

The Tribune

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Setback for Centre

Court rules in favour of states on mineral taxes

A prolonged legal battle between the Centre and states has ended in a victory for the latter. The Supreme Court has ruled that royalty payable on minerals is not a tax, and states have the legislative competence to impose taxes on mines, minerals and mineral-bearing land. At the heart of the dispute was the Mines and Minerals (Development and Regulation) Act, 1957. Citing the Act, the Centre had argued that only Parliament could impose taxes on minerals. However, an SC Bench ruled that the law did not restrict the states from levying taxes on mines and mineral development. The verdict is expected to benefit mineral-rich states like Jharkhand and Odisha, which are seeking the recovery of taxes worth thousands of crores of rupees levied by the Centre on mines and minerals.

Had the Union Government been accommodative of the states' needs and aspirations, the matter could have been resolved through negotiations. Instead, the top court had to intervene to break the deadlock. There is nothing new about Centre-state discord, but it has become increasingly commonplace and more acrimonious in recent years. The special packages announced for Bihar and Andhra Pradesh in the 2024-25 Union Budget have prompted the Opposition to cry foul over the alleged discrimination meted out to states where the BJP is not in power. The sorry state of affairs is summed up by the decision of the Chief Ministers of several Opposition-ruled states to skip the NITI Aayog meeting on July 27 in protest against the 'politically-biased Budget'.

Back in the late 1990s, the Sarkaria Commission had emphasised the need for harmonious Union-state relations, based on the principles of cooperative federalism. Sounding a cautionary note, the Commission had observed that greater centralisation of powers aggravated the problems of the people rather than solving them. The Centre would do well to dust off the panel report and study it closely. An overbearing or unfair Union Government cannot turn this developing nation into a Vilest Bazaar.

The Games begin

Sporting prowess on show in Paris

FOOTBALL, archery, handball and rugby sevens events have already kicked off before the opening ceremony of the Paris Olympic Games. The 19-day spectacle will see 10,500 athletes from over 200 nations compete in 329 events across 32 disciplines. Aiming to attract a younger audience, breakdancing, skateboarding, surfing and sports climbing are being introduced. The seven-medal tally at Tokyo 2020 represented India's most triumphant Olympic performance. The US topped with 113 medals, followed by China at 89 and the Russian Olympic Committee at 71. This time, more than 100 athletes are representing India across 16 disciplines in 69 medal events. As we cheer for the contingent, some questions will continue to be asked—why do some countries win more medals, and what explains the gap in the level of athletic prowess?

Raw talent and dedication are huge factors, but nothing can beat training and support. The ability to reach athletic potential depends upon the opportunities afforded to train in world-class facilities with top coaching. A country's GDP studies have shown, is the single best predictor of its performance. In the case of the former Soviet and Eastern Bloc countries, their athletic success was attributed to the forced mobilisation of resources. The Union sports budget this year is Rs 3,442 crore, with the biggest share of Rs 300 crore allocated for Khelo India. Several states now offer cash rewards and jobs for medalists. Funding star athletes' training abroad is no more unusual. Is it enough? Not by any yardstick, certainly not for a country hoping to host the Games.

While the need for well-thought investment cannot be overstated, protests by top women wrestlers in the recent past exemplify the systemic flaws in Indian sport administration. The politician-bureaucrat hold has proved difficult to break.

ON THIS DAY...100 YEARS AGO

The Tribune

LAHORE, SATURDAY, JULY 26, 1924

The new danger

We have already referred to that part of Lord Olivier's speech in the House of Lords undoubtedly its most unsatisfactory part, in which he said that "the Viceroy and the Governors of Bengal and the Central Provinces were now considering whether the Governors should exercise their power to suspend or revoke the transfer of subjects" and have said that for the Governors to exercise this power in the present circumstances would not only be perfectly unconstitutional but would also reduce the Reforms to a mockery. Only a moment's reflection would show the absolute correctness of this view. The transfer of subjects is by universal admission the essence of the present Reforms. If the Governors can take away this essence, merely because the Legislature has adopted a particular policy for the purpose of bending them to its will, does it not mean in plain English that the Reforms are a monstrous make-believe, and that in reality the Executive is still supreme? If the Reforms mean anything at all, they mean, in the first place, that in relation to the transferred subjects the Executive shall be amenable to the will of the Legislature, and secondly, that in regard to these subjects it is the will of the Indian electorate and not the will of any extraneous authority, whether now or distant, which shall prevail. The proposed action shows that so far from the Executive Government being amenable to the will of the Legislature, it is the latter which is amenable to the will of the head of the Executive Government, in the sense that whatever power it really enjoys is subject to his pleasure; that the people continue as before to be a nonentity in an ultimate sense.

A new low in politics of polarisation

Order on eateries along Kanwar Yatra route aimed at hitting livelihoods of Muslims

TRYSTS AND TURNS
JULIO RIBEIRO

THE RSS's goal of making Hindus proud of being Hindu can and should be achieved without dividing the country along religious identities. The BJP which is universally accepted as the political manifestation of this desire for Hindu pride, has used the growing divisions in society for political ascendancy. It had noticeably succeeded in its efforts, as the Lok Sabha elections of 2014 and 2019 showed.

After the results of the recent Lok Sabha elections were announced and the BJP was compelled to form a coalition government at the Centre, it was expected that the strategy of causing a rift between the majority community and the principal minority, the Muslims, would be watered down. Unfortunately, that did not happen. It still is not only 'business as usual', but a new initiative to hit the Muslims where it hurts the most—their livelihood—has been rolled out in parts of Uttar Pradesh and Uttarakhand.

It all started with the police in Muzaffarnagar ordering all eateries to display the names of their owners so that Shiv bhakts who make an annual pilgrimage to Gangotri and Haridwar can avoid 'pollution', said to be caused by eating at Muslim-owned eateries. The police, it appears, felt that this 'pollution' could be avoided if the religion of the vendor was known to the pilgrims!

That the Yogi Adityanath government endorsed the order of the Muzaffarnagar police the very next day and extended it to all police stations in UP along the yatra's route gives observers the feeling that the original idea



COMMUNAL PLOY: Eateries have been told to display names of owners, apparently for the benefit of yatris.

emanated from the state government itself. It was immediately picked up by the Pushkar Singh Dhami government in Uttarakhand, where Hinduism is located and where the yatra ends.

No plausible reason was advanced for depriving Muslim vendors of an occasion to make provision for their families, possibly for a year or greater part of the following year. Through the number of *kanwaris* has to be touched a crore, no complaints had been received, despite the route taken by the yatris passing through thickly populated Muslim localities. On the contrary, Muslims attend to the *kanwaris*' needs. The question that arises is whether Muslim-taunting now is not confined to the lynching of cattle traders and 'love jihad' but is now also meant to deprive members of the minority of their very sustenance.

I am reminded of the story told to me by my friend PGJ Nampoothi, a former Police Commissioner of Ahmedabad, and later DGP of Gujarat. After retirement, he had employed a Muslim driver. During the 2002 pogrom in Gujarat, he was telephonically 'ordered' by Vishwa Hindu Parishad activists known

In the crucial states of UP, Maharashtra and West Bengal, the strategy of dividing voters on communal lines has not worked.

to him to disperse with the services of that driver, Nampoothi, a devout Hindu who visited a nearby temple barefoot every morning, decided to shelter the driver in his home amid the riots lest he be harmed on his way to or from his place of work.

What exactly does the Yogi government hope to gain from this misconceived step? The regular yatris who traverse the same route year after year must be aware that the vendors are local Muslims. The ultra-conservatives among them must have excluded non-Hindu vendors from their patronage years ago. Why was it necessary to publicise this newly

mented initiative which would only serve to poignantly divide the communities on religious lines?

In the recent Lok Sabha elections, even religious polarisation did not help 'Yogi' a party which lost almost half the Lok Sabha seats it had won in UP in 2019. Does he really think that more pronounced division, with an economic tag attached to it, will help him restore his image in the eyes of the BJP high command?

In the crucial states of UP, Maharashtra and West Bengal, the strategy of dividing voters on communal lines has not worked. In Haryana, Jat farmers did not support the BJP this time because of their anger against the now-repealed farm laws. The agitation of women wrestlers against a BJP MP who doubled up as the president of the Wrestling Federation of India was another factor for the defeat.

It is true that in some states, notably Gujarat and lately Uttarakhand, the BJP is on solid ground. This time round, it also swept Odisha, riding on the back of former Chief Minister Naveen Patnaik's fixation with a Tamilian IAS officer in preference to his party loyalists. The Modi government intro-

duced the Citizenship Amendment Act, pointedly keeping Muslims out of its intended benefits. But who was this Act necessary except to needle the minority community and impress on their own supporters that Muslims are not welcome in India? Personally, I do not know of a single instance in the Congress regime where Hindus from Pakistan, Bangladesh or Afghanistan were not granted shelter and citizenship in India on request (in Assam alone, there was a problem because the Assamese youth felt that Bangladeshis, Hindus as well as Muslims, illegally entering Assam were depriving the locals of employment. Hence, special laws were enacted for Assam. Since these special laws treated Hindus and Muslims equally, they fell short of the BJP's desire to favour only Hindus).

The hollow promises of *Sabka Saath, Sabka Videsh*, *Sabka Vishwas* is being repeated often, primarily for international consumption. In India, we know the truth. When Muslim traders are compelled to advertise their identity at yatra and fairs, the mirage of equal treatment for all will remain what it is meant to be—a mirage.

Three of the parties supporting the BJP in this NDA government have protested. The Supreme Court, which is hearing petitions from Trinamool Congress MP Mahua Mohanta and others, has reacted by putting an 'interim stay' on the compulsory display of owners' names on shops and handouts.

But even more impactful is the defiance shown by a traditional Muslim *dhaba* owner, Choudhary Wahid Khan of Delhi, in Bareilly district. He immediately complied with the mischievous order while ornately decorating his eatery and printing words of affectionate welcome to the yatris. One regular yatris brought his entire group of *kanwaris* to the *dhaba*, thereby making a statement that should worry Yogi and his ilk.

THOUGHT FOR THE DAY

Bigotry is the disease of ignorance, of morbid minds. — Thomas Jefferson

A lesson from the birds

STANLEY CARVALHO

IT was a bright sunny afternoon when we ambled along the narrow path leading to the Ranganathittu Bird Sanctuary on the banks of the Cauvery river near Srirangapatna in Karnataka.

Even as we were taking in the fresh air and lush greenery all around, we spotted two hoppers, their fin-shaped chests nodding as they went hopping on the grassy ground a little away.

Our guide led us to the waiting boat, and we were off on a delightful cruise. As the boat slowly moved through the shallow waters, a beautiful sight unfolded before us: birds of various hues, some perched on bare branches leaning into the waters, some comfortably ensconced on patches of marshland and others amidst the floating vegetation and bushes.

Amid the chirping and twittering of the birds, our guide began enlightening us with his commentary on these feathered friends. 'Egrets,' he pointed out, and all eyes fell on a flock of snow-white birds standing elegantly. 'Look, those are stocks,' he whooped, explaining the distinction between the open-billed ones and the painted ones. Cameras went click, click, click.

At the next islet, we saw spoonbills, ibises and cormorants, some flapping their wings, others letting out calls that sounded like grunts. Further ahead, on a smaller islet, our guide showed us pintails, teals and terns. We caught sight of a darter taking to the water and swimming from side to side.

Suddenly, something colourful with a long tail flew past us. That must be a wire-tailed swallow, our guide said. As we cruised along, we spotted one that was brown with a black head and a little bit of red near the tail. The bird was all alone. The guide couldn't recall its name, and before he could refer to the book he was carrying, the bird flew away.

We came across kingfishers, herons, pelicans — the spotted and billed and rosy ones with hooked beaks. There were several other species, some rare ones, but remembering all their names is not easy.

Indeed, birdwatching is a feast for the eyes of city slickers. In such peace was truly exhilarating. Some of the birds we saw were not native; they had come to this paradise to escape the harsh winters of higher altitudes, we learnt.

As our boat slowly sailed back to the shore, I felt the whisper of a little bird in my ears: 'Do you see me live? In such peace and harmony and without any racial, class, communal or colour barrier.'

Awakened to reality, I opened my eyes and answered: 'Yes, I hear, we have something to learn. Did you say something,' the guide asked. 'Er, nothing,' I murmured and got off the boat, bidding good-bye to the immortal.

Akali leaders must close ranks

With reference to the editorial 'SAD at a crossroads', discontent has been simmering in the party since the Shiromani Akali Dal (SAD) was ousted from power in the state in 2017. The fact that the party could manage just one seat in the recent Lok Sabha elections has compounded the crisis. Punjab is a border state, and the Akali Dal has long played a pivotal role in checking Sikh radicalisation. The crisis is on many other Sikh leaders' heads. Badals address the concerns of the dissenting leaders instead of trashing the growing revolt under the carpet. The Akalis can still win back Punjabi voters and regain the support of farmers if they get their house in order.

BAL GOVIND, NOIDA

Badals on the back foot

The SAD, once a formidable political force, now stands on the brink of collapse. Its legacy has been tarnished by mistakes and internal strife. The party's predicament is stark: it must reclaim its lost credibility or fade into oblivion. The electoral setbacks have exposed deep fissures within the party. SAD president Sukhbir Singh Badal, who has been facing growing rebellion from senior party leaders, has also come under the scanner of the Akali Bhikhi. The ghosts of past blunders — senseless incidents and police crackdowns — haunt the Badals. The Punjabi voters, once loyal to the Akalis, now feel betrayed. The party's exit from the NDA in 2020 over the three contentious farm laws was a failed move. On the other hand, Sikhs radicals have been gaining ground. The Akali Dal must shed the 'one-family party' label if it wants to regain the lost political space.

SAHJ PREET SINGH, MOHALI

SAD state of affairs

Appropos of the editorial 'SAD at a crossroads', it is time for party president Sukhbir Singh Badal to read the writing on the wall and pass on the torch to another leader. The Akali Dal has faced a steady decline on its watch. The role of a regional party in advocating for the interests of the state cannot be understated. A large-scale rejig in the midst of the Union. The party must go for restructuring if it wants to win back the trust of farmers and Sikhs.

BEANT SINGH, RY MAIL

America should dump Trump

With reference to the article 'Biden out, but Trump may still win', I beg to differ with the views expressed by the author. Joe Biden has apparently withdrawn from the presidential race in view of the concerns surrounding his advanced age. However, he was quick to endorse Vice-President Kamala Harris as the Democratic Party's presidential candidate. The world is not going to forget the chaos that marked Donald Trump's term as the President. His refusal to accept the outcome of the 2020 election had prompted his supporters to storm the Capitol building. Trump is notorious for leaning into such tactics. Can America afford another term of the business tycoon-turned politician? No. Kamala is the one who seems destined to become the next President of the US.

MANOHARAN MUTHUSWAMY, RAMNAD (TN)

Protect Indians working in Israel

Since the Hamas attack on Israel in October last year, there has been hardly any let-up in the Gaza war. The conflict has claimed thousands of lives. Every single day in the region is marked by gunfire and explosions. But the issue of unemployment is so grave in India that many workers from our country are willing to risk life and limb by seeking a source of livelihood in a war-torn region. As many as 4,828 workers from India — most of them from Uttar Pradesh — are currently working in Israel under an agreement. It is incumbent on the Centre to ensure their safety.

JAKIR HUSSAIN, KANPUR

Get the House in order

The current session in the Lok Sabha has been marked by chaos that is characteristic of an arena of free-style boxing and not the august House. Opposition leaders often engage in shouting bouts with the leaders of the ruling regime. They even disregard repeated warnings from the Speaker. This only leads to the adjournment of the House. All Members of Parliament should attend a two-day training session on the importance of adhering to parliamentary rules and protocols.

ANIL VINAYAK, AMRITSAR

Fiscal clarity needed

India needs medium-term targets

The Union government did well to partly use the improved revenue position to project a lower fiscal deficit for this financial year. It will now target containing the fiscal deficit at 4.9 per cent of gross domestic product (GDP) this financial year compared to the target of 5.1 per cent announced in the Interim Budget. The government is following a glide path announced in 2021 to bring down the fiscal deficit to below 4.5 per cent of GDP by 2025-26. It is on course to attain the target next year. In this context, financial markets and analysts were expecting the Union Budget to present a revised medium-term fiscal path. Union Finance Minister Nirmala Sitharaman, however, announced that from 2026-27 onwards, the government would maintain the fiscal deficit in such a way that the central-government debt remains on a declining path as a percentage of GDP.

The post-Budget media interaction of the finance minister and senior officials in the finance ministry, including with this newspaper, suggests that the government doesn't want to subject itself to specific targets and work according to evolving economic conditions. The government, however, would be well advised to provide more clarity. To be fair, focusing on debt is perfectly justified. In fact, the Fiscal Responsibility and Budget Management (FRBM) Act expected general government debt to be limited to 60 per cent of GDP, with central government debt at 40 per cent of GDP, by March 2025. As the statements of fiscal policy in the Budget documents note, the fiscal deficit is only an operational target.

