

The Statesman

Incorporating and directly descended from
the Friends of India -founded 1818

Hard cash

India's digital payment revolution has produced a remarkable transformation: millions can now transfer money instantly with a phone, often without handling currency at all. Yet the country is not becoming a cashless economy. The more interesting reality is that cash is acquiring a different purpose. The Reserve Bank of India has around 176 billion banknotes in circulation and continues to print billions of new notes every year. This is happening even as Unified Payments Interface transactions approach a billion a day. The contradiction is apparent. Digital payments are replacing cash primarily as a mechanism for everyday exchange. They are not replacing all the reasons people want to possess money in physical form. For many Indians, cash remains a reserve against uncertainty. A power cut, network failure, cyberattack or malfunctioning payment system can instantly turn a digital balance into something temporarily inaccessible. Cash does not require a smartphone, password, battery or internet connection. Its usefulness therefore increases, rather than disappears, when dependence on digital infrastructure becomes pervasive.

There is a broader social dimension. The elderly, poorer households, small traders and people in areas with unreliable connectivity cannot always be expected to participate in an economy designed entirely around smartphones and bank accounts. Cash also offers a degree of privacy that electronic transactions inherently reduce. A society that digitises every payment must recognise that convenience and surveillance can sometimes travel together. But India's cash dependence has a darker side. A substantial informal economy continues to operate outside complete financial visibility. Property transactions provide a familiar example, where differences between official valuations and actual market prices can create incentives for cash settlements. The lesson of demonitisation in 2016 was instructive: destroying the existing stock of currency cannot by itself eliminate the economic incentives that generate unrecorded transactions. Black money is not simply a pile of notes waiting to be confiscated; it is also a system of behaviour. This distinction matters for policy. India should continue expanding digital payments because they improve efficiency, transparency and financial inclusion. But it would be a mistake to interpret rising UPI usage as justification for dismantling the country's cash infrastructure. The RBI still needs printing presses, currency distribution networks, ATMs and adequate reserves of notes.

There is also an important institutional lesson. Digital infrastructure should be treated as complementary to monetary infrastructure, not as its replacement. The resilience of an economy depends partly on having alternatives when its dominant systems fail. UPI has changed the way Indians pay. It has not changed the deeper human instinct to keep something tangible aside for uncertain times. Cash may become less important at the point of purchase while becoming more important as a private reserve. The ultimate test of India's digital transformation, therefore, is not whether cash disappears. It is whether citizens can choose between digital and physical money without either system becoming a source of vulnerability. A mature payments economy should offer both efficiency in normal times and resilience when normality breaks down.

War in Orbit

The United States has acknowledged a development that could prove more consequential than the identity of the weapon involved: it has deployed a weapon in orbit. Washington has offered few details, but the announcement signals that the militarisation of space has entered a more explicit and dangerous phase. For decades, satellites were the invisible infrastructure behind modern warfare. They enabled secure communications, navigation, intelligence gathering, missile warning and precision targeting. Space was therefore indispensable to military power, but largely as a supporting theatre. The emerging reality is different. Satellites are increasingly becoming both the instruments of war and potential targets. The distinction matters because space warfare does not necessarily begin with explosions. An electronic-warfare satellite capable of jamming communications could disable an adversary without destroying anything. A spacecraft capable of approaching, grappling or manoeuvring another satellite could potentially perform legitimate maintenance or remove debris - or interfere with an enemy's systems. More destructive anti-satellite weapons could physically destroy spacecraft, producing debris that remains a threat long after the conflict that created it has ended.

This ambiguity is perhaps the most worrying feature of the new competition. Technologies developed for peaceful purposes can acquire military applications, while ostensibly defensive systems can look offensive to an adversary. A satellite designed to inspect another spacecraft may be regarded in peacetime as useful infrastructure and in wartime as a hunter-killer. The strategic incentives are particularly strong for Russia and China. Neither needs to reproduce America's enormous space architecture to threaten American military effectiveness. America is exceptionally dependent on satellites, making them an attractive vulnerability. Russia has invested in anti-satellite missiles, while China has demonstrated increasingly sophisticated abilities to manoeuvre spacecraft close to other satellites. The objective for a weaker space power can therefore be not to dominate orbit but to make the opponent's dominance too costly to exploit. That creates a classic security dilemma.

