services, tea shops, and brick kilns. In India, child labour is more prevalent in rural areas compared to urban ones. Children from socially and economically disadvantaged communities are often compelled to work in these areas, stripping them of their fundamental right to education and perpetuating the cycle of poverty. This not only obstructs their education but also hampers their overall development. Children should be in school and playing, not toiling as labourers. Pinki Devi (name changed), a 45-year-old resident of Tella village, has two children who have left school to work as labourers. She explains that her husband, a daily wage labourer, is often ill. In such a situation, it became impossible to support the family with his income

alone, forcing her to send her children to work. Social worker Phuldev Patel points out that children from the most economically vulnerable Dalit and Mahadalit communities are predominantly involved in child labour. The dire economic conditions of their households compel them to abandon their education and start working. He asserts that in the actual number of child labourers is significantly higher than what official statistics reveal.

The government provides free books, notebooks, uniforms, and mid-day meals under the Right to Free and Compulsory Education to encourage children to attend school. However, the harsh economic realities overshadow these provisions, pushing children into labour. He further notes that human traffickers exploit this vulnerability, selling children as labourers in other states. Local journalist Amritan observes that, like Tella village, there are numerous remote rural areas in Muzaffarpur where children work as labourers. He notes that the government may not have official statistics

on this issue because it is carried out in a highly systematic manner. Although the strict child labour laws and the vigilance of the local administration have reduced the rate of child labourers in recent years, it has not been entirely eradicated. Even today, children can be seen working in brick kilns, tea shops, grocery stores, construction sites, and as domestic helpers. As in previous years, this year too, the World Day Against Child Labour was observed on June 12 in India and around the world. When children in a society begin working as labourers at a young age instead of attending school, it prompts deep introspection within that nation and its society. They must confront why a child is forced to abandon books for labour. When a child's right to childhood, is denied, and they are thrust into labour, they endure physical, mental, and social exploitation, transforming their childhood into one marred by labour—an ordeal known as child labour.

(The author is a grassroots writer from Bihar. Views expressed are personal. Charkha Features)



CONTRAPUNTO
I choose a lazy person to do a hard job, because
a lazy person will find an easy way to do it
—BILL GATES

The Real Welfare

Govt schemes keep multiplying. But they are no replacement for regular jobs. Parties must recognise this

Maharashtra govt has instituted a monthly stipend of ₹6,000 to ₹10,000 for men aged 18 to 35, and a dole of ₹1,500 a month for poor women (annual family income below ₹2.5L) aged 21 to 65. To qualify, women must be married, divorced, widowed, deserted or destitute; one single woman from each poor household is also entitled. The gendered handouts reiterate how women are viewed. But the very need for such spurs' welfare is the real story. The women's scheme will cost ₹46k cr annually, the men's ₹10k cr a year. Over 44L applications have been received for the women's scheme in the two weeks since it was announced — govt is expecting 1cr applications by Aug 31.

'Welfare' can't replace wages | The scheme for men, said CM Eknath Shinde, is their "solution" to the unemployment problem. Govt believes it has responded to the jobs crisis. Unemployment was an issue during 15 elections and promises to remain an issue in the forthcoming assembly polls. Reality check for politicians: can dole and stop-gap arrangements mask a no-jobs crisis?

Netas know better | In 2018, for 26,502 rural vacancies at one level (loco-pilots and technicians), there were 47.6L applications; at another level (assistants, helpers), 62,907 vacancies had 1.9cr applications. This was seen even in the attempted Karnataka private jobs quota bill, where unemployment rate among educated young population (15-29) is around 17.2%, up from 11.8% a decade ago, per India Unemployment Report 2024. More than half of India's population depends on free grain from GOI. Demand for MGNREGA has been up — in 2019-20, work generated was 265.3cr person days. In 2023-24, it was 305.2cr — 40cr more.

Between eco numbers & ground reality | All this is happening when the macroeconomy is robust. IMF forecast a 7% growth, making India a standout major economy in terms of headline numbers. But consumption growth remains tepid. Employment data, from various official sources, use definitions that are at considerable variance to common sense definitions of a job. Welfare packages are more based on ground reality than jobs data. Young Indians going back to farm jobs and/or doing occasional non-farm work aren't the answer. To solve a problem, we must first acknowledge it.

Be A Sport

India's cricket team should play in Pakistan. Olympics should have allowed an official Russian contingent

BCCI has indicated that the Indian cricket team won't be travelling to Pakistan for the Champions Trophy next Feb. While this position isn't new — India has not played any cricket in Pakistan since the Asia Cup in 2008 — mixing sports and geopolitics has little traction beyond a point. It's nobody's case that Team India travelling to Pakistan will dramatically change New Delhi-Islamabad relations. But that's not the point. Sports should always be separate from politics.