Given that central-government debt this financial year is expected to be 56.8 per cent of GDP, it is important for stakeholders to know what level the government will be targeting, say, over the next five years. It would be important to know the required level of fiscal deficit to attain the desired amount of debt in the given timeframe. Thus, the fiscal deficit over the medium term and debt are not independent of each other. At this stage of development, when both the government and the private sector need to raise money for investment — including from global markets — having a transparent and rule-based fiscal framework will help. It has also been the basic essence of the FRBM Act. A rule-based fiscal framework will also help rating agencies in assessing India.

Further, the ability of the economy to finance the fiscal deficit is missing from the conversation. Net household financial savings fell to a multi-decade low of 5.3 per cent of GDP in 2022-23. Even if it rebounds to the average of about 7.5 per cent of GDP seen over the past decade, it would entirely be going to fund the general government Budget deficit, leaving practically nothing for the private sector. It is well accepted that the revival of private investment is critical for sustaining higher growth over the medium to long term. The desired level of fiscal deficit in the FRBM rules was also based on the availability of financial savings in the economy. Sustained higher deficits for extended periods carry a real risk of crowding out private investment, thereby affecting the long-term potential of the economy. The government thus needs a revised fiscal framework consistent with underlying economic growth, debt sustainability, and availability of financial savings in the economy.

Filling a gap

New asset class for mutual funds will help HNIs

The Securities and Exchange Board of India (Sebi) has proposed an asset class for mutual-fund (MF) investors. A consultation paper in this regard was published on July 16 and public comments will be accepted on the proposed scheme until August 6. This new asset class would allow asset management companies (AMCs) to launch funds packaging high-risk, high-return trading strategies to investors with the risk appetite and financial capacity. The proposal places these products halfway between portfolio management schemes (PMS) and "vanilla" mutual funds (MFs). The minimum investment value is ₹10 lakh, which is less than the minimum ₹50 lakh threshold for PMS. AMCs launching these schemes would have to appoint chief investment officers with at least 10 years' experience in managing assets worth at least ₹5,000 crore, and additional fund managers with at least seven years' experience handling at least ₹3,000 crore. The AMC itself must have been in operation for at least three years with assets of at least ₹10,000 crore.

While these proposed MFs would provide the options of systematic investment plans (SIPs), systematic withdrawal plans, and systematic transfer plans like any MF, the fund managers of the new asset class would have the flexibility to use strategies involving derivatives for purposes other than hedging. Funds in the new asset class would need to be branded differently to ensure that investors distinguish between these and low-risk vanilla MFs. These funds would also have more flexibility in tailoring redemption frequency to ensure the managers do not face sudden liquidity constraints. The paper also suggests that units be listed on stock exchanges (as with exchange-traded funds, or ETFs) to allow for easy entries and exits.

The paper suggests this new class of funds build "Long-Short" portfolios to exploit rising as well as falling share prices, and also they may craft "Inverse ETFs" models designed to move the fund's portfolio in the opposite direction to a benchmark ETF. Such strategies would allow the fund to exploit price movements in either direction by using derivatives. These are typically strategies deployed by hedge funds which can generate high positive returns, no matter what the market direction may be. However, they are also high-risk and require careful management since they can blow up with very high losses. One of the objectives of the proposal is to allow investors with the requisite resources and risk appetite to participate in high-risk strategies without resorting to unregistered, unauthorised entities.

In the absence of such a formalised asset class, investors with a corpus in this range have been known to enter schemes floated by unknown entities that promise unrealistically high returns. By providing a regulated environment, Sebi hopes it can push such unauthorised schemes out of the market and replace them with regulated funds. Formalising this new asset class is tacit acceptance of the needs of investors with this profile, and it offers them a modicum of protection against unregistered traders. However, if this new asset class takes off, Sebi and the exchanges will have to deal with a surge in volumes of derivatives, and tighten the surveillance and margin systems appropriately. Assuming that occurs, this new asset class fills a gap in the market.



ILLUSTRATION: BINAY SINHA

Capital gains tax reforms in context

The budgetary provisions on the taxation of capital gains could help foster change in trading behaviour and address inequality

International mobility of capital, both by individuals and through corporations, has posed challenges to the ability of nations to tax capital income on a par with the taxation of relatively less mobile labour income. The G20's Base Erosion and Profit Shifting or BEPS project brought to the centre stage the issues related to corporations with a global presence, with solutions being proposed through administrative and taxation measures in the form of Pillar 1 and Pillar 2. This approach focuses on establishing a coordinated tax regime across countries, thereby reducing the scope for complete evasion/avoidance of taxes. Alongside these discussions, concerns on taxation of individuals, especially high-net-worth individuals, are also emerging.

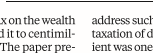
During the recent G20 meetings in Brazil, a proposal was presented for discussion — to levy a 2 per cent tax on the wealth of billionaires and, if possible, extend it to centimillionaires (<https://shorturl.at/FsgL>). The paper presents some evidence from the United States, France, Italy and the Netherlands to suggest that the top 0.1 per cent in income distribution in different countries pay a lower fraction of their incomes as taxes when compared to the rest of the population. This anomaly is attributed to their higher abilities to undertake tax-planning. The solution to this concern is pre-

sented in the form of a 2 per cent global tax on the wealth of these individuals. The global component of the proposal is meant to reduce the scope for avoidance by relocation. The 2 per cent rate of tax on wealth, which is argued to grow at an average real rate of 6-7 per cent per annum, would imply a 33 per cent tax on income. Apart from addressing concerns of inequality, the proposal could be seen as a fair means for raising additional resources for financing sustainable development and climate goals.

While the willingness to levy such taxes as well as the specific form they might take can and will be discussed in various fora, the underlying concern of increasing inequality and the need to correct perceived differentials in the tax on capital and labour income is a more immediate concern. The Government of India has sought to introduce tax law changes to address such concerns even in the past — the shift of taxation of dividends from the company to the recipient was one such measure.

Another aspect that could drive policy interventions in capital markets are the structural changes in the ownership pattern in these markets. Low returns provided by the banking sector — both in nominal and real terms — have induced a shift in the incremental financial savings of households towards capital market investments. This process

R KAVITA RAO



Talking puppy tells tall tales

Three years ago, when I was trying to build a company (a sort of euphemism for not having steady income), some well-meaning folks sought my advice on the strategic direction for a fledgling startup.

This startup, they said, wanted to make a media splash about delivering groceries and other stuff in 10 minutes. Was a 10-minute delivery of much use to anyone? Can besan, banana, or bread be really the thing you would need or want in an emergency?

Since this was an informal chat and I had no skin in the game, I decided to have a bit of fun. Think about it like having a talking puppy, I said. Would it be of much practical use? But boy, won't it be great to have one! It will become a huge talking point and probably make me rich.

This was not an original thought, "inspired" as it was by Chandler Bing in Season 6 Episode 14 of *Friends*, the one in which Joey tries to make Chandler cry by imagining a three-legged puppy begging for help.

The 10-minute idea appeared to be original, but not hugely impressive. As Scuse Unseen has written before, startup founders should focus on solving critical problems.

As it turns out, the views of a newspaper columnist are not very consequential. It seems to be a good thing that quick commerce is not trying to solve a big problem.

The new consumer

Rahul Taneja, partner, Lightspeed, sees this as "building on top of an existing user behaviour of ordering from the corner shop or kirana store, and combining that with changing user habits". What was done earlier on a phone call is now being done on an app, but more efficiently.

"In a way, this is not about behaviour change as much as behaviour adaptation," Mr Taneja told your columnist.

Lightspeed was one of the prominent names in the latest funding round for Zepto on June 21, which gave the quick-commerce startup a post-money valuation of \$3.6 billion.

Two other flag bearers of quick commerce are not doing too badly, either. Blinkit was struggling when Zomato acquired it in 2022. In May this year, Deshpande Goyal, Zomato's founder and CEO, said in a letter to shareholders: "We are just grateful that the bet that we took on Blinkit worked out just fine." He was downplaying it: Blinkit turned operationally profitable in March. Its gross order value — a measure of the money earned on each transaction — doubled in the fourth quarter of 2023-24 and all forecasts point to a bright future.

Swiggy, as it gets ready to float an initial public offering, is hiring from companies such as Amazon and Reliance to bolster the leadership team at Instamart, its quick-commerce wing.

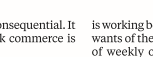
Indeed, quick commerce in India is scripting an unlikely success story. Nearly every quick-commerce startup — up outside India has shut down — changed its strategy, suffered a massive erosion in valuation, or scaled down drastically.

So, why is it working in India? It is working because it is responding to the needs and wants of the new consumer, who is not in the habit of weekly or monthly shopping. They order on impulse and want it delivered quickly, even if it means placing several orders in the course of a day — or night. They are not interested in a trek to the convenience store, rummaging through shelves, and enduring the checkout queues.

According to a Bernstein survey, as reported by *Technomic*, adoption of quick commerce is the highest among those aged between 18 and 35. Those who are 36 and above are also adopting digital channels, with more than 30 per cent preferring quick-commerce.

SCENE UNSEEN

SUEVEN SINHA



was nudged along by the temporary change in liquidity following demonetisation. This interest in capital markets is reinforced by the sharp increase in stock market returns (both in the cash segment and in the futures and options segment) along with easier access to investment opportunities provided by fintech developments. For instance, during FY2023-24, the Nifty grew by 26 per cent while the Sensex grew by 24 per cent. For the last five years, the average annual increase in these indices is about 16 per cent. In contrast, interest rates on fixed deposits have not crossed 10 per cent at any time.

The structural change is reflected in the fact that the share of mutual funds in total market capitalisation has increased from 4.9 per cent in FY17 to 8.9 per cent in FY24. The Economic Survey reports that individual investors' share of the turnover in the equity cash segment in FY24 is 35.9 per cent. An examination of the composition of financial savings of households shows that shares and debentures on average account for 6.8 per cent of total financial savings of households in recent times, up from 1.6 per cent pre-FY16. Correspondingly, the share of deposits has fallen from 51 per cent to 36 per cent.

Another aspect to consider is the possible impact of buoyant financial markets on investment decisions in the real economy. High returns on stock market investments could make real investments with modest returns unviable or unattractive. A look at the combined balance sheets of 10,639 private limited companies released by the Reserve Bank of India shows a decline in the share of gross fixed assets in total assets from 48.2 per cent in 2020-21 to 46.8 per cent 2022-23, alongside an increase in the share of equity instruments and shares from 8 to 8.7 per cent.

The budgetary provisions on the taxation of capital gains and the securities transactions tax need to be understood in this context. Budget 2024-25 proposes an increase in tax on both short-term capital gains and long-term capital gains on listed stocks — the former increasing from 15 per cent to 20 per cent and the latter from 10 to 12.5 per cent. In addition, the securities transaction tax on futures and options transactions too has been increased. These could be seen as a step towards reducing the differences in taxes on capital and labour incomes. The change in the tax treatment of buyback of shares too contributes to a widening of the tax base with the liability being imposed on capital incomes. On the other hand, higher taxes can moderate the returns to speculative investments in capital markets. An increase in the tax differential between short-term and long-term capital gains could induce longer-term holdings. More modest returns in capital markets could lead to greater stability and better support for real investments in the economy.

The writer is director, National Institute of Public Finance and Policy, New Delhi

Dark store shining

Sure, India has a large young population, but it is not the only country where young people live. And it does not take a very large number of consumers for a quick-commerce platform to be successful.

In a YouTube chat with the Zepto founders in September last year, Nikhil Kamath of Zerodha asked what percentage of the population was using apps such as Zepto to shop. Aadit Palicha, co-founder and CEO of Zepto, said it was, collectively, 0.3 per cent, and that quick-commerce needed only 0.35 per cent to make money.

The key is dark stores, which are like a micro warehouse where, instead of customers moving through the aisles, there are packers. For success, a company must keep the throughput — product or service produced or delivered within a specified period — high. That will keep the rentals, as a percentage of sales, low. It works in India because in the top cities the density of consumers is crazy high. A high-rise complex in Gurugram can have as many potential consumers as an entire town in a large but thinly populated country. And India has cheap labour. A short delivery dash can be done for a few rupees, compared to a few dollars in the United States.

"What makes quick-commerce economically viable in India is the unique combination of demand density, which means delivery distances are much shorter, and lower cost of labour — reflected in rider cost, or delivery cost per order," says Mr Taneja.

Rajesh Srinivas, a well-regarded founder and investor, said on X on Tuesday that the best way to learn quick-commerce was to work as a delivery executive for Zepto, Blinkit, Instamart. One of his portfolio founders did this and found deep insights in operations and consumer behaviour.

That resonates. The scene I've seen brood lives on the 17th floor and it takes nearly five minutes to reach the apartment block's entry gate. Yet a few times every day, a quick-commerce chap dings the doorbell within minutes of placing the order.

It is nothing short of magical. Like a talking puppy.

Anatomy of a democratic coup



BOOK REVIEW

KANIKKA DATTA

In December 1932, Adolf Hitler had hit rock bottom. In Reichstag elections the previous month, the party had seen a 25 per cent drop in votes despite an expensive and intensive campaign. Gregor Strasser, "chief operating officer" of the National Socialist movement, had exited the party over ideological differences and Hitler's refusal to compromise chancellorship claims, threatening a split in the party.

Though the Nazi Party was the largest party in the Reichstag with 196 seats, business donors, such as steel magnate Thyssen, the Krupp engineering empire and piano maker Bechstein, had tightened the purse strings, repelled by the unbridled violence of the Nazi system tropes, the Sturmabteilung (SA). With the party deep

in the red, this paramilitary organisation was forced to sell potatoes to cover their costs. In Berlin 10,000 of them mutinied over shortage of food.

Yet by January 30, 1933, Adolf Hitler took oath as Chancellor of Germany. Less than two months later he pushed through the infamous Enabling Act, allowing him to issue laws without Parliament's consent, setting Germany on the road to the infamous Enabling Act, allowing him to issue laws without Parliament's consent, setting Germany on the road to the infamous Enabling Act, allowing him to issue laws without Parliament's consent.

How did the Weimar Republic, united Germany's first genuine democracy, succumb to the Nazis? The standard explanations point to the humiliating terms of the Versailles Treaty imposed by the victorious Allies at the end of World War I that irreparably weakened the German economy, causing spiralling inflation and mass unemployment, inevitably enhancing the popularity of right-wing totalitarianism. But Hitler's rise to power was by no means inevitable. Historians tell a more granular story of cynical power brokering by the traditional political elite, rooted in Bismarckian privilege with tenuous loyalty to democracy.

This wheeling and dealing has been well documented by countless historians

of Hitler's Third Reich. *Takeover* colours between the lines of the familiar big picture presenting in dramatic and entertaining detail the six months before Hitler assumed power.

Timothy Ryback begins the story in mid-August 1932 with Hitler and Joseph Goebbels, later the Nazis' notorious minister of propaganda, savouring a major electoral victory in the Reichstag elections of July 31. The Nazis had won 230 seats in the 600-member Reichstag, their best performance to date. Though short of a majority, the Nazis were the biggest party and a powerful political force. Hitler calculated that President Paul von Hindenburg, the (some say undeserved) hero of World War I, would have no choice but to offer him the Chancellorship. Thirty-seven per cent of the vote, he reckoned, represented 75 per cent of the 51 per cent majority.

The electoral victory was doubly satisfying because it put Hitler, a former Austrian corporal, in the reckoning with the Junker-dominated political clique, from which he craved recognition but despised derisive nicknames like the "Kabinet of Von Von Von Von". Earlier

that year, he had lost the presidential election to Hindenburg by 5.9 million votes, a verdict he challenged and lost in court. An amusing prelude to this contest was Hitler's attempts to acquire German citizenship. He was first hired as a village gendarme in Thuringia but after facing a storm of derision from an implacably hostile liberal press he managed a job as a mid-level bureaucrat in the state of Braunschweig.

The powerbroker in the August negotiations was defence minister Kurt von Schleicher, a Hindenburg acolyte "who knew everyone who was anyone". Schleicher, writes Ryback, "viewed power politics as war by other means" and considered a Nazi-Conservative alliance as a means of keeping out the communists and Social Democrats. In May, he had cut a deal with Hitler to replace the centrist chancellor Heinrich Brüning with the hapless aristocrat and Schleicher puppet Franz von Papen. In return, Schleicher convinced Hindenburg to lift Brüning's ban on the SA, enabling the Nazis to hold mass rallies and bring their opponents ahead of the July elections.

The chancellorship may have been a done deal, but his entourage had not been implicated in the murder of a communist. Hitler's open defence of the killers offered Hindenburg, who harboured a Junker general's aversion to Hitler ("that Bohemian corporal"), the pretext to refuse him the chancellorship, dress him down and leak the details to the press. Thereafter, with the Communists and Nazis

unexpectedly jointly voting for his dissolution, the Reichstag ended with just 50 minutes of actual parliamentary business. For the November elections, Hitler employed the same novel (or future) tactics of saturation rallies covering the country by air. This time, the absence of a majority by any party made Schleicher's attempts to pull together a squabbling right-wing factions impossible. He fell from grace and his acolyte von Papen was appointed chancellor. The new man prevailed on a frail and mentally wavering Hindenburg, now 84, to agree to Hitler's demand for an emergency cabinet with himself as vice-chancellor. Papen's cynical

calculation was that bringing Hitler into government would "take the heat". "We engaged him for ourselves," Papen assured a doubter, surely the most fatal miscalculation in modern history.