Washington deploys an orbital weapon to protect its satellites; Moscow and Beijing see another instrument of American military power and develop countermeasures; Washington then responds with more sophisticated capabilities. Each side can describe its actions as deterrence while making conflict more likely. There is an additional danger unique to space. Destroying a satellite does not confine the consequences to the intended target. Debris can travel through valuable orbital pathways and threaten civilian, commercial and scientific spacecraft belonging to countries that have nothing to do with the conflict. Modern economies increasingly rely on space infrastructure for communications, finance, navigation, weather forecasting and logistics.

A major space conflict could therefore become an economic crisis on Earth. The immediate question may be what weapon America has put into orbit. The larger question is whether the world's major powers are prepared for the consequences of making space a contested military domain. Space is becoming too important to leave governed principally by military calculations. The next arms race may not be about putting more weapons on Earth. It may be about deciding who can control what happens above it.

From thaw to trust

Managing the border should ultimately be accompanied by sustained efforts to resolve the boundary question itself. No one should underestimate the complexity of the issue or expect an immediate solution. Yet the commitment of the two leaders to seek a fair, reasonable and mutually acceptable settlement provides an important framework. A durable resolution can only emerge through discussion, dialogue and sensitivity to the legitimate concerns of both sides. Even incremental progress would strengthen confidence in the relationship

The meeting between Prime Minister Narendra Modi and Chinese President Xi Jinping on the sidelines of the BRICS Summit in New Delhi on September 12 offers a timely opportunity to move India-China relations toward greater stability and practical cooperation. The significance of the meeting lies not in the expectation that long-standing differences can disappear quickly, but in the recognition by both leaders that the relationship must be approached from a strategic and long-term perspective.

The official Indian account of the meeting emphasized that differences should not become disputes and that relations should be guided by mutual respect, mutual sensitivity and mutual interest. Both leaders also expressed commitment to a fair, reasonable and mutually acceptable resolution of the boundary question, while stressing the importance of peace and tranquility in the border areas. The Chinese account similarly emphasized partnership, mutual respect, mutually beneficial cooperation, people-to-people exchanges and continued efforts to maintain peace along the border.

These points deserve careful attention. India and China are not simply two neighboring states. They are ancient civilizations, major economies, influential members of the Global South and home to more than a third of humanity. Their relationship will inevitably affect the future of Asia and the wider international order. It is therefore in the interests of both countries to manage differences with restraint while expanding areas in which cooperation is possible.

The first priority must remain peace along the border. The events of 2020 demonstrated how quickly tensions can damage political trust and affect the wider relationship. Both governments have since worked through diplomatic and military channels to reduce friction. That process should continue with patience and consistency. Existing agreements and understandings should be observed



carefully, communication between the two sides should remain open, and every effort should be made to prevent the recurrence of a serious military stand-off such as Galwan.

At the same time, managing the border should ultimately be accompanied by sustained efforts to resolve the boundary question itself. No one should underestimate the complexity of the issue or expect an immediate solution. Yet the commitment of the two leaders to seek a fair, reasonable and mutually acceptable settlement provides an important framework. A durable resolution can only emerge through discussion, dialogue and sensitivity to the legitimate concerns of both sides. Even incremental progress would strengthen confidence in the relationship.

Trust, however, cannot be built at the border alone. It must also grow through regular contact among ordinary people. The September 12 meeting rightly highlighted cultural exchanges, business linkages and greater mobility. These should now become visible priorities. More direct flights between major Indian and Chinese cities would make an immediate difference. Visa procedures for tourists, academics and legitimate business travelers could also become more efficient and predictable, subject of course to the security requirements of both countries.

Tourism has an important role to play. Chinese visitors have long been interested in India's Buddhist heritage, while Indian travelers increasingly seek to experience China's history, culture and remarkable economic transformation. Travel allows people to encounter one another beyond headlines and strategic debates. In that sense, tourism is not merely an economic activity; it can also become a quiet form of diplomacy.