Security quotient | Yes with Pakistan, there is a genuine security issue. Recall that in 2019 the Sri Lanka cricket team bus had come under a terror attack. Before that in 2002, a bomb blast outside the New Zealand cricket team's hotel in Karachi had cut short that tour. Therefore, should India tour Pakistan, security of the team must be of paramount concern.

Political symbolism | Boycotting sports events simply amounts to posturing and not much else. For example, despite its anti-racism impulse, there's little to suggest that the sports boycott of Apartheid South Africa in the 1970s and 80s led to the end of the discriminatory regime. Similarly, the boycott of the 1980 Moscow Olympics over the Soviet invasion of Afghanistan did not change the Afghan situation.

Slippery slope | Plus, sports boycotts frequently lend themselves to hypocrisy. For example, Russia and Belarusian athletes can only compete at the upcoming Paris Olympics as neutrals due to the war in Ukraine. But some argue that the same rule doesn't apply to Israeli athletes despite Netanyahu's war in Gaza.

Spirit of sports | Athletes dedicate their lives to their sporting discipline. They make huge sacrifices to excel and push the limits in their game. That's the Olympic spirit. They have no influence on political decisions of their countries. Therefore, to penalise sports-persons for political reasons is unfair. Team India should tour Pakistan provided it is given iron-clad, high-level security, just as Russian and Belarusian athletes should be allowed to compete under their flags if they qualify.

Man of the ear

Donald Trump's injured organ of hearing might be a gate pass for his re-entry into White House

Jul Suraiya



A picture is said to be worth 10,000 words. But the picture, showing a triumphant Trump with his bleeding ear, arm pumping his fist in a victory salute, with the US Stars and Stripes wafting over him like a heaven-sent guardian angel, will be worth many times that if it gets him re-elected to White House, even as conspiracy theorists mutter that the whole thing was rigged.

Mainstream media are already linking him to others who've held presidential office in US, or aspired to do so, and have been victims of gun violence, most notably Abraham Lincoln and JFK, an association that will assign to Trump if not a full-fledged halo of martyrdom, at least a semi-circular halo, or an ear-shaped one.

Indeed, Trump's hearing organ might go down in history along with a famous ear, that of Captain Robert Jenkins, a Welsh marine.

In April 1731, returning to Britain after a trading voyage to West Indies, Jenkins' ship, Rebecca, was stopped and boarded by the crew of a Spanish vessel.

Accusing Jenkins of smuggling, the Spanish captain, as stated in a deposition made in British parliament by the Welshman, "took hold of his left ear, and with his Cutlass slit it down, and then another of the Spaniards took hold of it and tore it off, but gave him the Piece of his Ear again, bidding him carry it to His Majesty King George". For dramatic effect, Jenkins is said to have waved the amputated organ around.

In a long-delayed reaction of outrage Britain supposedly egged on by commercial interests who wanted to end the Spanish trade monopoly in West Indies — declared war on Spain in 1739, resulting in a conflict that dragged on for nine years, and 110 years later, was dubbed "The War of Jenkins' Ear" by historian and essayist Thomas Carlyle.

Will some future analyst, writing about the battle for the US presidency, call it "The War of Donald's Ear", amid jubilant cries of 'Hear, hear! Interpersed with 'Ear, ear'?

The Election Message For Industry

Tell shareholders who you're funding. Chase authentic data. Inequality can switch population dividend into social catastrophe. Industry must find its voice, not play cheerleader

Mukund Rajan & Rajeev Kumar



Results of Lok Sabha elections damaged reputations of a number of pollsters, whose flawed exit poll results attracted much opprobrium. Miscalculations and risks that can follow from dependence on unreliable and poorly conceived analyses are evident. But pollsters are by no means the only business people who need to ponder on the learnings from these elections.

Industry at large, typically represented by associations like Confederation of Indian Industry (CII) and Federation of Indian Chambers of Commerce and Industry (FICCI), also must re-evaluate its position on critical issues LS polls threw up.

Mind the fund | Most critical of these, one that directly impacts the resilience of our democracy, is how elections are fought and the role of corporate houses in funding political parties.

In its Feb 15 judgment, Supreme Court declared the electoral bond scheme unconstitutional. The non-disclosure of information regarding funding of political parties was seen as violative of the right to information of citizens; it could promote corruption and quid pro quo arrangements; and it denied shareholders information on which political parties companies were supporting.

Industry associations must debate and offer perspectives to political parties on how the cost of fighting elections can, for one, be reduced and, two, how political funding can be made more transparent. It is unreasonable that at over \$15bn, our democracy ends up spending the same amount in general elections that US, a country with 30 times our per capita income, does in its presidential elections.