As Professor Ryback writes, "It has been said that the Weimar Republic died twice. It was murdered by the communists and the Nazis. The murder was by Hitler but the suicide was undoubtedly inflicted by a cabal that weakened the institutions of Weimar democracy in the interests of warring power. Hindenburg's proclivity to overrule the Constitution and rule through presidential cabinets — including approving dictatorial rule for two chancellors — set the scene for Hitler to build on. As Richard Evans has shown in his three-volume study of the Third Reich, Parliament convened for the same three days between July 1932 and February 1933.

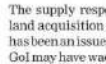
Dr Ryback tells a good story with the atmospheric and gossipy details, though extended flashbacks to provide context are occasionally disorienting. *Takeover* attempts to fill together a puzzle that remains uncomfortably relevant in the 21st century. Among them, Hitler's determination to destroy democracy through democratic means has echoes in Donald Trump's plans to expand executive power in the world's most powerful democracy should he be elected.

Could Render Home Not-So-Sweet Home

Indexation denial may affect urban growth

Withdrawal of cost indexation in property transactions, although simpler to administer and resulting in lower capital gains tax, may adversely impact slower markets, typically smaller towns and less desirable districts of large cities. The new tax dispensation favours property investments that yield positive inflation-adjusted returns. Where this condition is not met — housing prices not having grown much faster than prices overall — the homeowner faces an extra tax hurdle in disposing of his property. This could cause greater illiquidity in select micro markets and affect urban growth. The same forces would be at play during a property downcycle, when homeowners may put off decisions to sell, contributing in the process to factors that led to the slump.

Since housing is prone to spatial and cyclical factors, indexing against inflation offered a built-in policy ballast. The govt may now have to put specific counter policies in place to make the housing market more liquid and less volatile. The sector has among the highest forward and backward linkages in the economy, which calls for such intervention.



The supply response to housing demand is slowed by land acquisition and floor area restrictions. So far, this has been an issue specific to state and local governments. GoI may have waded into the issue with its tax proposal.

The intended objective of removing tax arbitrage to make household savings more fluid across asset classes may not be served if the housing market were to become more illiquid. It would further trap capital stranded by the varied implementation of GoI's model regulation for the real estate sector. The market is seeing a fragmentation in supply in favour of luxury and affordable homes. Prices are rising faster in these segments on account of input cost inflation and additional amenities. Middle-income housing, which makes up the bulk of demand, may be more vulnerable to the withdrawal of cost indexation.

Med in India: Quality, Affordability, Access

In her budget speech, Nirmala Sitharaman announced the expansion of infrastructure, drug, and health care. The three targeted immunotherapy drugs with innovative treatment outcomes for cancer, from customs duty. This is welcome. These drugs are under patent and are imported. Easing the 10% duty will make these drugs affordable to a larger group.

Welcome as efforts to make under-patented therapies and life-saving procedures like dialysis affordable for more people are, ensuring more access will need more than duty exemption. GoI must find ways that include leveraging budgetary support to encourage drug development for diseases with high incidence of occurrence like cancer. Domestic drug development is a sure way of making drugs affordable. Drugs made locally are at under-patent or generic, must be of high and uniform quality. Variations in quality has dogged the domestic pharma sector. Uneven quality of medicines will undermine the Jan Aushadhi scheme geared to making prescription drugs affordable, even as GoI has more than doubled its spend on it. The drug regulatory structure must be overhauled for greater accountability and transparency.

Quality and affordability must be matched with an accessible healthcare system. Budgetary allocation for the sector is up 12.6% from last year, including increased allocation for the public insurance scheme, Ayushman Bharat. GoI must step up its pace of setting up teaching hospitals in every district to ensure a steady flow of trained doctors and nurses to service the healthcare system, and provide easy access to basic health care across the country. Affordability, access, and quality must be the three pillars built at the same pace for India to be vixit on the healthcare front.



JUST IN JEST
At the Olympics opening ceremony, you won't (hopefully) see a shark fin.

Seine Today Will Be Safe and Not Insane

Inshallah, the 2024 action-horror disaster film under Paris — the original French title, 'Souls in Seine' (Under the Seine) — will remain a fictional thrill as the Olympic Games opening ceremony unfolds today. This unprecedented event — it's the first time an opening ceremony is taking place outside a stadium, along Paris' iconic river — will feature over 200 delegations gliding down the river, with thousands cheering along the banks. In the Xavier Gens movie, Lillith, a tanned sharkfin makes shark — usually found in temperate and tropical seas — finds its way into the freshwater river for 'revenge'. Mayhem follows. Paris turning into a battlefield. On finding out that Lillith has entered pre-Olympic Paris, scientists request the Parisian authorities to postpone the triathlon event. The mayor — not Anne Hidalgo, the real mayor — insists on going ahead, stressing the event's importance for global visibility and the billions already spent. Without giving the film away, let's just say the Olympic triathlon event in Paris becomes a veritable bloodsport.

But not to worry. Instead of a rampaging shark that makes jaws look like nibbles, the Seine will (surely) be graced with floats and fanfare. Free of the garbage that was reportedly floating around in it till a few weeks ago, the Seine should see swimmers safe. And, hopefully, friendly fins.

Budget introduces many tweaks and reforms, but misses a chance for comprehensive overhaul

Half-a-Tax to Catch a Ride



Parthasarathi Shome

The budget's rubric comprised four stakeholders: the poor, women, youth, and farmers. What if these immediate attention was reiteration of the interim budget's announcement of MSP for farmers, a 40% margin over the cost of production. This was assured by the previous PM, but didn't see the light of day. The renewed assurance will be watched closely. Women, youth and the poor have been assured many benefits, but disbursements will be the test.

Beginning with direct tax rates, short-term and long-term capital gains tax rates will be reduced to 20% and 12.5%, respectively, and exemption limit on some financial assets will be raised to ₹1.32 lakh annually. Corporate tax rate on foreign companies will be reduced to 0.4% to 35%, though securities transactions tax (STT) on futures will increase to 0.05%, and on options to 0.1%.

Safe harbour rates will be provided for foreign mining companies in diamonds. TDS on e-commerce operators will be reduced to 0.4% while the ambit of TCS will be widened on high-value notified goods, rotating restaurants, and bonds and payments to partners by companies. For simplification, charities will be taxed under a single regime.

On administration, taxpayer services will be further digitised. More officers will be deployed for tax disputes, where India is more burdened than most



Half-hearted: 'Everything is inside' (2004), Subodh Gupta

The tax assessment was again announced for simplification. However, implementation of feeless assessment has been openly criticised. Continuing cracks in administrative practices need to be comprehensively reformed, reflecting the Tax Administration Reform Commission (TARC).

GST was enlarged. There is little space to dissect it here. Instead, a look at the administration of input tax credit and timeliness — or lack thereof — of refunds to exporters would be a good place to begin. If the facilitation of exports — both goods and services — as PM emphasised in her customs policy is the objective.

The four budget themes of employment, skill, MSMEs, and the middle class, and the three budget priorities of productivity and resilience of agriculture, employment and skill, inclusive justice, manufacturing and services, urban development, energy security, infrastructure, innovation, research and innovation, and next-generation reforms comprise policy intentions that cannot be faulted.

It is encouraging agriculture to increase productivity, delivering climate-resilient varieties under the

guidance of domain experts, initiating 1 or farmers to rational farming, missions for pulses and oilseeds, enhanced storage and marketing, rural connectivity and, in urban areas, growth hubs and street market hubs, all leading to attainability, were music to farmers' ears — even as the condition of farmers deteriorates.

Political and religious connotations of the budget can't be missed. Thus, Bihar, Andhra Pradesh and the northeast were major beneficiaries. These who have performed 'joint dance' for investors at the Narmada/Purna river in Gaya would know the drive need for socioeconomic infrastructure there as well as at the Kashi ghats, Vishwanath Temple and a myriad of other Hindu religious sites. For a Union budget, however, including churches, gurdwaras, mosques and Jain pilgrim centres that are on the decline would have been an easy, more universal gesture of inclusion.

Was there a discernible strategy for these sectors or projections for growth rates achievable in five years? The emphasis on women, skill and higher education (including loans) are catnip for the government, and the inclusion of solar energy and mitigation of climate change — even though Kerala was included here — R&D of nuclear energy suffice?

Ultimately, even while GDP and per-capita GDP may grow rapidly, until the time when the per-capita GDP can be de-emphasised, the rural poor will be visible through rising and falling farmers, and the urban poor will be visible — or made invisible — behind screens, or poverty will continue to draw the attention of researchers, NGOs and concerned policymakers.

The writer is a founder chairman, International Tax Foundation and Analysis Foundation (ITAF)

Cultivating a Smarter Approach

On access, availability and affordability of food. In the fertile Indo-Gangetic plains, an area that produces 14.5% of the global wheat yield, a 50% reduction in wheat yield due to heat stress is projected by 2050. Heat temperatures and changing rainfall patterns also diminish quality (protein and gluten) and yield. In the semi-arid regions, crop losses are projected to be 1.5-3.5% and with high reliance on rain-fed irrigation. More significant investments in irrigation to keep small-scale producers ahead of a dynamic mix of abiotic (drought, flood and biotic pests and diseases) threats, using soil and water resources more efficiently, building greater capacity to assess risks, and forecasting threats and taking action is an important strategy for creating resilient and adaptive systems.

Announcements of schemes such as accelerating R&D efforts in developing new climate-resilient crop varieties, enhancing oilseed production and DPI for agriculture, including digitalising surveys, are welcome as they will offer better resilience and adaptation to the agriculture sector and, thereby, to close to 20% of India's population that continues to depend on it as an important or only source of livelihood.

Investments in agriculture, especially in the context of changing climate, are an important sector for growth. Diversified income sources and asset bases among farmers. Protection and adaptation capacity in rural areas. Opportunities for private sector, such as higher investments in better farm inputs, irrigation infrastructure, post-harvest, etc.

The budget's impetus on infra, rural roads and energy will directly benefit the farm sector. In the last two decades, India has witnessed significant progress in rural road infra and electrification. Through a stable power supply, through emphasis on higher investments in alternate sources of energy, such as solar, would help address a key economic opportunity among agro producers.

This would assure value creation from agriculture by value-adding and preserving the harvest, higher income for farmers and better prices for the consumer. Increasing a



Purvi Mehta

Over 77 years of independent India's existence and across a series of budgets, one factor has remained constant: the economy's high dependence on the farm sector, thanks to its contribution to economic growth and consumption expenditure. So, it's good to see that budget priorities the impact on agriculture and its focus on more effective, efficient and climate-resilient public spending.

It proves that GoI is not only focused on fiscal numbers but is also trying to accelerate inclusive and transformative development. The impact of recognising wheat as a contribution to the economy is also an acknowledgment of women farmers' role in raising over 40% of crops and over 70% of livestock.

India experiences some of the world's highest maximum temperatures. Heatwaves are projected to increase in intensity, frequency and duration. This must exacerbate precarious conditions faced by farmers, and could be a significant hindrance to agricultural production, cascading

farmers' holding capacity (ability to store the harvest) will be an important factor towards price stabilisation. Emphasis on aggregation through producer organisations and cooperatives will help realise the value of economies of scale.

PM's mention of India's demand growth for energy is well noted. Transition to a low-carbon economy is also gaining momentum. This demand will have to be supported with decarbonisation investments. Ethanol production is an important sector for growth. India has to decarbonise, as it is both energy and emissions-intensive. Key steps in the country's Net Zero 2050 scenario include expanding the circular economy for better waste management, reducing demand for materials like plastic by 10% by 2030, alternative materials for construction, and low-carbon industrial processes.

The country must galvanise its greatest asset — its people. Indians are among the lowest per-capita energy users and carbon emitters globally. Harnessing the innovation capacity, entrepreneurial spirit and track record of its farmers to make the country among the top five food producers in the world, will be a formidable task for the country towards 'Viksit Bharat'.

The writer is senior advisor, global growth and opportunities, Global and Multinational Tax Foundation

Carefully Waking the Talk on Infra

July 2022. More recently, as of July 2023, with the collapse of a bridge in Sabarwal district of Bihar, bridges collapsed in the span of three weeks in the state.

In Mumbai, highways like pockmarked with craters. Cities flood when it rains. Gaping manholes claim victims. And municipalities struggle to manage waste disposal and water shortages. A crisis of quality makes our big cities unlivable. Our mountains are sliding into mud pools from rampant landslides. Little or no maintenance renders existing infrastructure fragile.

We have rarely identified the root of the problem. As the regular citizen helplessly dismisses risk as a way of life, these examples end up as political footballs in bitter parties, including in a blame game.

A 2020 World Bank blog, 'As countries sit on shaky foundations, tackling corruption in infrastructure is key', says that in developing countries, estimates of losses to bribery in construction, which lies downstream from procurement, are as high as 45% of construction costs. Some countries like Thailand and Honduras are trying to change that by participating in a global initiative to improve private sector investment. Still, reduced spending on public finances without heightened accountability is problematic. Despite spending trillions of rup-



First fix it, then think of vixit

validate and interpret data on public projects as part of the Infrastructure Transparency Index (COTI). This can also be mapped against global procurement practices to ensure standard processes are followed and quality checks remain in place.

This means an ordinary citizen can see how much it costs to build a road in Bengaluru versus in Mumbai, or a dam in Kerala versus in Jammu. It would give us details of materials used, cost, practices involved, time taken, the degree of competition for projects or the lack thereof. And, indeed, the performance of that infra.

By forming collectives of citizen groups, government and private sector, public projects can be scrutinised and gaps identified. We can gauge if projects are awarded to areas that need them most.

India is no longer a country of free or cheap access. We pay taxes on everything from our incomes to goods and services we use. We pay tolls for the roads we drive on. When disappointed, we erupt and elect different governments, but the same legacy stays trapped. Our failure to build accountability has resulted in unreliable infra. This must be arrested.

The writer runs a leadership advisory and strategic communications consultancy



THE SPEAKING TREE

Imperative of Giving Back

VIJAY KASHIA

In the realm of moral philosophy and societal norms, the concept of giving back stands as a beacon of virtue, embodying the altruistic impulse to contribute to the well-being of others and the collective good. Yet, the perception of this noble act varies among individuals.

While genuine altruism compels some individuals to devote resources and pursue societal welfare through philanthropy or charitable giving, others may be motivated by self-serving motives such as social recognition, reputational enhancement or financial incentives like tax benefits.

Neuroscience research, championed by Andrew Newberg, reveals that acts of altruism trigger neurochemical responses associated with pleasure and well-being, such as dopamine, serotonin and oxytocin. These findings suggest that altruism fosters happiness and contributes to social well-being, physical health, fostering a virtuous cycle of giving and receiving. Moreover, the concept of 'dāna', or giving, is deeply rooted in Indian traditions across various religious affiliations, including Hinduism, where acts of charity are believed to accrue spiritual merit and purify the soul. Individuals engage in a sacred duty that transcends self-interest and fosters a sense of community with the broader community by detaching from material possessions and cultivating service and compassion.

Altruism is a noble pursuit, but it is not the only way to give back. In the modern world, giving can take many forms, from volunteering time to supporting social causes, to donating money to charitable organisations. The key is to find a way that resonates with one's values and abilities, and to do so with a genuine desire to help others.

The writer is a founder chairman, International Tax Foundation and Analysis Foundation (ITAF)

ALGO OF BLISS TECH

Watching a Sprint

The sprint stands out as a testament to the incredible capabilities of the human body. And watching athletes run a 100m or 200m in the Olympics is a captivating experience that inspires within us the awe of what the human body is capable of.

Sprinting is a race of sheer speed and power. It is a showcase of the human body's ability to perform at its peak. And here, the Olympics provide the perfect platform for such spectacles.

where they take on 'superhuman' form. The tension is palpable when the runners take their marks. When they burst into a sprint, the force seems almost superhuman.

In that stretch of run, the sheer delight of watching every stride and every body movement, working in perfect harmony to propel them forward with breathtaking speed. The grace and efficiency of their movements are a marvel to behold. The bliss of watching a sprint is not only in the spectacle of speed but also in the appreciation of human potential. It's a celebration of biomechanics, with every muscle, tendon and joint working in concert to achieve a singular goal: to cross the finish line first.

Chat Room

Certain Curtain Taxing Provisions

The Edit: Moving Towards a Less Taxing Future? The Finance Bill 2024 tries to simplify complicated tax administration. The amendments pertaining to capital gains tax are aimed at, inter alia, simplification by eliminating the complex differential treatment in the capital gains tax regime. We need low and stable tax rates that will help our economy flourish. Sun-act on the old tax regime may be a step in the right direction. Similarly, fewer customs duties will help reduce the classification disputes and lower litigation. It should be possible to raise tax revenues through simpler tax administration. The amendments are not ended frequently. The tax laws and their administration should serve the larger interests of our economy and ensure a more prosperous developed economies.