Academic and scientific exchanges are equally important. Universities in both countries could expand student exchanges, visiting professorships, conferences and carefully structured joint research in areas of common benefit. India needs more scholars with a deep understanding of Chinese language, history and society, just as China benefits from informed scholarship on India. Greater academic contact can reduce misunderstanding and create professional relationships that endure even during periods of political difficulty.

Science and technology offer further possibilities for constructive engagement. Both countries have substantial capabilities, although their strengths are often different and complementary. Cooperation in public health, agriculture, climate science, renewable energy, disaster management and selected areas of digital technology could produce practical benefits. Such cooperation need not compromise national security or technological autonomy. It can be pursued selectively, transparently and on the basis of reciprocity.

Climate change is one field in which cooperation is particularly compelling. India and China both face extreme weather, water stress, environmental degradation and the challenge of meeting the aspirations of very large populations while moving toward cleaner forms of development. Exchanges in renewable energy, battery technology, sustainable transport, water management and climate research could therefore serve both national and global interests. Scientific cooperation relating to the Himalayas, glaciers, rainfall and river systems could also contribute to better disaster preparedness.

Economic relations require the same mixture of openness and realism. Bilateral trade is substantial, but India has repeatedly raised concerns about structural imbalance, supply chains and market access. The September 12 discussion acknowledged the need to address these concerns and to facilitate meaningful and predictable access to markets. Progress would be easier if both sides focused on reciprocity, transparency and practical problem-solving rather than allowing economic questions to become additional sources of political mistrust.

There is also room for deeper cooperation in healthcare. India has major strengths in pharmaceuticals, vaccines and medical services, while China has significant manufacturing and research capacity. Joint work on affordable medical technologies, infectious-disease preparedness, ageing populations and public-health research could benefit millions of people. Similar practical cooperation could be explored in

disaster relief and the peaceful use of space, including earth observation and climate monitoring.

Cultural cooperation should not be treated as an afterthought. The civilizational relationship between India and China is centuries old. Buddhism, scholarship, travel and translation connected the two societies long before modern diplomacy existed. Renewed exchanges among writers, artists, filmmakers, musicians and museums could help restore a sense of historical perspective. The journeys of figures such as Xuanzang remind us that intellectual curiosity once crossed these frontiers with extraordinary determination.

None of this requires either country to ignore its national interests or differences. India and China will continue to have distinct strategic priorities and perspectives. A stable relationship does not depend on complete agreement. It depends on the ability to prevent disagreement from becoming confrontation and to preserve channels of cooperation even when difficult issues remain unresolved.

That is why the September 12 meeting is encouraging. Both leaders emphasized the need to look at the relationship over the long term, maintain border peace, deepen people-to-people exchanges and address economic concerns. These are practical foundations on which a more stable relationship can be built.

The next step should be to translate diplomatic intent into sustained engagement: continued border dialogue, easier travel, more direct flights, expanded cultural and academic exchanges, greater scientific cooperation, balanced economic engagement and regular communication at every level. Trust will not return through a single summit. It will have to be rebuilt gradually, through consistency and experience.

India and China do not need to agree on everything, nor do they need to view cooperation as a concession. They do need to ensure that their differences are managed peacefully and that opportunities for mutual benefit are not lost.

Geography has made them neighbors; history has made them civilizational interlocutors. The responsibility of leadership is to ensure that the future is shaped not by recurring tension, but by dialogue, stability and a willingness to cooperate where cooperation serves both peoples.



ABHIK ROY

The writer is Professor Emeritus of Communication Studies, Loyola Marymount University, Los Angeles

Jakarta Post

Cyber resilience requires fixing Indonesia's old tech

Security researchers at the United States cyber firm Calif disclosed that, using artificial intelligence tools, its team had built a worm capable of hijacking WeChat accounts. The victim did not need to answer the phone or tap their screen. Rather, simply receiving a call was enough.

The researchers named it WeWorm and estimated that had it been released rather than responsibly disclosed, it could have reached hundreds of millions of devices within hours. WeWorm was a proof of concept. Tencent patched the underlying flaw, and there is no evidence that real users were harmed. But the demonstration matters enormously, because it shows what the threat environment now looks like. A small team, working with commercially available AI tools, identified a critical

vulnerability in one of the world's most widely used applications in roughly two days. The complete, self-spreading weapon was ready within a week.