A common electoral finance reform in various countries has been the introduction of a system of public funding of political parties. To reduce dependency

on big money, many democracies have mandated strong disclosure norms, spending limits, bans on corporate donations, campaign time limits, among other strategies.

Make growth inclusive | The general elections clearly demonstrated that the common man is tremendously concerned about joblessness and inflation. India, per Oxfam, has one of the world's highest levels of inequality. The richest 1% of the population owns 57% of India's wealth and shares 22% of the national income. Industry needs to respond to the economy's need for more inclusive growth.

baselines and benchmarks hamper production of accurate and authentic information that industry can rely on for its planning and investment decisions. The perplexed confusion of Asian Paints' MD recently on how to interpret GDP numbers illustrates the challenge industry faces.

Independent & fair media | Another critical issue thrown up in these elections is the question of bias in news dissemination and interpretation of public opinion. A major news channel alleged overt bias in the way exit polls were undertaken by other media channels.

This raises a larger issue, that of corporate ownership of Indian media. In the past, TRAI has favoured allowing multiple voices in national media to ensure availability of fair, balanced and unbiased representation of a wide range of opinions and views. Industry must champion the cause of a balanced media that is independent, reports in the public interest, and is held to account.

Speaking up | Finally, industry leaders must be willing to speak up and help shape opinion on issues of the day. Few appear to have the courage of conviction displayed by former Tata Group chairman JRD Tata, who continued to espouse the cause of populism even when it had become unpopular to do so in the wake of the excesses of Emergency.

In recent times, when industrialists have chosen to speak publicly, they've typically played the role of cheerleaders even for controversial govt schemes such as AgniVeer. A political commentator famously observed that "India Inc has the spine of a Magi noodle." This can change. It's not industry's job to applaud all actions of the govt of the day. Industry's job is to focus on what can be done for the economy, and to do it well. Only then will we be able to identify the right growth path that can lead us to a Viksit Bharat.

Writers are co-authors of *Outcast: How ESG Can Benefit Your Business*



The momentum generated for affirmative action and gender equity during UPPI by the threat of reservations in the private sector has dissipated over the years. Industry must now make renewed commitments beyond lip service on these issues. Without more equitable growth, India's population dividend may transform into a major social catastrophe.

Get credible data | In this context, industry needs to also assist in construction of reliable economic datasets that can inform more inclusive growth strategies. Pauses by govt departments in gathering or disseminating potentially controversial data and periodic revisions in

What India's Colleges, Unis Don't Need From Budget

Please sir, I want some more, said Oliver Twist. Academics should be saying the opposite to govt. Give us less. Less restrictions. So that pvt higher education can flourish like it does in US and UK

S Vaidhyasubramanian



Cometh the Union budget, cometh the chorus amongst academics to allocate 6% to GDP on education. But education is on the concurrent list. So, the efforts of various state govt in advancing school and higher education also need to be taken into account. Only then will we be able to understand overall investment in education.

Also, the sudden shrill call to increase govt spending on education to 6% of GDP at this time every year is quite unimindful that India also has other budget priorities. And that its tax/GDP ratio is under 30%. What may serve the country better is as intense a chorus to unlock the investment potential of our educational institutions, which can in turn power a surge in our intellectual and social capital.

World Bank's tax/GDP ratio measures a nation's growth potential and pegs 15% as a threshold. According to its report of 2023, 86% of low-income countries and 41% of lower middle-income countries are below this threshold. Countries plagued by fragility conflict and violence have a ratio as low as 12.6%. However, countries like US, UK, Canada, France, Germany, Australia and Japan have a ratio between 25-40%.

The constant comparison of Indian universities to those in richer countries is strange, as they can't afford higher public expenditures, including on higher education. India's tax/GDP ratio is only around 18%. It, therefore, requires a balanced approach to accelerate private investments in

education. The countries that spend 4-6% of GDP on education can afford it, because their revenue mobilisation is driven by either a higher tax rate, or higher collection efficiency and base, or both.

It is also possible how big a role private investment has played to catalyse the growth of private universities like



Harvard, Yale, Stanford in US, or global leaders like Oxbridge in UK, or the Japanese higher ed ecosystem. The contrast with the Indian scenario is stark. Instead of annual sloganeering for spending 6% of GDP on education, we should be focusing on how to accelerate non-govt spending on higher ed, through accelerated private participation. There are so many promising possibilities here.