VIJAY KASHIA



Opinion

FRIDAY, JULY 26, 2024

Shrinking Kisan Budget

Lower outlays after adjusting for inflation are disappointing for farmers

CONSIDERING THE BUDGET'S priority to promote productivity and resilience in agriculture, the outlays for the ministry of agriculture and farmers' welfare at ₹1.32 trillion or 2.7% of total expenditures represent a shrinking share from 5% in the Budget for FY 20. The budgeted outlays for FY 25 are also lower after adjusting for inflation when compared to the revised estimates last fiscal. This has upset farmers, farmer unions, and agricultural experts. Since the National Democratic Alliance (NDA) regime first came to power in 2014, agricultural growth has averaged 3.7% per annum while growth in overall gross value added was 5.8%. This far-from-buoyant performance has been strongly influenced by the southwest monsoon, which has become highly wayward due to climate change. The policy imperative must be to prioritise investments in infrastructure like irrigation and water management facilities and develop heat-resistant crops by investing more in research and development (R&D) for a more climate-resilient agriculture.

The Budget speech mentioned that 109 new high-yielding and climate-resilient varieties of 32 field and horticulture crops will be released for cultivation by farmers; that the government will undertake a comprehensive review of the agriculture research set-up to bring the focus on raising productivity and developing climate-resilient varieties. The government is in fact targeting to cover 25% of this year's kharif paddy area with climate-resistant seeds, building on their success in the just-concluded rabi season for the wheat crop. These interventions need to be scaled up but the outlays do not reflect these imperatives. The ministry has two departments of agriculture and farmers' welfare and agricultural research and education (DARE). DARE's outlays at around ₹10,000 crore are only 0.6% higher than the revised estimates last fiscal. Every rupee spent on agri R&D yields better returns than a rupee spent on subsidies and contributes to sustainable agriculture. Agricultural economists like Ashok Gulati have forcefully underscored the need to double the budgeted spend on the DARE.

The allocation for the department of agriculture and farmers' welfare at ₹1.22 trillion, too, is up by only 5% from the revised estimates last fiscal, representing a decline in real terms. The major chunk of this is for flagship schemes like the Pradhan Mantri Kisan Samman Nidhi (PM-Kisan), Modified Interest Subvention Scheme, Pradhan Mantri Fasal Bima Yojana, and Pradhan Mantri Annadata Aay Sanrakshana Yojana, which is an umbrella scheme to ensure minimum support prices to farmers and comprises the erstwhile price support scheme and price deficiency payment scheme and has seen a three-fold increase in outlays. But for the other flagship schemes like PM-Kisan, the budgeted expenditure is at the same level as the revised estimates last fiscal. The Budget speech announced that 10 million farmers will be initiated into natural farming but the allocations for the national mission for natural farming exhibit sharp swings from the budgeted level of ₹459 crore to ₹100 crore in the revised estimates last fiscal to ₹366 crore.

The other measures announced in the Budget like the digital public infrastructure for agriculture are to be welcomed as they build on ongoing initiatives like the AgriStack being put in place by the NDA government with the data it has been gathering from millions of farmers since 2014. However, considering the shrinking share of this sector and limited spending on R&D, there are no prizes for guessing why those who live off the land are disappointed.

Time is running out for Gucci's makeover

IT'S EVEN WORSE at Gucci than we thought.

Sales excluding currency movements and mergers and acquisitions at the Italian fashion house fell 19% in the second quarter, exceeding the drop expected by analysts and showing no improvement on the first three months.

Parent Kering SA said on Wednesday that its operating profit fell 42% in the first half of this year. It warned that the key measure could decline a further 30% in the second half, compared with 2023, as it continued to invest in reinventing Gucci.

Investors are looking for the next luxury turnaround, after Gucci's last revival almost a decade ago under former creative director Alessandro Michele and Prada SpA's more recent rejuvenation, and for many Kering fits the bill. But it's becoming increasingly clear that the group won't live up to these lofty expectations—at least for some time anyway.

Kering's second profit warning this year underlines the problems that brands seeking to reorient themselves face in a deteriorating luxury market. Gucci is casting aside the opulence of Michele for the sleeker styles of new creative director Sabato de Sarno.

Unfortunately this has coincided with the worst downturn in a decade, as shoppers in China and the US pull back.

Gucci is being particularly hurt by fewer new, often comfortable but not super-wealthy, shoppers visiting its stores and website. They tend to buy the classic styles that the brand always carries. This isn't being compensated for by the group's other brands, such as Saint Laurent.

For more regular Gucci customers, there is little incentive to purchase now, given that more of De Sarno's new designs will be arriving in September.

For those who are buying, the reception so far to De Sarno's products has been positive, the company said, with consumers appreciating improvements in style and quality. But his designs represented only 25% of the range in the second quarter. Kering has previously said this will increase to 100% by the third or fourth quarter, as autumn and winter collections ramp up.

Gucci is speeding up the time it takes to get products to market. Four fresh handbag lines, either completely new items or enhancements to existing ranges, will arrive in the second half. The danger is that De Sarno's collections don't catch on. There was a flurry of excitement around his fashion show held in London in May, with the Gucci belt making a comeback according to Data But Make It Fashion, which analyses social media trends. But Gucci's new look has lacked the buzz that accompanied Michele's debut in 2015.

The competitive environment is also intensifying, as all the brands chase top-end customers. That could mean even more heavy lifting at Gucci. The problem is that with the profit slide, and a string of acquisitions, Kering's balance sheet is stretched. Net debt, excluding lease liabilities, was €9.9 billion (\$10.7 billion) at the end of the first half, up from €9.9 billion a year ago, and equating to 1.8 times earnings before interest, tax, depreciation, and amortisation. Kering is looking to partnerships with real estate investors to cut its borrowings, after several acquisitions of high-profile store locations.

With De Sarno's collections only just hitting stores, it is probably too early to contemplate a change in creative direction. The label also has a new, beefed-up management team. But righting the ship is taking a toll on sales, with Gucci's revenue expected to decline by €1 billion this year, as well as on group profits. This leaves Kering to tough it out, drawing on cost savings to cushion the blow.

Kering is the master of fashion turnaround, perhaps explaining why investors have been so keen to give it the benefit of the doubt. But with the shares down as much as 10% on Thursday, they are now at their lowest level since 2017. Without Gucci's makeover delivering soon, it's not clear how long shareholders' patience will last.



Bloomberg

ANDREA FELSTED

GIVING PUBLIC AND getting listed on an exchange is, for the most part, considered a milestone for a company. However, due to factors beyond its control, such as sparse trading volumes or a minimum public float, a listed company may find itself at a crossroads, deciding whether to remain listed when the benefits no longer justify the costs associated with being publicly traded. A company may also decide for strategic reasons, to do things that are not possible with millions of shareholders to take care of. A reasonable next step is to pursue delisting, essential in "take-private" transactions. Since delisting is a crucial element in the mosaic of processes that shape capital markets, it's only logical that the mechanism for a company to exit the public markets should be efficient. However, instances of delisting in India are uncommon, so much so that the process is largely considered a hit and miss. Often what holds up delisting is a small group of people who try to negotiate several times higher than the fair price. The resulting failure causes loss, both to the company and the vast majority of shareholders.

On this precise issue, the Securities and Exchange Board of India (Sebi), in August 2023, proposed a review of the voluntary delisting norms under the Sebi (Delisting of Equity Shares) Regulations, 2021, to refine the process and tackle hurdles faced by listed firms while exiting public markets. This included the introduction of fixed price mechanism. Sebi, in its recent board meeting on June 27, has approved the proposals, marking a pivotal moment in the evolution of the delisting framework. Some notable proposals related to eligibility thresholds for the counter-offer mechanism, use of the adjusted book value in determining the floor price, and the setting of a reference date.

The delisting framework provided for the reverse book building process as the (non-sole price) determination mechanism for voluntary delisting. In what has

SANDEEP PAREKH
Managing partner, Finsec Law Advisors

been hailed as a much-awaited move, Sebi has approved the fixed price mechanism as an alternative to the reverse book-building process. The fixed price offered by an acquirer must include at least a 15% premium over the floor price and can only be availed for delisting of companies whose shares are frequently traded. The fixed price mechanism was proposed to allay concerns about the inherent price uncertainty linked with the reverse book building mechanism and the resultant increase in volatility and speculative activities in the company's scrip. The proposal was premised on empowering shareholders to decide upfront whether to tender their shares at the given price and provide a transparent pricing strategy that is easily understood by all stakeholders.

The stringent conditions for making a counter-offer under the current framework have often failed to failed delisting attempts, even when a majority of shareholders are in favour. Acquirers are only eligible to make a counter-offer if their post-offer shareholding amounts to 90% of the company's issued shares. It was noted that the high threshold deprived acquirers of the opportunity to make a counter-offer, even if a few shareholders who collectively hold major shareholding chose against bidding while a majority favoured the proposal. Sebi proposed to lower the threshold for making a counter-offer to allow more flexibility to acquirers and increase the likelihood of successful delisting offers. The counter-offer price was proposed to be computed based on

the volume-weighted average price of the shares tendered in the reverse book-building process or the initial floor price, whichever is higher. This was aimed at ensuring the counter-offer reflects the general expectations of shareholders. Sebi approved the proposal to lower the threshold to 75% in the case of delisting through the reverse book-building process, provided at least 50% of public shareholding is tendered. The lower threshold is designed to provide more flexibility in negotiating a price acceptable to both the acquirer and the public shareholders. However, pursuant to a counter-offer, the 75% threshold would still have to be met for delisting to succeed. Similarly, determining the floor price has been a contentious issue, often leading to disputes over valuation. Sebi had proposed the adjusted book value as an additional parameter for determining the floor price. This metric considers the fair market value of the company's assets, ensuring that the floor price accurately reflects the intrinsic value of the shares. Sebi has approved this added parameter for both frequently and infrequently traded shares, with the exception of public sector undertakings.

The floor price is calculated based on a reference date, on which the exchanges are required to be notified of the board meeting in which the delisting proposal was approved. Sebi emphasised the importance of a clearly defined reference date for calculating the floor price to ensure consistency and fairness in valuation.

Sebi's proposal was based on its observation that the interval between the public announcement of the delisting proposal by the acquirer, or prior intimation to exchanges in promoter-led delisting, and the date on which exchanges are notified carried the risk of abnormal trading activity which may disturb the calculation of the floor price. To tackle this, Sebi proposed to calculate the floor price as on the date when information related to the proposed delisting is publicly disclosed for the first time, or based on an "undisturbed price". Accordingly, Sebi has approved the modification of the reference date from the date of board approval to that of the initial public announcement for voluntary delisting.

By incorporating a fixed price mechanism and lowering the counter-offer threshold, Sebi has addressed key issues that have historically hindered successful delisting. These modifications aim to reduce speculative trading, thus preserving the integrity of delisting and minimising adverse influences. The updated methodologies for calculating the floor price and counter-offer price are notable. The adjusted book value ensures the floor price is based on the actual value of a company's assets, and shareholders receive a fair and reasonable exit. While amendments or circulars are yet to be notified, Sebi's decision to streamline the process is expected to address the fault lines exposed by delisting attempts, without influencing the outcome that ultimately depends on the shareholders and the company. By aligning the delisting process with market realities and investor expectations, Sebi's reforms are poised to enhance market efficiency and foster a more robust investment environment. One is most likely to go a mile further where the exit door is not too small to leave. A similarly easy exit is counterintuitively likely to make initial public offerings more common.

Counseled by Rashmi Birmole and Manas Duggal, respectively senior associate and associate, Finsec Law Advisors



NIRVIKAR SINGH

Professor of economics, University of California, Santa Cruz

WHEN INDIA'S NATIONAL government occupied the "commanding heights" of the economy—at least in theory—Union Budgets are often expressions of that position. Although the government's power was often limited by resource constraints, it freely exercised its ability to block some economic activities and allow others. With the beginning of the era of "economic reform," Budgets became announcements and signals of where the reforms would come, in the form of relaxations of controls, or, sometimes, going beyond simple liberalisation to changing the organisation of the economy. In particular, there was a shift from directly controlling markets to regulating them, notionally insulating the regulators from direct political interference.

Meanwhile, the tendency to micro-manage the economy through changes in tax and tariff rates continued, even when those rates had been brought down from punitive high levels. But even that impulse has receded. There are still vestiges of the old "command and control" mentality, but they are now more driven by political and other non-economic motives, rather than any economic rationale.

The latest Union Budget illustrates these trends. The government announced incremental changes in various spending plans, some to provide support to the less well-off, and others to continue the project of removing physical constraints to economic growth, by building infrastructure. Direct tax rates have seen marginal

adjustments, broadly in the directions of encouraging productive investment and the right kind of risk-taking. Indirect taxes have mostly moved into a different arena, with the goods and services tax having its own decision-making apparatus. Tariffs and customs duties saw some rationalisation, to avoid disincentives to domestic production, but also to avoid over-protection. The complexity of modern manufacturing makes tariff policy difficult to implement perfectly, but minimal attempts at fine-tuning are a good sign.

The latest Budget continues with policies to try and finally get Indian manufacturing growing at the kind of rate needed for high economic growth, with production-linked incentives, now complemented with new employment-linked incentives. These policies may be second-best substitutes for "real" reforms, but they offer small nudges in areas where India's economic success has been weakest. The amounts involved are relatively small, but well within a fiscal situation that is relatively sound, if still carrying some of the hangover of the Covid pandemic. Other nudges include credit support for smaller firms, and expanding the role of the government's trade receivables platform. Macroeconomic stability on the monetary and external fronts, normally not a primary focus of the budget exercise, has also deliv-

Many of the things the Union government controls could be done more efficiently at the level of the states

labour markets—long-standing aspects of the "reform" vision—very much on its policy agenda. The underlying theme of all of this (as well as the goal of reducing judicial delays) can be encompassed under the term "ease of doing business," broadened in scope beyond the parameters of the usual indices with that name.

But an alternative perspective also deserves consideration, one that recognises the lack of a level playing field, the limits on capabilities in the population at large, the resulting narrowness of the dis-

The Union Budget is no longer about 'reform'. Instead it involves incremental adjustments to policy within a new economic growth strategy, one focused on business growth

tribution of the fruits of Indian economic growth, and the erosion of some non-economic dimensions of development. Pursuing this line of reasoning, "reform" would involve a massive expansion of access to quality education, decentralisation of funds, and expenditure authority Chinese and to neighbours frequently destabilises their governments but India should aim to extend financial grants for the benefit of the people instead of any political dispensation.

In particular, an increase in tax devolution to states, and to local governments, if accompanied by capability building, could jump-start growth more than money that the Union government controls. For large projects, policies that require national or regional coordination, and policies that benefit from uniformity across the country, the central government has an indispensable role. But many of the things it controls could be done more efficiently at the level of the states. Transferring more money and authority would make state budgets more important, and focus more attention on what the states are doing well, and on the quality of their policy choices. A major change like this would simplify the Union Budget, make "reform" an even less important aspect of that exercise, and allow states to take responsibility for all the things they have not been doing, or not been doing well. In other words, the arena of "reform" would shift to where it matters the most, and where the largest impacts can be achieved.

of the top corporates. But for this, we expect genuine concern for students' future, not the bureaucratic mindset that the NTA has shown so far.

—Sanjay Chopra, Murali Foreign aid rationale

In the Union Budget, India slashed aid to the Maldives and Bangladesh while stepping up support for Sri Lanka and Mauritius on the principled patronage

to neighbours, which is welcome. India should consider financial aid and grants on project basis. Obviously, the Chinese and to neighbours frequently destabilises their governments but India should aim to extend financial grants for the benefit of the people instead of any political dispensation.

—Vinod John, Delhi

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The Indian EXPRESS

FOUNDED BY
RAMNATH GOENKA

BECAUSE THE TRUTH INVOLVES US ALL

Kamala, an American story

Seeing Harris through the Indian or African-American lens does a political disservice to her presidential run



RAJA MANDALA
BY C RAJA MOHAN

STRAINED FRIENDSHIP

Netanyahu's address to US Congress — opposition to it — underlined fraying bipartisan support for his war in that country

BENJAMIN NETANYAHU'S FOURTH address to the US Congress — he has now surpassed Winston Churchill in this regard — was marked by disappointments and divisions. In the run-up to the speech, families of Israeli hostages told US media that they hoped their prime minister would announce a deal to end the violence and return captives. He did not. Rather, to the disappointment of those hoping for an end to the war, Netanyahu reiterated that Israel was striving for "total victory" and asked the US for more aid and arms. And while he might take heart at the applause at the end of his speech, there is little doubt that America's political class has never been more divided on its near-unconditional support for Israel. This was a moment for Netanyahu to rise to statesmanship — for peace as well as for his country's interests. He did not step up to it.