The speed matters as much as the technique. Not long ago, the typical window between a vulnerability being discovered and an attacker exploiting it was around 63 days. That window has now collapsed to roughly five days. Defenders who once had weeks to patch a system now have days.

For a system that is modern, supported and actively maintained, five days is painful but survivable. For a system that is end-of-life, unsupported or simply unrecorded in any asset register, five days is irrelevant because no patch is coming

at all. Research by US cybersecurity threat intelligence firm Cisco Talos shows that around 40 per cent of the most actively exploited vulnerabilities in recent periods sit on exactly these kinds of end-of-life devices. This is the legacy technology problem.

At its core, legacy technologies are outdated computer systems, including hardware, that are no longer actively supported or updated by their vendors. Once support ends, security vulnerabilities accumulate and go unpatched, leaving systems exposed to threats their designers never anticipated.

More than ageing desktop computers, these include the complex network infrastructure that fuels our very way of communication and daily life. Given the rapid advancement of AI and its incorporation

into offensive cyber capabilities, hacking groups can now identify and exploit those vulnerabilities faster than ever before.

A July 2026 report from the Australian Strategic Policy Institute, titled "Past its use-by-date: Turning end-of-life technology risk into national advantage," highlighted this problem in Australia's critical infrastructure.

Indonesia faces the same challenge and has already lived through the region's most consequential demonstration. In June 2024, the Brain Cipher ransomware variant struck the Temporary National Data Centre (PDNS), disrupting over 200 public services including immigration processing and airport operations. The ransom demand was US\$8 million. Rightfully, the government declined to pay. However, recovery took weeks.

Indonesia faces the same challenge and has already lived through the region's most consequential demonstration. In June 2024, the Brain Cipher ransomware variant struck the Temporary National Data Centre (PDNS), disrupting over 200 public services including immigration processing and airport operations. The ransom demand was US\$8 million. Rightfully, the government declined to pay. However, recovery took weeks.

Letters To The Editor | ✉ editor@thestatesman.com

A curse?

Sir, I wonder if the advent of AI is proving to be a curse in disguise. There was a time when, while drafting a letter to the editor, I gave it my best shot. I wanted the editor as well as readers to look forward to my letters. Consequently, a published letter would always cause that adrenaline rush and goad me into writing the next with the fervour of an R K Narayan during his struggling days as a writer. However, with the advent of AI, the enthusiasm has ebbed. AI can admittedly draft "faster, higher and stronger" and that too before one can say "Jack Robinso". In fact, AI's output on any given topic is a masterclass in terms of content and expression. That being so, the itch to write letters to the editor and compel him to give space to my "HI" (Human Intelligence) has cooled.

These days, AI has almost become my default option. There was a time, not too long ago, when I turned to the Letters page even before reading the headlines - for the sheer joy of seeing my letter and my name and city highlighted in bold print. Today, the accompanying joy, thrill rather, is a sea at low tide.

Yours, etc., Avinash Godbole,
Dewas, 15 September.

Childish

Sir, In light of today's news, "Rahul Gandhi, BJP spar over BRICS dinner menu," I must say that the tendency Rahul consistently displays to create an unnecessary fuss over trivial matters is causing my political confidence in him to decline.

Such childish behavior is unbecoming of an opposition leader, especially when an

international conference is being hosted in the national capital. Must the Leader of the Opposition merely oppose for the sake of opposition? Has Rahul ever taken the initiative to discuss matters with the Prime Minister or the government outside of Parliament, proposing new ideas for the nation or innovative concepts for public welfare? The role of an Opposition leader is not merely to hold frequent press conferences to criticize the ruling party or the government.

Yours, etc., Rupam Guha,
Kolkata, 14 September.

Hypocrisy

Sir, Kudos to the Harmanpreet Kaur-led India team that beat Sri Lanka to win a record-extending eighth Women's Asia Cup title. But after the match, the gentleman's game cricket showed its dirty face when

BCCI secretary Devajit Saikia said that the team's decision not to receive the trophy from Asian Cricket Council president Mohsin Naqvi was to show solidarity with the men's team, which took the same position after winning the Asia Cup last year. The Indian team is yet to receive the Asia Cup trophy, which has since been kept in the ACC office.