● Access to foreign currency denominated loans may be given through consortium-based lending to the top 50 NRIH universities. Education ministry can have back-to-back collateralised guarantee mechanisms with private universities, with high exit or default costs and stringent recovery mechanisms. This should provide much-needed financial oxygen to private educational institutions, at extremely low cost of debt capital. To begin with, an aggregate loan size of ₹1,000cr may be allocated in this Union budget and disbursed to deserving private universities, with a minimum loan size of ₹50cr and a maximum of ₹100cr for each institution.

● A 2023 budget amendment to Section 10(23C) and Section 11 of the Income Tax Act 1961, limiting the application of income to only five years of loan repayment needs to be restored to the original basis, where repayment of bank loans for the entire period of the loan was treated as application of income. Also, if loan-to-education institutions are strongly recommended to RBI to be treated as priority sector lending, it shall be an additional bonus.

● Charitable organisations running educational institutions can be allowed to create an internal corpus not exceeding

10% of total receipts every year. The fund would stay within the charitable organisation and the annual endowment income would be used for various educational purposes like student scholarships, faculty development activities, research grants and performance-based incentives. And also for capital expenditure like on buildings and lab equipment. The fund would be invested only in approved instruments, which would predominantly be banks and govt securities, rather than in speculative assets.

Rather than being undermined, the capabilities of Indian private institutions need to be strongly supported, at a time when their multi-dimensional rise in all directions is enriching India's socio-economic capital and adding to the public good. It is only with this change in mindset that progressive private Indian institutions will be enabled to build huge campuses, contextually comparable to the Harvards and Yales of the world. And that, in turn, will propel us towards the goal of Viksit Bharat @ 2047.

Once we accept that private institutions are also for public good, we will also accept that the budget reforms for building great educational infra don't call for any waiver or exemption, but only a considerate application of the Income Tax Act's existing provisions. It is this reform process that can unleash massive positive energy from progressive private. In short, let us not be Oliver asking for more exemptions, but academics asking for less restrictions.

The writer is VC & Tata Sons Chair Professor of Management, SAITRA University. Views are personal.

Calvin & Hobbes



Sacredspace



Examining The Evidence Supporting Existence Of God

Anandmurti Gurumaa

The age-old question of the existence of God has perennially divided humanity into two distinct camps: believers and non-believers. This schism has given rise to an endless debate, with each side staunchly defending its position. Believers assert that God exists, while non-believers adamantly reject the notion. This dichotomy has shaped diverse definitions of God, reflecting the myriad perspectives arising from individual ideas and beliefs.

For believers, the concept of God is often intertwined with the dogma of organised religions. Each faith presents a unique portrayal of the Divine. The diversity in these depictions reflects the rich tapestry of human definitions but also underscores the inherent subjectivity in how God is perceived.

On the other side of the spectrum, non-believers, historically championed by

communist leaders, argue that religion functions as a manipulative tool used by rulers and priests to subjugate people. They contend that in the name of God, people are deprived of necessities, such as food, clothing, and security.

However, believers and non-believers may overlook a nuanced understanding of the Divine. The point is that both are wrong. Believers claim that God exists, but have they explored and found? Non-believers assert there is no God, yet have they genuinely explored to determine this, and how do they define what God is or isn't?

The vedantic perspective raises crucial questions about the conventional understanding of God's role in the world. When calamities strike, or crimes occur, the common question arises: where is God? Vedanta posits that God is not an intervening force preventing atrocities or

natural disasters. Instead, God is conceived as an existential truth, distinct from the human interpretations prevalent in various religions.

In vedantic philosophy, there's no concept of a controlling God who created the world and manages life, weather, rain, floods, and earthquakes. Vedanta defines God precisely with four words: Satya, chaitanya, ananda, and vyapaka — an existence that is truth, bliss, consciousness, and omnipresent. In this view, God is not a being nor a human-like figure manipulating the world. God is existence.

Omnipresence entails being pervasive across time, space, and objects, which implies that without the layers of the body, mind, and intellect — or, in other words, without a

In the vedantic worldview, God is not confined to a specific gender or form. The Upanishads refer to it as That — that

Brahm, Existence, Truth, Bliss. This understanding challenges the conventional tendency to assign a gender, form, and address to the divine, emphasising the boundless nature of existence.

Therefore, it's crucial to recognise that if there is God, it resides within me. Conversely, if the concept of 'me' is nonexistent, then unquestionably God doesn't exist either. The evidence supporting the existence of God lies within you. You are the proof — what could be?

In this regard, the Upanishads prove immensely beneficial. It's essential to note that the wisdom of the Upanishads is not exclusive to Hindus but is universally applicable. Upanadic knowledge, known as Brahm Vidya where Brahm signifies the absolute Truth and Vidya represents knowledge, is accessible to everyone. Therefore, it's imperative to contemplate these concepts further, exploring the methods and means to realise 'who am I'.

THE SPEAKING TREE