The fact is that apart from racking up a growing body count — at least 39,000 Palestinians, most of them civilians, have been killed since Israel began its retaliation against Hamas's October 7 attacks — the conflict has done little more than allow the PM to stay in power. Hamas still reportedly holds 150 hostages, Israel faces increasing diplomatic isolation and the International Criminal Court has admitted a case of genocide against Israel. National interest, if not humanitarian concern, demands that the Israeli government works urgently towards a ceasefire and builds bridges. Instead, Netanyahu attacked those who disagreed with his course of action. He said the protesters — many of whom were demonstrating against his actions and presence in the House — "stand with rapists and murders" and that critics of Israel are "Iran's useful idiots". Ironically, his abuse is directed at many of the leaders he is seeking to woo: Nearly half of the Democratic Party's legislators, and even some Republicans, including former House Speaker Nancy Pelosi, boycotted the speech and others, like majority leader Chuck Schumer, refused to shake his hand. With the presidential election fast approaching, the consensus on supporting Israel — both between parties and within the ruling establishment — is likely to fray further.

Netanyahu praised both President Joe Biden and his predecessor Donald Trump in his address, calling the latter an "Irish-American Zionist". However, he has constantly violated the red lines drawn by the White House — with the attacks on Rafah, for example. The Democrats are paying a political price for the government's support for Israel, with many protesters — including university students and urban liberals — being part of the party's base. In fact, at the Democratic primary in Michigan in February, 100,000 "uncontested" ballots were cast to register disapproval with Biden's backing of Israel. That Kamala Harris, the presumptive Democratic nominee, chose not to attend Netanyahu's address, citing a prior commitment, speaks volumes. Netanyahu is set to meet both Trump and Biden during his visit. It's time he spoke demanding unconditional support. What is needed is a promise to end the violence and the immediate announcement of a ceasefire.

OLYMPIC DREAMS

Paris showcases a climate change-conscious Olympics.
India is targeting a double-digit haul

WITH INDIA CONTEMPLATING hosting the Olympics, the Paris Games will offer a good indicator of where its preparedness stands. Going past the seven medals won at Tokyo in 2021 will be the immediate goal. A double-digit haul will be considered commensurate return for the spending over the last three years, that was on par with some of the developed sporting nations. Even as Paris tweaks the aesthetics of how a climate change-conscious Olympics looks like, India has attempted to prop up and broadcast its medal-print and will look to first retain, and then go beyond, successes in athletics, hockey, badminton, wrestling, weightlifting and boxing, and hope for a new wave of medalists to come through at Paris. India's talented athletes at Paris can make the first pitch to impress those judging the country's credentials to play host. In Paris, it will target double digits, like Brazil did with 10 in 2004 when it bid to host 12 years later.

At the outset, India will be aware of the sports where it has slid back since Tokyo. The women's hockey team that finished 4th in Japan has failed to even qualify this time. Lifter Mirabai Chanu remains the sole contender in her sport, with no second-rung in sight, and not a single male qualifying. Gymnastics has no representation at all this time, with no one sprinting down the footpaths of Dipsa Karmakar or Pranati Nayak, and Bhavani Devi's legacy in fencing has no heir either. Swimming participants are down from three to two, male boxers down from five to two, and male wrestlers from three to one.

However, where India can hope to make some gains is in shooting, where an eye-popping 21 have qualified, and at least a few will be expected to convert those starts into finals, and finally into medals after two medal-less Olympics. Table tennis is a rank outsider, but the women's team will aim at making a splash, especially after the maiden bronze at Asiad. One of the more heartwarming stories could be of the perennial trier, archer Deepika Kumari, a new mother, focused on making her fourth attempt count. Perhaps the greatest success will be of the women wrestlers, who showed immense persistence to seek qualification after fighting an important battle at home. If the unstoppable Vinesh Phogat and the rest of the pack comprising Antim Panghal, Anshu Malik and heavy-weight Ritika — apart from Neeraj Chopra — can bring in multiple medals, India would've made the strongest pitch yet in staking claim to host the Olympics.

DISCONNECTED

To live longer, make friends: A tough prescription to follow amid an epidemic of loneliness

TO LIVE a long and healthy life, eat fish and vegetables. Move. Don't smoke or snack. Get your full eight hours of sleep. And above all, make friends. Because, it turns out, people's social connections — the density of their network, the nature and strength of these relationships — are the key to longevity. This is the conclusion arrived at by a new book on the subject, *The Laws of Connection* by David Robson, which puts together the growing scientific evidence for why community is one of the top indicators for human health and wellbeing, and holds loneliness responsible for a range of ailments from depression to heart disease.

Intuitively, most people would agree with these findings. There is nothing quite like the heartache of being friendless, of being, as Olivia Laing, author of *The Lonely City*, put it, "... hungry when everyone around you is readying for a feast." It can be physically and mentally debilitating, especially among vulnerable populations like persons with disabilities and the elderly. This is why governments and institutions around the world are rushing to address a problem that seems to have acquired epidemic proportions — from the WHO Commission on Social Connection, which was set up late last year, to the ministries of loneliness established by the UK and Japan in recent years.

In the digital age, as more people choose to work from home, have food and other essentials delivered to their doorstep and even access services like banking and healthcare through gadgets, it is all too easy to become unmoored from one's community. This is where the root of the trouble lies, because the way humans live now — atomised and connected primarily through technology, instead of conversations and shared experiences — is so much at odds with how humans have evolved to live — in communities. Reconciling the two would require a new imagination of what it means to be human and be connected.

A WEEK, THEY say, is a long time in politics. In the last two weeks, America has seen the assassination attempt on a former president, Donald Trump, the forced abdication of a sitting president Joe Biden, and the rapid ascension of Vice President Kamala Harris as the Democratic Party's presidential nominee. Together, the three developments have injected new life into the US elections scheduled for November and turned the race into a close battle, and a sharp contest of political ideas.

Last week seemed to herald a boring battle between two old White men, Trump and Biden, in a repeat of the 2020 contest. This week has raised hopes for the first-ever woman US President. Kamala Harris also happens to have both African and Asian lineage. Her mother, Shyamala Gopalan, had migrated from Tamil Nadu to the US for higher studies in California. There, she married a fellow student from Jamaica, Donald Jasper Harris. Kamala was brought up by her mother in California after her parents separated.

Harris's Indian roots will occupy our discourse on the US elections in the next few weeks. That will be a pity for it will say little about her politics or policies. India should get used to its growing diaspora, especially in the English-speaking world, occupying the highest positions in their new homelands. Whether Harris likes idlis for breakfast may be noteworthy, but it is of little consequence in explaining her political trajectory.

Understanding Harris and other emerging Indian-origin leaders should be more about a critical appreciation of the politics of Western societies they are flourishing in and making a significant difference to. The rise of Harris may say something about the Indian diaspora in America. But her current position at the top of the US political heap is a quintessential American story — of migrants rising to the pinnacle within a generation.

In her intellectual upbringing, Harris is as African American as Indian American. Growing up in her mother's activist circle in the 1960s, Harris spent much time in a Black Community Centre in Berkeley. Unlike a lot of Indian American kids, she did not knock at the doors of Harvard and other Ivy League colleges

Seeing Harris through the Indian or African American lens does a political disservice to her presidential run. Her adversaries are doing precisely that, defining her as a product of identity politics on the left and that she is a "DEI" candidate representing the liberal penchant for 'diversity, equity, and inclusion'. Respective of the right-wing caricature, Harris is the new great hope for Democrats by offering an entirely unexpected chance of success in an election that they had given up for lost, irretrievably, just two weeks ago.



RINKU GHOSH

A BLOCKBUSTER. A miracle and a breakthrough. Nothing but hype and bubble being used to talk about the new class of weight loss and diabetes drugs as they come with the promise of ending the obesity epidemic across nations. At the moment, an injectable pen is manna from heaven, considering it can lower our body weight without the slightest sweat and protect us from diabetes and heart disease, the two silent killers. However, the problem with the epic sweep of the word "miracle" is that it glorifies the projection of wishful thinking and ignores some disturbing facts.

The real problem is that these drugs have become an aspirational luxury that feeds the myth of their invincibility as fat killers. Nobody looks at the preventive and long-drawn route of diet and exercise anymore. This is because research shows that these drugs, known as GLP-1 receptor agonists, which stimulate the body to produce more insulin and curb hunger, resulted in weight loss between 15 and 20 per cent. This may even go up to 24 per cent with upgraded versions by next year, almost equivalent to a bariatric surgery. There has been more research on benefits than side effects for a favourable cost-benefit analysis. Although reports have linked their results to lowering blood pressure, cholesterol and even kidney disease, it's still unclear whether these benefits are from the drug or the weight loss.

Despite negligible risk projections, there

HOW WE SEE OUR BODIES

Increasing obsession with weight loss drugs is deepening the global obesity crisis

The larger issue is how all this has made us more obsessive and myopic about how we see our bodies. If we thought this would put an end to fat-shaming and body dysmorphia, the drug only sets a new qualifying benchmark of a fat-free world, where you have to afford to be slender and smart.

is too much anecdotal evidence of how some users have not been able to continue with these drugs, suffering from severe nausea, vomiting, stomach paralysis and depression. Besides, side effects may take up to a decade to be seen as an area of concern. Or not. Evidence has already shown how these drugs may trigger thyroid cancer and pancreatitis in those with a genetic history.

Most seriously, however, the sales pitch is changing. Once conceived to address diabetes primarily and weight loss secondarily as calorie restriction, the emphasis now is more on weight loss. The demand continues to feed on what makes us most vulnerable as social beings — fat anxiety. And that has sent drug prices up, even fuelling a grey market with the unscrupulous seller and uninformed buyer.

Yet, most credible endocrinologists say such drugs are not the magic bullet, that while they may get you off the weight cliff initially, your body hits a plateau without the more difficult diet and exercise disciplines. Besides, these expensive injections are taken lifelong? That's not known. Yet. Most disturbingly, the new drugs equate thinness as the only guarantor of good health at a time when we are trying to restore diet and lifestyle discipline from our early years for holistic health.

But the larger issue is how all this has made us more obsessive and myopic about how we see our bodies. If we thought this would put an end to fat-shaming and body dysmorphia, the drug only sets a new qualifying benchmark of a fat-free world, where you have to afford to be slender and smart. The nomenclature of "anti-obesity drug" makes fatness seem like a bug that can be exterminated at will and distorts our perception of how we become fat in the first place — hormonal imbalances, underlying conditions, eating disorders, stress and mental health issues. Adrug just flattens these complex triggers as non-entities in any discussion on obesity. Fact is, it can't.

Weight loss and gain depend on your own agency and motivation to commit to balancing your own life rather than resorting to artificial means. Unobtrusively, such drugs, which are undoubtedly a panacea for those with morbid obesity, are also creating a flawed measure of health.

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JULY 26, 1984, FORTY YEARS AGO

UP EXAM ISSUE

THE MASS FAILURE of students in the high school and intermediate examinations of Uttar Pradesh symbolises the monumental failure of the government's education policy which has been subjected to whimsical innovation. The inability of 3,25,825 candidates, (68.3 per cent of the students who appeared), and the incomplete results of another 1,23,000 have shocked students and their parents.

AKALI TALKS

THE UNION HOME Minister's disclosure about what transpired at the last meeting with

the Akali leaders on May 26 this year and the Prime Minister's plea for "a movement for unity" highlighted debate on the White Paper on Punjab in Parliament. In the Rajya Sabha, Home Minister P V Narasimha Rao indicated that talks with Akali leaders broke down.

MAFIA REIGN

Haji Mastan was arrested in Bombay under the National Security Act, for supplying intermediaries to disturb the "uneasy peace" in Bombay after the communal outbreak in May. Karim Lala, a merchant of narcotics and a gang leader was accused of violent action against an opponent. When security officers tried to

arrest him, he used the excuse of old age to gain sympathy from the official. The charge against him was of supplying bombs, Molotov cocktails and other weapons to provocateurs of communal violence.

BENGAL'S RELIEF FUND

WEST BENGAL Finance Minister Asoke Mitra described the Eighth Finance Commission's report as "an attempt at reducing West Bengal to destitution by denuding the state of its resources and offering a measly amount of Rs 789 crores as interim relief." He said that the state has been robbed of Rs 350 crores due to political differences.



THE IDEAS PAGE

Weapons of the powerless

The work of James C Scott reshaped the study of subaltern resistance in enduring ways



ASHUTOSH VARSHEY

"IF THE REVOLUTION cannot even deliver the petty amenities and minor humanities that animate the struggle of its subjects, then there is not much to be said... All the more reason, then, to respect... the weapons of the weak. All the more reason to see in the tenacity of preservation... in truculence, in irony, in petty acts of non-compliance, in foot dragging, in dissimulation... in the disbelief in elite homilies, in steady, grinding efforts to hold one's own against overwhelming odds — a spirit and practice that prevents the worst and promises something better." These stirring words were written by James C Scott, Yale professor of political science, who died on July 19, aged 87. They are also the closing lines of *Weapons of the Weak* (1985), a modern-day masterpiece of social science, which not only reshaped the study of peasant resistance, but subaltern resistance in general. It gave the powerless a new kind of agency.

What was Scott trying to say about peasant behaviour? Where did he make his empirical discovery? What impact did it have? Was he right? Scott grew up in a generation that was fascinated with peasant rebellions, not simply on the left but also on the right. After the Communist revolution of China and the great resistance in Vietnam, the right was willing to argue: Give the peasantry a piece of the land and it will be the most conservative class in society, but if you deprive the peasant of land, he will rise in rebellion and topple the order.

By the 1970s, large parts of the left, though ideologically in favour of peasant (or collective) ownership, were also beginning to doubt the utility of peasant rebellions. The agrarian convulsions under Mao Zedong, the most towering peasant leader of the 20th century, were coming to light. The Maoist polity was supposedly based on peasant power, but between 30-40 million peasants starved to death during the Great Leap Forward (1958-61), and a few million during the stringent early years of the Cultural Revolution (1966-70). Yet Mao paid little attention to "the petty amenities and minor humanities" that the peasants deserved.

Scott on the left found such revolutionary excesses agonising. His earlier great work, *The Moral Economy of the Peasant* (1979), was archives-based. To understand peasant life first-hand, he spent nearly two years immersed in a Malaysian village, absorbed the local dialect, and learned about peasants "from the moment (he) opened his eyes in the morning until (he) closed them at night... working by a kerosene lamp and bitten by bugs", though sometimes succour did come in the form of Jane Austen, Zola and Balzac.

Revolutionary excesses aside, there was also an opposite challenge to deal with. Antonio Gramsci — a Marxist critic of fascism, who died in Mussolini's prison in 1937 — had become popular in left circles for his concept of hegemony. Gramsci's basic idea



C R Sasikumar

was that the underprivileged didn't rebel against the powerful because they shared their worldview. Why would the powerless rebel, which the left expected them to, if they voluntarily subscribed to the dominance of the powerful?

So what did nearly two years of village living teach Scott? There was a vast gulf between the public/collective and private/individual aspects of peasant behaviour. Peasants engaged in no public confrontation for it would have invited "dangerous retaliation". But resistance was common, and its forms underwent: "foot dragging, dissimulation, false compliance, pilfering, feigned ignorance, slander, arson, sabotage and so forth". He called them "everyday forms of resistance". Such "tenacity of preservation... prevented the worst".

A similar strategy was applied to Islamic tithes. Instead of giving only rice as tax, Muslim peasants would add dirt to the rice bags, fulfill the quota of tax, and save some rice for the family. This attack on the theory of hegemony reshaped the studies of development and subaltern resistance. Absence of collective protest did not mean acceptance of the worldview of the powerful. It was simply too hard to rebel. "Petty acts" of resistance served self-preservation better.

The next big book was *Seeing Like a State* (Yale, 1998). It was a critique of "high modernism", by which Scott meant the modern state's project of "legibility", its imposition of top-down versions of progress on powerless citizens, and its neglect of "metis", the local forms of wisdom, knowledge and solutions developed over decades of practice. Examples of "legibility" included the emergence of permanent last names in Britain (only in modern times), "cadastral surveys" in France (an agricultural field measured in acres and hectares, as opposed to how many cows it could sustain), the use of the census everywhere (19th century onwards), and the grid-like structure of modern cities (New York and Chicago have numbered streets) compared to the complex structure of pre-modern cities (Paris streets

Revolutionary excesses aside, there was also an opposite challenge to deal with. Antonio Gramsci — a Marxist critic of fascism, who died in Mussolini's prison in 1937 — had become popular in left circles for his concept of hegemony. Gramsci's basic idea was that the underprivileged didn't rebel against the powerful because they shared their worldview. Why would the powerless rebel, which the left expected them to, if they voluntarily subscribed to the dominance of the powerful?

are labyrinthine). The neglect of "metis" was reflected, most of all, in the rise of monoculture in agriculture, destroying localised knowledge of what worked in which setting.

Finally, top-down schemes were to enhance human welfare. Most, however, only brought untold destruction, including the collective farms in the 1930s Soviet Union, the construction of Brasília as Brazil's capital city, the "forced villagisation" of 1970s Tanzania. Only some top-down schemes, such as state-led vaccinations, were uplifting. Scott also studied Le Corbusier's Chandigarh, India's most grid-like city, but did not uncover systematic destruction.

So was Scott right? Let us concentrate on the magisterial *Weapons of the Weak*. Did they "prevent the worst and promise something better"? They certainly did the former in the extreme power-laden conditions. A collective protest, clearly, would run the risk of injury, incarceration, even death.