My question: why create drama? Television cameras showed Naqvi first greeted BCCI vice-president Rajeev Shukla and then had a meeting with Devajit Saikia. Asked about that meeting, Saikia said it was part of normal match-day protocol and did not contradict the stand on trophy presentation. Why is this hypocrisy played out? Why cannot 'love for nation' be the same for players and office bearers? There should be no double standards.

Yours, etc., Bidyut Kumar Chatterjee,
Faridabad, 15 September.

Yet, these moves have coincided with a new ethnic fault line in Manipur. Since February, violence between the Naga and Kuki-Zo communities – which began as localised disputes – has spread across the hill districts. Till July, at least 15 Kuki-Zo people, 11 Nagas, three security personnel and a truck driver were killed; more have died in the last two months. Houses in Naga and Kuki-Zo villages have been burnt down and the newly displaced have moved into camps. Blockades imposed by partisans of the communities against the other have held up essentials and medicines, with the smaller Kuki-Zo community the worse affected. Health centres in the hills have been left dysfunctional. This echoes the Naga-Kuki violence of the 1990s, now revived by armed groups claiming to act on behalf of their respective communities and resurrecting arguments over who controls the hills and whose customary laws prevail there. With its tenure ending soon and Assembly elections due next year, the State government must move quickly to contain this outbreak of hostilities. It must work with civil society to lower the rhetoric – reportage from the ground suggests a weariness with the violence across communities – while acting against the armed groups with the help of the security forces. Those imposing blockades must be deterred by the force of law. Criminal law must apply equally across communities in the hills, and the safety and welfare of civilians must be guaranteed irrespective of ethnicity.



LAND USE

The 2024 general election strongly indicates that the BJP had lost ground in U.P. Its tally fell from 62 seats in 2019 to 33, while the SP won 37 and the Congress six. The sharpest erosion occurred in Awadh, once the heartland of the Ayodhya temple movement. In 2022, the BJP won 101 of Awadh's 154 Assembly seats. In 2024, it was

Professor Emerita,
Centre for Political
Studies, Jawaharlal
Nehru University

The State's changing electoral landscape, marked by the BJP losing ground in 2024, raises questions about how long the party's political dominance can endure

This matters because the BJP's political hold in U.P. has rested on a combination of communal mobilisation, a durable electoral base and social coalitions built around the temple campaign. The 2024 general election showed that this alignment could be disrupted. Its longer-term implications will depend on whether that disruption proves temporary or marks a lasting shift in the electorate's preferences and expectations.

The frustration among young voters is strikingly evident in the precarity of employment and recruitment. Many were actively involved in the anti-National Eligibility cum Entrance Test

protests earlier in the year. U.P. has seen repeated examination leaks and cancellations. In 2024, the police constable examination, taken by around 48 lakh candidates for 60,244 posts, was cancelled following a paper leak. The Review Officer/Assistant Review Officer examination was similarly cancelled amid allegations of irregularities, where out of a total of 10.76 lakh registered candidates, about 6.8 lakh candidates appeared, competing for just 411 posts. For a generation that invests years in its preparation for scarce government jobs, such failures are not merely administrative lapses. They can mean the loss of money spent on coaching and applications, income and opportunity in a State where government employment remains a highly valued path to economic security.

The 2027 election will therefore reveal more than the BJP's ability to recover lost seats. It will show whether the political template that carried the party to power from Lucknow to New Delhi still commands the same electoral force. The 2024 result has already shown that this template is no longer invulnerable in U.P. The 2027 election will determine whether the shift revealed in 2024 becomes more durable. What happens in U.P. could therefore alter the political balance on which the BJP's national dominance has rested.

A war room for India in an age of sanctions

Washington sanctioned four companies based in India and three Indian nationals over alleged trade in Iranian oil and petrochemicals. Tehran listed an LNG carrier serving India and an Indian-flagged bulk carrier for possible fines, detention or confiscation in the Strait of Hormuz. One order travels through bank wires; the other waits at sea.