But the history of modern societies also demonstrates a longer-run truth, which puts a different light on this short-run pragmatic gain. Peasant welfare can't be durably enhanced by keeping peasants on land. It is an empirically grounded law of development that agriculture simply cannot grow as fast as the non-agricultural sectors. That does not mean that agriculture can be crushed, only that peasant families would do better outside agriculture. Societies that create non-agricultural opportunities for peasants and facilitate their transition and migration also serve them best.

Ironically, that is what finally happened in Malaysia. Imparted education by the state, and using the state road and transport network, younger peasants headed to towns and cities. Poverty has disappeared in Malaysia.

The writer is Sol Goldman professor of International Studies and the Social Sciences at Brown University, where he also directs the Saxena Center for Contemporary South Asia at the Watson Institute

WHAT THE OTHERS SAY

"A change in messenger might help convince people that, say, the president's handling of the Ukraine war has actually been strong, or that the economy is, in fact, humming. It also allows the Democratic ticket to sketch its vision. The pen is in Ms Harris's hand."

—THE WASHINGTON POST

The quality of giving

We are at the cusp of a big wave in Indian philanthropy. There is now a convergence of many forces



ROHINI NILEKANI

RECENTLY, I PARTICIPATED in four unusual philanthropy-related events over just two days in Mumbai. Each one was well-attended, well-executed and well-liked. The diversity was incredible. There were men and women philanthropists from three generations, foundation heads, business leaders, government spokespersons, politicians, foreign invitees, intermediary organisation representatives, researchers, and civil society experts. There were sharp presentations, deep listening and sharing with a cocktail of hope and despair at the state of the world.

In my three decades in the civil society/philanthropy space, I have never seen anything quite like it.

It gave me pause to think. And to celebrate that we are at the cusp of a big wave in Indian philanthropy. This has long been coming, but there is now a convergence of many forces that promises to reshape the landscape of giving.

There has been a strong culture of giving across all communities and all levels of our samaj across centuries. But since liberalisation, a new form of giving began to emerge among the newly wealthy, and the old wealthy with new wealth. Yet, it was restrained by some uncertainty about the future. Today, with the sustained rally in the stock markets, and the increasing opportunities for wealth creation in a booming economy, the rich are finally feeling secure enough about their wealth to think of larger issues. I now believe that India's wealthy elite is turning a collectively serious mind to giving more, better and faster.

And what timing! A report by AIP-BCG suggests that if ultra-high net worth (UHN) individuals would channel just 5 per cent of their annual incremental wealth, they could contribute over Rs 75,000 crores annually, which is five times the total CSR spend in 2023.

Perhaps no time has been as critical for the country's social development. According to a recent report published by Niti Aayog, despite a robust annual growth of around 13 per cent in social sector spending, we will still fall short of the targets needed to meet the 17 Sustainable Development Goals (SDGs) goals by 2030.

At the same time, foreign funding to the social sector is receding. Thousands of organisations have lost their FCRA licences, which allows them to receive such money. Some international donors are shutting down their India operations. Many others would love to fund, especially on climate mitigation and adaptation, but their voice and motives are seen sometimes as inimical to India's needs. That means we are turning away hundreds of millions of dollars. Indian philanthropy has a chance to fill some of that gap. Indian funders can take ownership of our development narrative; we can help craft approaches suited to our context and aspirations.

The wealthy in India are not as reviled by the general public as in other countries,

where the growing inequality has unleashed societal conflict and resentment towards the rich. In India, people still believe that they too can climb the economic ladder. Recently, millions of people vicariously enjoyed the Ambani wedding celebrations. There was as much pride in their achievements as there was criticism of the use of wealth.

But things can turn. It is up to the wealthy to show the country why wealth creation has been a net positive in India. No society or country will tolerate for too long the continued accumulation of wealth in a few hands unless that private wealth works for the public good.

The elite can sense the consequence of extreme inequality. It is beginning to respond systematically. The Dasra-Bain India Philanthropy Report 2024 highlights a shift from traditional, faith-based giving to more strategic and impactful engagements led by young, first-generation wealth creators.

Systems thinking is the new mantra. Though it is incredibly hard to move the levers of systems change, the very fact that philanthropy is putting in serious risk capital and creating a shared vocabulary is both encouraging and exciting.

There is also a clear tilt towards more collaboration among Indian givers. My husband Nandan and I are part of several local and global giving collaborations, with diverse models such as pooled funding, co-funding and direct funding for exponential change. Funders are also showing more curiosity and sharing more knowledge than ever before. The silos have broken down.

For example, the India Climate Collaborative (ICC), founded by several donors including myself, and incubated by the Tata Trusts, is moving strategically to increase Indian investments in the climate sector, in both mitigation and adaptation. It convenes samaj, sarikaar and bazaar to deepen research, build capacity and create investable opportunities. Overall, India's fund flows towards climate action have grown 23 times during 2017-23. Best of all, new funders like Mirik Gogri are entering the space with bold new ideas.

Intermediary organisations such as Dasra, Sattva and Accelerate Indian Philanthropy (AIP) have also been very effective in opening up minds, hearts and pockets. Decades of patient handholding is finally paying off. For example, Dasra's Givingsharing platform has helped families signed up for their philanthropy journey, and are willing to invest in under-invested areas such as gender and sports. Family giving was up 15 per cent last year.

As civil society in India is facing multiple crises, the new philanthropic engagement could not be more critical. More trust still needs to be built on all sides, especially with the government. But my Mumbai visit has convinced me that this too can be worked upon.

I've wanted India to become the world's third-largest economy. It has to also be the most equitable. Otherwise, we will not get the peace dividend from economic growth.

Philanthropy does right can tilt back the scales from lopsided wealth creation to equal opportunities for all. The wealthy seem ready to be rainmakers.

The writer is co-founder, Ekstep, chairperson, Rohini Nilekani Philanthropies and author of *Samaj, Sarkaar, Bazaar* — A Citizen First Approach

Back to Paris, 100 years on

India sent its first contingent to Olympics in Paris in 1924. The story continues



GULU EZEKIEL

PARIS, THE CITY of love, has a very special place in the hearts of Indian sports lovers.

The French capital is the venue for the ongoing 33rd Olympics of the modern era, the third time it is hosting the Summer Games since it was revived in 1896. It also marks a century since India formally sent its first contingent to the Olympic Games in Paris in 1924.

Not just that, Paris was also the venue of the 1900 Olympics — the second since Athens in 1896 — where an Indian athlete won two silver medals on the track, the first-ever medals for the country.

The first contingent from India, comprising four track athletes and two wrestlers, was, in fact, sent four years earlier to the 1920 Olympics in Antwerp, Belgium. But the selection for that team was an ad hoc affair as the establishment of a national Olympic body was still four years away.

It was Dorabji Tata, with scarce funds at his disposal and practically non-existent organisation and infrastructure, who was behind their selection. Just as his father Jamsheji Tata is called the father of modern industry in India, his eldest son Dorabjee is recognised as the pioneer of the Indian Olympic movement.

As president of the Deccan Gymkhana in Poona (now Pune), he hastily arranged selection trials in Poona and Bombay (now Mumbai) just two months after getting per-

mission from the International Olympic Committee (IOC) to send the contingent. Tata, naturally enough, was appointed president of the All India Olympic Committee (later renamed Indian Olympic Committee) when it was formed in 1924, just in time for the Paris Olympics. Now came the time to choose the first formal Olympics squad from India.

This time, the planning was far more meticulous. The athletes were chosen after the "All India Olympic Meet" was staged at Delhi's Roshanara Club grounds, the first time Indian men had all over the country took part in a national meet.

Eight track-and-field athletes as well as five male and two female tennis players were chosen for Paris and though they made barely a ripple, Paris 1924 did mark the first time Indian women were competing at the Olympics.

In the 100 years since, especially after weightlifter Karnam Malleswari's breakout bronze in the 69 kg category at Sydney 2000, our sports women have made rapid strides. As the Olympics returns to Paris a century later, the historic anniversary has seen them move front and centre in India's quest for her maiden double-medal haul.

The founder of the modern Olympics, Baron Pierre de Coubertin, was born in Paris in 1863. As co-founder of the IOC and its second president, he was keen to see the Olympics be staged in his birth city. This happened twice in his lifetime — in 1900 and 1924. Greece, the country where the ancient Olympics originated centuries earlier, naturally was the first host in 1896.

It was in 1900 that Calcutta-born (now Kolkata) Norman Gilbert Pritchard won silver medals in the 200 m sprint and 200 m hurdles. My interest in Pritchard was piqued in 1984 after coming across a brief mention of him in a book on Indian sport. That set me off on a quest to find out more about this mysterious figure.

That quest is now in its 40th year. I have managed to trace Pritchard's life — with plenty of help along the way from fellow-researchers — practically from his birth in 1875 (his Calcutta baptismal certificate) to his death in California in 1929. This culminated in 2018 with the magical discovery of Norman's descendants living in England.

Yet, myths and doubts persist over Pritchard's life and career in sports and movies — he acted in a number of plays in London's West End and in silent movies in Hollywood after leaving India in 1905.

These myths crop up every four years when the Olympics rolls by. One of them is

that he happened to be in Paris as a tourist during the Olympics, indicating he was a casual athlete. That is far from the truth. In fact, he was one of the leading sprinters and hurdlers of his era and took part in numerous meets in London just prior to the Olympics.

The other that surely should be put to rest by now is the contention by some British historians that he was representing Great Britain, not India. That has been disproved by the IOC as the medals have been credited to India in their official records.

Indeed, unlike many sports persons who were born outside Britain and moved there later in life, Pritchard's family roots in India go back three generations to the 1780s and extended two more generations after him into the 1940s. All his education was in India and his prowess in a variety of sports — athletics, rowing, rugby, golf, tennis and football — blossomed during his years in India.

Postscript: This newspaper has an Olympics connection too. Sports editor CSA Swami (1913-1997) who retired from *The Indian Express*, Madras (now Chennai) in 1984, ran the marathon at the 1936 Berlin Olympics, finishing 37th out of 56 runners despite being seriously ill with paratyphoid.

Ezekiel is the author of 17 sports books, including *Great Indian Olympians* (with K Arumugam)

LETTERS TO THE EDITOR

CHANGING OUTLOOK

THIS REFERS TO the editorial, "A sepia Hinduism" (IE, July 25). The assertion that Hinduism's history is one of adaptation and integration rather than rigid adherence to prescribed norms resonates deeply with the lived experiences of millions of Hindus worldwide. The Uttar Pradesh government's directive on restaurant nameplates raises questions about the authenticity and relevance of such measures in today's context. One must challenge the notion that purity should override the dynamic and diverse ways in which Hinduism is lived and practised.

Swarnana Mitra, Kolkata

BUDGET & WELFARE

THIS REFERS TO the Budget, "Budget's political choices" (IE, July 25). The newly released budget offers little relief for salaried individuals, the agriculture sector, and employment. Despite taxpayers' contributions, infrastructure remains poor, and the agriculture sector receives less allocation than before. A budget should prioritise public welfare over politics. It must address the needs of common people and alleviate their burdens.

Ajay Corriea, Vasai

A PUBLIC CONSCIENCE

THIS REFERS TO the report, "Precious life was lost: Atishi orders probe into electrocution that left UPSC aspirant dead in Delhi" (IE, July 25). The unfortunate incident of the death of an IAS aspirant due to electrocution in a waterlogged lane in Delhi is one to know of single case. Rarely does one come to the outcome of such inquiries in the public domain. Public has a right to know what action was taken against the guilty and punishment meted out to him to avert recurrence of such incidents.

Ravi Mathur, Noida

NEET, A MESS

THIS REFERS TO the report, "Top court rules out NEET re-test: Not systemic breach" (IE, July 24). SC's refusal to order a UG-NEET re-test is likely to complicate things. This is not a victory for the Centre as the SC has accepted that question papers were leaked. The changes in all India rankings at the last stage because four lakh students were granted marks for wrong answers shows how messy the conduction of these exams is. NEET-UG must be made a two-stage exam, with the 2nd stage to be conducted with help from premier medical institutions.

Sanjay Chopra, Mohali

OUR VIEW

MY VIEW | FARM TRUTHS



Fiscal deficit: Don't let rings be run around it

Unlike the Olympic Games, economic frames lack obvious goals. Fiscal policy is too complex for FRBM shackles, but the Centre's 'fisc' should still be kept under closer watch than its debt

It's the season of clear targets, quick wins and instant applause, as the Olympics of 2024 kick off in Paris, a city afluster with flags bearing their famous 'rings of unity.' Among other virtues, the Olympic Games offer us a contrast with economic frames, which have complex targets, slow wins and patchy applause. So much so that our heads can begin to spin if rings get run around what's good for the economy, as if the data overload of every budget is not heavy enough. As it happens, this week's budget has left us with a macro head-spinner: Can India's government use a debt cap as the operative constraint on the fiscal space at its disposal? In other words, can the yawning gap between its outflows and inflows of money, its fiscal deficit (or 'fisc'), stay enlarged so long as its debt pile keeps reducing? After declaring 4.9% of GDP as this year's fisc, with an aim of going below 4.5% in 2025-26, finance minister Nirmala Sitharaman said that from 2026-27 onwards, "Our endeavour will be to keep the fiscal deficit each year such that the central government debt will be on a declining path as a percentage of GDP." To be sure, the latest budget is designed to tick that box. It projects the Centre's debt at 56.8% of GDP this year, down from last year's 58.1%. Does this explain why the FM did not offer an extended glide path for the fisc?

For clues, look up the Centre's stance on deviations from goals set by India's Fiscal Responsibility and Budget Management law. In keeping with a routine of the past half decade, its latest FRBM Statement speaks of the pandemic forcing the fisc to peak (and other demands on central coffers), but what grabs attention is this: "An active and nimble fiscal policy strategy is a prerequisite for smooth

fiscal policy operations. Therefore, rolling targets for next two years have not been provided." Later, it refers to the adoption of "a well-calibrated strategy to retain the flexibility to respond to emerging challenges." Implicit in all this is a clean break being sought from the FRBM goal of keeping the fisc under 3% of GDP. Now, ever since the covid shock exposed the flaws of that law, there has been a valid case to amend it for counter-cyclical action. Instead of rigidly keeping a tight rein on the fisc, policy must retain the leeway to loosen it against big shocks and slumps. Keeping debt levels in check has its virtues too. It relieves ongoing finances of an upswell in interest outgo—and future generations of an unfair burden.

Yet, unlike an Olympic event, debt cannot be the only needle under watch, given the other risks of a loose fiscal policy. As consumption has been in a slump, we escaped the inflationary impact of a budget bloat. But a boom across consumer markets could put price stability at threat. As we have seen before (after the Great Recession), what begins as a fiscal stimulus can quickly turn into a financial overdose. If overall demand undergoes a broad revival, an upturn we've all been waiting for, the Centre's fiscal dominance could see an inflation flare-up that proves hard for the central bank to tame. The bond market would be rattled and the cost of capital would rise for private investors. While a big fisc has not crowded out the private sector so far, we can't take this scenario for granted. Indeed, with so many inter-related variables at play, going on debt-watch alone would be too risky. Yes, our economy has grown fast thanks to fiscal spurs, but this isn't a game whose rules we can reset. Like it or not, we can't afford to let the fisc fade from our fiscal policy focus.

The Economic Survey identifies problems but offers no solutions

It notes demand and investment weaknesses but doesn't say how to effect a primary-sector revival



HIMANSHU
is associate professor at Jawaharlal Nehru University and visiting fellow at the Centre de Sciences Humaines, New Delhi

The Economic Survey has been an important annual document, presenting the challenges faced by the country. Traditionally presented a day before the budget by the finance minister, it is written by the chief economic advisor to the finance ministry. But despite being an official assessment of the economy, it has had a short shelf-life as far as the media and political class are concerned, as attention immediately shifts to the budget tabled the next day. For all practical purposes, it has remained an academic exercise.

Economic Survey 2023-24 comes at a crucial time. Though last year's plus-8% growth suggests that the economy has recovered from the after-shocks of the pandemic, the recovery is fragile. While the rural economy has been in distress for some time, it has now spilled over to the rest of the economy. Private consumption and investment have shown no sign of a pick-up. In this context, the survey rightly flags the key issues. That unemployment remains a key challenge is now amply evident with or without data. It also correctly highlights the sluggish pace of private investment despite the government rolling out a red-carpet for it by way of a massive corporate tax cut. Not only has private investment hardly responded to that cut, there is no evidence of it rising adequately to complement massive public investment. These issues deserve

attention. But the survey painting the private sector as a villain is not just misleading, it misses the woods for the trees.

The problem is with India's policy approach of subsidizing corporates with tax cuts. Even though the twin-balance sheet problem for banks and corporates has receded, companies are unlikely to use the subsidy to invest more when demand is deficient. Declining incomes are the biggest bottleneck for it. Instead of focusing on the supply side, the correct approach would have been to boost demand. Further, expecting corporates to create employment will only help resolve a part of our employment problem. A larger part of it relates to the low quality of employment and meagre earnings from it. Recent evidence from the survey of pain in the unorganized sector is a clear pointer to it. Not only did the sector see a decline in employment, it also saw a fall in real earnings.

The survey is right in arguing that a sustainable recovery is unlikely unless the agricultural sector revives. This is crucial not just to revive demand in the economy, but also to absorb labour in rural areas through non-farm diversification. But then again, the prescriptions for reviving agriculture in the survey are tokenistic and more of a wish list. Market reforms and diversification are important, no doubt. But the real issues

facing the agricultural sector are of declining investment, uncertain prices and falling incomes. Recent years have seen the sector become more vulnerable to climate shocks. Some of this has contributed to sustained food inflation pressures, which have remained out of control despite efforts to cool prices down. The survey's suggestion of delinking food inflation from the government's inflation targeting framework is an escapist idea. It is well-known that food inflation is partly structural and partly due to seasonal factors. Monetary policy is unlikely to be useful in taming it. However, delinking food inflation won't make the problem disappear, given that food still constitutes almost half the consumption basket.

Similarly, while the survey highlights the urgency of acting upon climate change, blaming the developed world for imposing stricter targets on the developing world won't help. Climate change is a reality. It is affecting half of all Indian workers, those who work on farms, and is contributing to several other problems, including health exigencies and vulnerable infrastructure.

Nonetheless, the survey deserves credit for pointing out the challenges of an economy as diverse as India. While it is right in arguing for a convergence in the approach of various stakeholders, the ultimate responsibility must lie with the government for creating demand, generating employment, stimulating investment, stabilizing prices and increasing incomes. Unfortunately, the reality, as presented in the Union Budget the next day, hardly does justice to any of the issues that the survey highlighted. At the very least, this budget was expected to provide a basic minimum to improve agricultural incomes, suggest a strategy to raise incomes and create incentives for gainful employment. If not only does lip-service to the issue of employment, there is also neither an acknowledgement of the issues highlighted by the survey nor adequate funding in response to them.

QUICK READ

The Economic Survey deserves credit for highlighting weak consumption and investment but its prescriptions would do little to boost demand so that the economy can fully recover.

Unfortunately, the budget offers lip-service to problems highlighted by the survey. Indian policy needs to focus squarely on demand rather than the supply side of the economy.

10 YEARS AGO



JUST A THOUGHT

People need to stop financing denial of climate change.

AL GORE

THEIR VIEW

Act swiftly on the country's climate finance taxonomy

AMIT KAPOOR & SHREY TIWARI



are, respectively, chair and researcher at the Institute for Competitiveness.

India's climate ambitions are as vast as its challenges. The threats of rising sea levels, erratic monsoons and extreme heatwaves loom large. Trillions in investment are needed to mitigate these and transition to a low-carbon economy. The announcement in the latest budget of developing a climate finance taxonomy is a crucial step in this direction. The government aims to unlock a floodgate of private capital by creating a standardized framework for identifying climate-aligned projects. The taxonomy will be able to achieve this by developing a set of standardized regulations to inform investing actors of the activities or businesses working towards combating climate change.

Achieving India's net-zero target by 2070 requires investment far in excess of the domestic and international funding available. India has primarily relied on domestic resources, as mobilizing global capital for emerging economies has been a challenge, due to perceived risks, lengthy project timelines and high capital costs. The Economic

Survey notes that India faces a "wall" of capital rather than a "flood."

Despite being historically low-emitters compared to developed nations, developing countries are expected to play a delicate balancing act in juggling their economic growth prospects with reduced emissions. A report by the International Finance Corporation estimates that India would require clean-energy investments ranging from \$253 billion to \$263 billion during 2026-30. Significant gaps persist, as the current investment available is only around \$44 billion per year. The report further estimates that India has a \$3.1 trillion climate-smart investment potential between 2018 and 2030. Also, India's renewable energy market offers an attractive investment opportunity. Thanks to a government push, India has met parts of its Nationally Determined Contributions (NDC) target for 2030 much ahead of time by reducing the emission intensity of its GDP by 33% and achieving 40% of installed electric capacity through non-fossil sources. Yet, sustained financing from the private and public sectors is a must to ensure that the country stays on track to achieve its long-term climate goals.

The plan to develop and standardize the climate finance market was visible in the

establishment of a task force under the ministry of finance in January 2021. It was tasked to create a sustainable finance roadmap, a draft taxonomy of sustainable activities, and a risk assessment framework. The Reserve Bank of India in a discussion paper also addressed India's climate finance needs of more than \$17 trillion to achieve net zero. India can adopt "best practices" from frameworks across the world while incorporating local capabilities and resources. As of December 2022, there were more than 29 taxonomies at different stages of develop-

ment, most notably in the EU, UK, China, Singapore and across Asean. The EU's taxonomy follows the guiding principle of 'do no harm' while covering six broad goals: Climate change mitigation, adaptation, sustainable use and protection of marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.

In the developing world, Asean has an efficient system, incorporating the interests of 10 diverse countries into a single framework. Its tiered system allows nations to adopt a level that suits their capabilities. Similar to a traffic-signal system, the Asean framework's levels of green, amber and red are based on their impact on the environment.

Diversity in the economic composition of countries and their geographical contexts brings with it the challenge of a uniform taxonomic structure. What some countries define as a 'green' activity may not be so for others. For instance, the Malaysian taxonomy endorses palm-oil plantations, but that conflicts with the EU's view of this activity causing biodiversity loss. Hence, greater cooperation is needed for countries to ensure interoperability between different taxonomies.

Creating a successful climate finance taxonomy for India would require a multifaceted approach that features strong political leader-

ship, clear objectives, expert involvement, effective governance and robust stakeholder engagement. The active participation of the government and private sector is essential. A dedicated governance structure, perhaps through a monitoring committee with representatives from key institutions, would be crucial. Clearly defined climate and environmental objectives would ensure such a taxonomy's relevance. Leveraging expertise from international and local experts is also vital; their combined knowledge would enhance its quality and adaptability to local contexts. Engaging a wide range of stakeholders, meanwhile, will foster ownership.

India stands at a crossroads, where economic growth and environmental sustainability must co-exist. A well-crafted climate finance taxonomy can guide it to a greener future. By aligning financial flows with climate goals, India could mitigate climate risks even as it unlocks new economic opportunities. It is imperative that the government, private sector and civil society collaborate to create a robust framework that can serve as a global benchmark.

With the right policies and investments, India can provide a framework for developing economies to balance development goals with climate-conscious policies.



THEIR VIEW

MINT CURATOR

Budget: It's fiscally sound but a weak bedrock for Viksit Bharat

Its fiscal path is fine in today's macro context but it falls short on preparing India for long-term tech-driven transformations



SUDIPTO MUNDLE
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This assessment of the budget is based on how it addresses three questions. First, is the fiscal stance of the budget suitable for the present macroeconomic context? Second, the outcome of May elections has significant fiscal implications; how have these been addressed? Third, does the budget help position India for the Viksit Bharat goal of becoming a developed country by 2047?

On the fiscal question, despite highly uncertain global conditions, India continues to grow at around 7%. Inflation is moderately elevated. Though above the 4% Reserve Bank of India (RBI) target due to high food prices, it is now under the 6% upper-limit of RBI's tolerance band. The current account deficit is also comfortable at well below 1% of gross domestic product (GDP). The main area of concern is high central government debt at over 58% of GDP. Against this background, there is—as in recent budgets—a huge allocation for capex of over ₹11.1 trillion. At the same time, the fiscal deficit (FD) has been set at 4.9% of GDP, a sharp reduction from 5.6% in 2023-24. This has been possible partly due to buoyant revenue growth of 14.7%, including a huge transfer of RBI's surplus. But the deficit reduction is also attributable to compression of revenue expenditure, which is budgeted to grow by just over 6%. The central government's debt-to-GDP ratio is accordingly set to decline from 58.2% to 56.8%. Finance minister Nirmala Sitharaman has stated that the FD will be brought under 4.5%, the target she had set back in 2021, and that it will continue to be reduced thereafter to ensure a declining debt-to-GDP ratio. Given the FM's track record, this is a credible commitment.

On the budget's response to the May election outcome, two points have become quite clear. First, the government is now crucially dependent on the support of the Janata Dal-United and Telugu Desam Party for staying in power and both have claimed their pound of flesh. Second, voters are frustrated by the lack of good jobs to earn decent livelihoods and the government needs to focus on productive employment generation.

Regarding the first point, the budget has given generous packages to both Bihar and Andhra Pradesh. These are presented as part of a special focus on eastern states: Bihar, Jharkhand, West Bengal, Odisha and Andhra Pradesh. However, it is only Bihar and Andhra Pradesh which have actually got jumbo allocations of budgetary resources. That other opposition states are miffed and are referring to the budget as a "kursi bachao" (chair saving) budget is understandable.

With regard to employment and livelihoods, a whole slew of financial incentive schemes have been announced to incentivize the entry of young workers as new recruits or apprentices in large firms and for skilling programmes entailing close involvement



of industry. Several schemes have also been announced for supporting the employment-intensive micro, small and medium enterprises (MSME) sector. There is a shift in focus away from the traditional social-safety net, such as the food subsidy and MNRGA, to ramping up productive employment in both the formal and informal sectors. Whether or not this approach works will depend on whether the incentives are attractive enough for private companies to adopt and implement these schemes.

Finally, what does the budget offer towards the goal of Viksit Bharat—of India becoming a developed country by 2047? It is important to recognize in this context that the emerging global economy will be shaped by two fundamental technological changes, namely the energy transition and an artificial intelligence (AI)-driven economic transformation. There is intense ongoing global competition, especially between the US and China, over controlling this complex technological transformation. How can India position itself in this emerging global economy and does the budget move the needle in that direction?

Three main points need to be made. First, the FM has indicated that an economic policy framework will be prepared for the next generation of reforms. She has listed 17 items as possible components. These mostly relate to factor markets, and while important in themselves, they do not

even begin to address the kind of emerging global economic challenges cited above. We need some out-of-the-box thinking for the next generation of reforms.

Second, in taxation, nearly 35 years have passed since the last big wave of tax reforms, barring the introduction of GST. It is time to consider a comprehensive reform of the Indian tax system as part of the next generation of reforms. While several ad hoc direct tax measures have been introduced, the FM has announced that there will be a comprehensive review of the 1961 Income Tax Act to revise and simplify it. The sooner this is done, the better. A draft simplified direct tax code was unfortunately put aside a few years ago. Hopefully, this can now be revived expeditiously.

A similar simple, comprehensive code can be considered for customs duties, which continue to be changed in an ad hoc manner. Finally, the FM can also work through the Goods and Services Tax (GST) Council, which

she chairs, to also simplify the structure of GST. Third, the expenditure budget lists several schemes that address the issue of the country's energy transition. These initiatives are welcome, though they need to be significantly scaled up and accelerated as part of next-generation reforms. Unfortunately, even such limited initiatives are missing with regard to preparing for an AI-driven global economy.

QUICK READ

The FM stated that the fiscal deficit will be brought under 4.5% of GDP and will continue to be reduced thereafter to ensure a declining debt-to-GDP ratio. This is a credible commitment.

The budget has some initiatives that should be scaled up and accelerated as part of next-generation reforms but more needs to be done in preparation for an AI-driven global economy.

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THEIR VIEW

Are we missing the consumer in work conversations?

SRINATH SRIDHARAN & LLOYD MATHIAS



are, respectively, a policy researcher and corporate advisor, and a business strategist and early-stage investor.

In today's fast-paced, capitalism-driven world, businesses are laser-focused on revenues and profits. They relentlessly pursue growth with innovative products and services to capture more market share and outpace their competitors. Yet, despite all the resources poured into marketing and development, consumer loyalty appears to be dwindling. Brands find themselves in a constant struggle to retain customers, who are more likely than ever to switch to rivals at the drop of a hat. So, what's wrong? If Indian businesses continue to overlook the importance of truly understanding and valuing customers, the much storied consumption economy could face significant setbacks.

The rush for profits in a capitalist economy and the race for valuations among startups often risk missing the most critical factor for long-term success: consumer satisfaction. Many companies treat consumers as mere data points, rather than as individuals with unique needs and preferences.

The growing number of entities holding public share offers, along with increasing private investments in Indian ventures, is making CEOs and founders more accountable. Together with data-centric monitoring of results, this is transforming two key aspects of how Indian companies are run: product costs and marketing expenditures. Layoffs, once considered a last resort, have become a primary lever to pull whenever profitability is under pressure.

A constant barrage of marketing messages has made consumers sceptical and more discerning. They are no longer swayed by flashy advertisements or superficial loyalty schemes. Conversely, marketing spends, or "investments" as prudent decision-makers may term them, are often the first to be cut. This reduction has led to a disproportionate emphasis on performance marketing, which prioritizes short-term variables like cost of acquisition, cost of conversion, app installations and products bought and moved off shelves, apart from metrics like reach, likes and re-shares.

The relentless focus on short-term profits also means that many businesses lose sight of the need to create genuine value for their customers. Instead of how much they can extract from consumers, they should focus

on enhancing the customer experience. In the age of big data and analytics, businesses have become adept at segmenting consumers into various cohorts based on demographics and psychographics. This allows finely targeted messages, tailored products and personalized experiences. However, in our quest to classify and categorize, are we missing the big picture? Are we losing sight of individual needs and stimuli that can drive authentic loyalty?

On the surface, segmenting consumers seems logical. It enables companies to examine broad trends, preferences and behaviours within specific groups, allowing for more efficient resource allocation and strategic planning. However, the danger lies in over-reliance on these segments, leading to a homogenized view of consumers that misses the nuances and complexities of individual experiences.

A reductionist view filtered through data can obscure the fact that

behind every number lies a person with distinct desires and unique needs that can't be fully captured by demographic or psychographic segmentation alone. To truly connect with and serve customers, businesses must look beyond the data to understand the human stories that drive purchase decisions. This involves recognizing and addressing individual needs, fostering genuine relationships and delivering personalized experiences that resonate on a deeper level. Only by doing so can companies transform a number in a database into a satisfied and loyal customer.

Consumers are often defined by their age, gender, income or lifestyle choices. When businesses focus too narrowly on such cohorts, they risk missing subtleties that matter. This can result in ad messages and product offerings falling flat. Moreover, the emphasis on segmentation can lead to a kind of confirmation bias. Companies might prioritize data that supports their pre-existing

views, reducing individuals to statistics and obscuring their individuality? This could be why segmentation strategies seem to be failing.

QUICK READ

Businesses are keen to innovate in pursuit of market share and profits. Yet, despite all the resources poured into marketing and development, consumer loyalty appears to be dwindling.

Is it because of a reductionist view filtered through data that reduces individuals to statistics and obscures their individuality? This could be why segmentation strategies seem to be failing.

notions of certain consumer groups, while ignoring outliers and unique cases that don't fit neatly into any category. This can stifle innovation and prevent businesses from discovering new ways to serve customers. The solution lies in a balance between leveraging cohort data and recognizing individual needs. Companies must use data-driven insights as a starting point, not an endpoint. It's essential to remain open to feedback and be willing to adapt strategies based on real-world interactions with customers.

Advances in artificial intelligence enable companies to analyse individual consumer behaviour in real-time, which allows dynamic and tailored interactions. AI-led personalization goes beyond making simple recommendations. But coming up with new means of engagement means investing in qualitative research methods, such as depth interviews and focus groups, to gain a deeper understanding of people.

Indian companies must recognize that consumer needs and stimuli keep evolving. What works today may not work tomorrow, and they must remain responsive to these changes. This requires a commitment to continuous learning and adaptation, as well as a willingness to challenge past assumptions and experiment with new approaches.

Harris has shown exactly why Trump seems so afraid of her

Biden's chosen successor vibes well with American youth culture



NIA-MALIKA HENDERSON
is a politics and policy columnist for Bloomberg Opinion.



Candidate Kamala Harris is turning out to be better placed than many thought. **AFP**

There is a reason former US President Donald Trump is still pining for President Joe Biden, even to the point of asking for a refund—and it was on brilliant display on Tuesday afternoon in a high school gymnasium in a Milwaukee suburb. In her first official appearance as the presumptive Democratic Party nominee, Vice-President Kamala Harris electrified a crowd of 3,000 with a rousing speech. Biden couldn't get that kind of crowd, nor could he provide the vision of youth, energy and optimism that Harris is giving a part of the country that is desperate to move past the era of old men.

Even before she strode on to the stage, it was clear Harris was ready for this moment. As she descended the steps of Air Force Two to greet state officials, she looked every bit like a woman who could lead the free world. As the kids like to say, it hits different now.

Her speech—clocking in at just 17 minutes—was billed as a "reinvention" for Harris, who is racing to define herself before her opponents do. This 'new' Kamala, backed by the entire apparatus of the Democratic Party, is confident and comfortable with herself and her message. She summed up the central rationale for her candidacy with this question: "Do we want to live in a country of freedom, a country of rule of law, or a country of chaos, fear and hate?"

Harris is running as a compassionate law-and-order prosecutor who will build America's middle class, fight for freedom and equality, and focus on the future. Critics have often pointed to her failed 2020 bid for the nomination as evidence that she lacks the political skill necessary to be America's president. Over the last three historic weeks, however, Harris has adroitly navigated a difficult time, proving both loyal to Biden and ready for the spotlight that's ahead.

There is another dynamic at play as Harris retells her political identity. The 'culture' (again, as young folks like to say) has embraced her. She walked out of her rally to the musical strains of Beyoncé's hit single *Freedom*, which Harris has full permission to use.

And it's not just Beyoncé. In the hours after Biden stepped away as the Democratic nominee, Harris landed a very big endorsement: not Hillary Clinton or the slew of Democratic governors who could have been her challengers, though she did get those, but Charli XCX. If you haven't heard of her (it's okay, I had to Google her too), then you, my friend, are old.

In an X post, the British pop star declared, simply, "Kamala IS brat." Harris's campaign social media accounts quickly adopted the lime green styling of *Brat*, the music album.

Smart move, that. On the internet, Harris is, to borrow from Issa Rae, the consummate 'awkward Black girl,' which was brat before brat. Harris laughs awkwardly. She dances awkwardly. And the coconut tree 'joke' just keeps on giving... awkwardly. IRL—even I know what that stands for—Harris is seeking to become the commander in chief of the most powerful nation on earth. On social media, she is the fun aunt, the stepmother who tries a bit too hard and laughs a bit too much at her own jokes. And please don't get her started on Venn diagrams.

This is all very brat of her, isn't it? So very brat. XCX explains the brat attitude this way: "You are just that girl who is a little messy and maybe says dumb things sometimes, who feels herself but then also maybe has a breakdown but parties through it," she said on TikTok. "It is honest, blunt, and a little bit volatile. That's Brat."

And brat goes against everything that women, particularly women seeking power, are supposed to be. Harris will need this alter ego because she needs this younger audience, the same group that made "coastal grandma" an acceptable style in America.

The internet version of Harris has another advantage as well: It can serve as a counterpoint to the picture that Trump and his allies will try to paint of her. Trump has called her "dumb as a rock," and others have called her a DEI (diversity, equity, inclusion) hire. As of this writing, "Laughing Kamala" is Trump's nickname for Harris.

But Trump, who understands the power of images, also sees Harris as a formidable opponent. There is a reason he donated \$6,000 to her campaign for California attorney general. There is a reason he wanted to face Biden. Harris is young, energetic and telegraphic. Trump, who just put on a convention that was all vibes and image, surely knows how powerful the vibes and image of Harris are. And that's what scares him. **CBLOOMBERG**

The Statesman

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Coalition Budget

The first budget of this government marks a critical juncture. For the first time in his political career, Prime Minister Narendra Modi is compelled to navigate the delicate terrain of coalition politics, reflecting a shift from his previous dominance with the BJP's clear majorities. The budget's strategic allocation of resources to the states of key allies underscores both the benefits and pitfalls of coalition governance. The allocation of over Rs 41,800 crore to infrastructure projects in Andhra Pradesh and Bihar has sparked significant debate. On one hand, these investments are explained as vital for the development and self-reliance of these states. The Telugu Desam Party (TDP) and Janata Dal (United) have both expressed their satisfaction, viewing the budget as a red-letter day for their states. This strategic distribution of funds not only solidifies the coalition but also aims to address regional disparities and boost local economies. However, the opposition argues that these allocations are politically motivated. Critics label them as "bribes" to ensure the coalition's stability, rather than allocations based on genuine need. This perspective raises an essential question about the fairness and objectivity in the distribution of national resources. States like Kerala, West Bengal, and Punjab, governed by opposition parties, feel marginalised and overlooked in the budget. Kerala's demand for a special package of Rs 24,000 crore went unmet, prompting accusations of partisan favouritism. The broader concern lies in the precedent this budget follows. If funds are allocated based on political alliances rather than objective indicators of need, other states may follow suit, demanding similar financial support. This could lead to a domino effect, straining the national budget and diverting funds from critical areas such as healthcare, education, and rural development. Former government advisors highlight this issue, questioning how equality among states can be maintained if political commitments overshadow objective criteria.

Despite these criticisms, the government insists that no state will be left out. Finance Minister Nirmala Sitharaman reassured that every state would receive its due share, even if not explicitly mentioned in the budget speech. This assurance, however, does little to quench the discontent among opposition-ruled states at the feeling they have been short-changed. Moreover, the budget attempts to tackle pressing issues such as unemployment and rural distress, which were pivotal in the recent elections. Allocating lakhs of crore rupees for job creation and rural development is a step in the right direction, but the impact of these measures will depend on effective implementation and equitable distribution. The budget is a delicate balancing act between political pragmatism and developmental needs. While the investments in Andhra Pradesh and Bihar might strengthen the coalition, they also risk undermining the principles of federalism and equitable resource allocation. Moving forward, it is crucial for the government to ensure that all states receive fair treatment, irrespective of their political alignment, to foster a truly inclusive and balanced development strategy.

Bipartisanship

The Union Budget for 2024-25 has sparked significant discussion due to striking resemblance of some provisions to promises made in the Congress party's 2024 Lok Sabha election manifesto. Finance Minister Nirmala Sitharaman's announcement of measures aimed at boosting employment, particularly for the youth, has drawn both praise and criticism. These initiatives reflect a strategic shift in the BJP-led government's approach to addressing unemployment, a critical issue that dominated the recent election campaign. One of the key features of the budget is the ambitious internship programme designed to provide opportunities in 500 top companies for one crore youth. The programme offers an internship allowance of Rs 5,000 per month and a one-time assistance payment of Rs 6,000, with companies covering training costs through their Corporate Social Responsibility (CSR) funds. This initiative is remarkably similar to the Congress party's proposed Right to Apprenticeship scheme, which aimed to guarantee a one-year apprenticeship with financial support for diploma holders and college graduates aged below 25. By aligning with this concept, the government acknowledges the importance of practical experience and skill development in enhancing employability among the youth. In addition to the internship programme, the budget introduced three Employment Linked Incentive (ELI) schemes under the Prime Minister's Package for Employment and Skill Development. Scheme A focuses on first-time employees in the formal sector, providing a direct benefit transfer of one month's salary in three instalments. Scheme B incentivises job creation in manufacturing by supporting EPF contributions for new employees over the first four years of employment. Scheme C targets employers by reimbursing EPF contributions for additional employees, encouraging the creation of new jobs across all sectors. These schemes collectively aim to address the widespread issue of unemployment by providing targeted support to both employees and employers. The abolition of the Angel Tax is another noteworthy element of the budget, aimed at fostering investment and supporting the start-up ecosystem. This move is intended to eliminate barriers for new and innovative businesses, encouraging entrepreneurship and job creation. The decision to withdraw this tax aligns with the Congress manifesto's promise to eliminate exploitative tax schemes that hinder investment in small and micro enterprises. While these measures have been broadly welcomed, they have also drawn criticism for their perceived lack of originality and ambitious targets. Critics argue that the government's approach, which includes settling a target of one crore internships, risks prioritising headlines over sustainable guarantees. The Congress party, whose similar proposals were previously dismissed as unimplementable by Ms Sitharaman, has pointed out this inconsistency, questioning the feasibility of these ambitious targets within the constraints of the budget. Despite these criticisms, the budget reflects a pragmatic acknowledgment of the urgent need to address unemployment. By drawing inspiration from the Congress manifesto, the BJP-led government demonstrates a willingness to adopt effective measures regardless of their political origins. This bipartisan convergence on employment policy suggests a broader consensus on the need for robust, innovative solutions to one of India's most pressing challenges.

Toxic Air

The air quality of the National Capital Region has assumed alarming proportions in recent years. The action initiated by authorities to curb the menace is too little and too late, and it exposes the gross negligence of air quality management. The Indian Medical Association sounded an alert but the Delhi government locked horns with the Centre for its obligations and responsibilities and took the matter to the apex court. Despite the National Green Tribunal's stringent strictures in the past, no respite for the common people seems to be evident and the situation has deteriorated considerably



Air pollution in ten Indian cities assumed alarming proportions and was linked to deaths of 33,000 people every year between 2008 and 2019, a study published on 6 July 2024 in the Lancet Planetary Health Journal points out. The report succinctly examined the link between short-term exposure to fine particulate matter (PM 2.5) and daily mortality rate. It also revealed an increase in the daily mortality rate even in cities where the levels of fine particulate matter were lower than the current Indian air quality standards. The cities included are Mumbai, Bengaluru, Kolkata and Chennai.

Meanwhile, Rohtak in Haryana state has been identified as the most polluted city in June this year, when compared to around 250 cities in the country as per a report early this month of the Centre for Research on Energy and Clean Air (CREA) based on data available from the Central Pollution Control Board (CPCB). The State of Global Air report 2024 clearly pinpointed the sad demise of 8.1 million people worldwide in 2021 which were linked to air pollutants. It bears recall that the permissible annual average concentration of PM 2.5 exposure as per WHO guidelines should not exceed 5 micro gm/cubic metre for more than three to four days per year. The limit as prescribed by CPCB is 60 micro gm/cubic metre under the National Ambient Air Quality Standard (NAAQS). The recent Lancet report clearly indicates the imperative necessity to revise existing pollution standards pragmatically. The recent database considered meaningfully, in addition to particulate matter PM 2.5 and PM 10, the mischief potential of ground measurements of nitrogen dioxide, which is a toxic gaseous material capable of penetrating deep inside the respiratory system. The highest concentrations of oxide of nitrogen were found in the Eastern Mediterranean region, a matter of grave concern. Thus, emissions reduction from industries, vehicles, biomass burning etc needs immediate attention.

The air quality of the National Capital Region has assumed alarming proportions in recent years. The action initiated by authorities to curb the menace is too little and too late, and it exposes the gross negligence of air quality management. The Indian Medical Association sounded an alert but the Delhi government locked horns with the Centre for its obligations and responsibilities and took the matter to the apex court. Despite the National Green Tribunal's stringent strictures in the past, no respite for the common people seems to be evident and the situation has deteriorated considerably. The smog, the fog and smoke in northern parts of India extracts a heavy toll, and every day two lives are lost in India due to air pollution. The air we breathe is poisoned with anthropogenic and natural emissions all the time. However, air pollution is not a new problem. As long as man has lived in cities, he has developed a propensity to pollute the air. It is a problem of the ever-expanding technological society. The situation has been exacerbated by climate change. Most artificial impurities are injected into the atmosphere at or near the earth's surface. Therefore, what is critical about air pollution is its scope and severity.

It is well known that for most pollutants the troposphere means itself within a very short period of time because of the so-called "vertical mixing ability". Rainfall also helps in removing the impurities to a certain extent, but acid rain damages the environment, now a matter of grave concern. Therefore, any substance that is not a part of air's gaseous make-up is regarded as a pollutant. Air-borne suspended particulate matter (SPM), respiratory particulate matter (RPM) and contaminant gases exist in the atmosphere in various degrees. Air pollution is not confined to a particular territory but is a trans-boundary phenomenon. In urban areas of India, the quality of air has been deteriorating rapidly over the past two decades.

The problem is particularly acute in major Indian cities and its suburbs where the air is unclean according to standards fixed by the World Health Organization. Ever-increasing population levels also pose a serious problem. Emission from vehicles has been identified as a major source of pollution in the Delhi metropolitan region, and is said to be responsible for nearly 60 per cent of the city's total pollution level. The situation is appalling owing to the increasing number of vehicles and the limited space for their movement.

Domestic consumption of fossil fuels, sometimes out in the open, and pollutants from small industries and godowns, multi-storied building and road construction, ever increasing number of vehicles, whimsical burning of agricultural wastes, and emissions of SPM from thermal power stations are adding to the problem.

The pollutants vary from one place to another. Their intensity is the most in the heart of the city. The common air pollutants in Delhi are sulphur dioxide, oxides of nitrogen, carbon monoxide, hydrocarbons, peroxyacetyl nitrate (PAN) which causes irritation of eyes, heavy metals and traces of incredibly dangerous polynuclear aromatic hydrocarbons (PAH) which are carcinogenic in character.

Air pollutants exist in gaseous or particulate form. Their concentrations are expressed most commonly either in micrograms per cubic metre (g to the

power-3 of air) or as volume mixing ratio (1 ppb = 10 to the power-9) which are diverse in character. The poor and the weaker sections of society are acutely affected by pollution. The pavement dwellers, underprivileged and vulnerable groups are exposed to direct health hazards. Not surprisingly, the heavy air pollution leads to higher rates of mortality and morbidity. Lead-free petrol has been banned in most developed countries. But unleaded petrol has disadvantages which need special attention.

Lead-free petrol releases a higher level of aromatic organic compounds and a high concentration of benzene which is known to be potentially carcinogenic. According to WHO, the risk of cancer is substantial. Suitable measures need to be taken immediately to eliminate the emission of toxic benzene into the air. As the pollutants are chiefly the outcome of auto-emissions, the entire auto-emission regulatory process needs to be revamped immediately. Reduction of vehicular emissions through continuous check, strict enforcement of the law and periodical survey of the emission control equipment are absolutely necessary. The air quality monitoring process should be strengthened.

The use of catalytic converters inside a car exhaust system has its benefits. The use of lead-free petrol in cars without converters is a great risk to public health. Personal exposure to benzene at service stations should be minimized. All service stations must display warnings about the risk of benzene exposure. The vehicles that are running on outdated technology should be immediately discarded. Developing suitable sophisticated technology for manufacture of electric cars, gradually replacing diesel and petrol vehicles, would be beneficial. Planting more trees in the city can cleanse the air. Finally, the success of mitigating air pollution depends largely on the participation of people and their awareness of environmental health hazards.

Black money has been very poor. However, the results of the recently concluded Lok Sabha elections have brought some hope. Fiscal democracy to be strong, it is essential for the opposition to be more active in the country's politics. Yours, etc., Deborshi Gautam, Village Bangun, Norel, (Assam), 25 July.

Letters to the Editor editor@thestatesman.com

Opposition's role

SIR, Elections are held through democratic processes, and the people decide through voting who will be in power and who will play the role of the opposition. Just as a democratic government cannot function without a government, it is equally essential to have a strong opposition to keep a sharp eye on the government's every move.

If the opposition is weak, there is a higher chance that the elected government's actions may become autocratic. The voters elect a government every five years to work in their interest. If the elected government fails to work in the people's interest, it is certain that the voters will not elect the same government for the next five years.

It is the responsibility and duty of the opposition to criticize the government for any anti-people actions and to highlight the negative aspects of those actions to the public. Being in opposition does not mean that one must criticize every action of the government.

On issues like national security, integrity, and sovereignty, the ruling party and the opposition are different on such issues. Every political party committed to the people's welfare must prioritize addressing the public's sufferings and grievances, whether they are in power or in opposition.

For the past decade, the state of the opposition in the country

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A MEMBER OF THE ANN ASIAN VOICES

Talks can ease South China Sea frictions

While still requiring the Philippines to end the warship, it has grounded on Ren'ai Reef and restore the original state of being uninhabited and without facilities, China has agreed to a temporary arrangement with the Philippines whereby it will allow humanitarian supplies to be delivered to the troops stationed on the vessel. But it made it categorically clear that it will not tolerate any attempts to build fixed facilities or permanent outposts on the reef.

The deal the two neighbors have reportedly reached to end the confrontations over China's Ren'ai Reef and its surrounding waters, if strictly observed, will certainly help ease tensions in the South China Sea and improve the strained relations between the two countries.

However, it is up to Manila to take concrete actions to prove that it is ready to work toward those ends. The current tensions around Ren'ai Reef were triggered by the Philippine government repeatedly trying to send large amounts of construction materials to the personnel living aboard the warship that it illegally grounded on the reef in 1999 in an attempt to build it into a permanent outpost so as to reinforce its "sovereignty claim".

These provocative actions have not only violated China's sovereignty, but also run counter to the Declaration on the Conduct of Parties in the South China Sea, whose Article 5 states that the parties should refrain from any settlement activities on the uninhabited islands and reefs.

China has long demanded that the Philippines tow away the warship and stop infringing upon its sovereignty over Ren'ai Reef and its adjacent waters. But demonstrating its humanitarian spirit, it has allowed Manila to send supplies of necessities to the personnel living on the warship, so long as the Philippines informs China in advance, and allows the China Coast Guard to monitor the resupply process with on-site verification. This was actually part of the "gentlemen's agreement" and bilateral understanding that China and the previous Philippine administration had reached to manage their maritime disputes. This, in addition to goodwill arrangements including the one China made in 2016 for Philippine fishermen to fish in the waters around China's Huangyan Island, has for many years served to help maintain peace and stability in the disputed waters in the South China Sea. Yet the current government of the Philippines, encouraged by the United States, has taken a hostile and confrontational approach when it comes to dealing with its maritime disputes with China.

Emboldened by their Mutual Defense Treaty, under which the United States is obliged to come to its defense in the event of any conflict, the Philippines has denied having reached the previous agreements with China and taken aggressive and reckless actions in the South China Sea, such as conducting the illegal "resupply missions" to Ren'ai Reef or sending large numbers of fishing boats to trespass in the waters under China's jurisdiction. China has taken countermeasures in response to these provocative moves, including issuing new maritime regulations to allow the country's coast guard to detain foreign intruders "suspected of violating management of border entry and exit".

THANK You Jesus, Mother Mary & St. Jude for a safe journey. — DS.

PERSONAL

Yours, etc., C K Ramani, Trichy, 25 July.

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