American laws in the 1990s threatened foreign companies with penalties for conduct abroad. Europe responded with a Blocking Statute. When secondary sanctions against Iran returned in 2018, several European companies withdrew despite having legal protection at home. The possible loss of access to American banking and dollar payments was enough to choke off trade

Former Permanent Representative of India to the United Nations and, currently, Dean, Kautilya School of Public Policy, Hyderabad

A coordinated response is essential as sanctions increasingly target entire transactions

Iran is using a different chokepoint at sea. On August 23, its Persian Gulf Strait Authority published a list of 45 vessels it called non-compliant. They included *Disha*, chartered by Petronet LNG and managed by the Shipping Corporation of India, and *Maha Roos*, an Indian-flagged bulk carrier. The authority did not explain the alleged breaches. By September 14, the list had grown to 77. The authority also warned insurers against covering listed ships. Washington has already sanctioned the authority and warned that seeking passage guarantees from it could carry sanctions risks, even without payment.

That coordination should survive the crisis. An Economic Security and Sanctions Office under the Cabinet Secretariat should become India's permanent war room for economic coercion. It should bring together officials responsible for foreign policy, finance, commerce, energy, shipping, law and defence, alongside the Reserve

India also needs more LPG storage, an expanded Indian-controlled tanker fleet and a stronger Bharat Maritime Insurance Pool, while securing long-term LNG contracts outside Hormuz. Rupee settlement can preserve lawful trade when sellers accept it, but cannot shield a bank that still needs New York.

The first test of sovereignty happens when Delhi decides. The second comes when that decision meets a New York bank or the Strait of Hormuz. In the age of sanctions, India cannot move those chokepoints. It can, however, make sure that every decision is taken with the whole journey in view.

LETTERS TO THE EDITOR

The concerns being expressed by some technology companies that artificial intelligence (AI) poses a threat to humanity cannot be ignored. There is no doubt that AI is making significant advances in critical sectors. Nevertheless, the possibility of its misuse by anti-national or anti-social

forces cannot be ruled out. At a time when cybercrimes are frequently reported, the abuse of AI in cyberspace could cause irreparable damage to society. The technology companies promoting AI must also provide a safety net to protect the global community from possible AI-related threats. Though superintelligence could be a

Deserving Phalke awardee
Veteran Kannada actor Anant Nag richly deserves the Dadasaheb Phalke award. His effortless acting and flawless diction in

parallel and mainstream cinema are what have endeared him to his fans. His journey in life, from modest means to celebrity status, is inspiring.

Dr. Ganapathi Bhat,
Akola, Maharashtra

On World Bamboo Day, September 18, it is worth recognising a remarkable

plant that holds immense cultural and ecological value. Known variously as 'green gold' and 'poor man's timber', bamboo is an environmental powerhouse, with more than 1,500 species capable of thriving in diverse climates. Globally, bamboo is deeply woven into human traditions. Beyond its well-established traditional uses, it is a vital

M. Pradyu,
Thalikkavu, Kannur, Keralam

Letters emailed to
letters@thehindu.co.in
must carry the postal address.

Does the BRICS summit signify a shift for Indian foreign policy?



Ajay Bisaria

served as High Commissioner to Pakistan and Canada and is the author of 'Anger Management: The Troubled Diplomatic Relationship Between India and Pakistan'

PARLEY

With a strong pushback against unilateral western sanctions; criticism of Israel over the killing of civilians, the attacks on Lebanon, and the forced occupation of Palestinian territory; and support for UN reform as well as a BRICS payment mechanism, the New Delhi Declaration of 2026 has been likened to India's foreign policy from its non-aligned past. But was it a compromise by New Delhi to build consensus, or will the statement, and Prime Minister Narendra Modi's close engagement with the leaders of Iran, Russia, and China, have a bearing on India's foreign policy? Ajay Bisaria and Happymon Jacob discuss the question in a conversation moderated by **Suhasini Haidar**.

Is the New Delhi declaration a return to non-alignment or just momentary rhetoric?

Ajay Bisaria: Broadly, the declaration is in keeping with India's foreign policy, whether that is strategic autonomy and multi-alignment or multi-vector engagement. In terms of optics, India is more on the front foot and less apologetic than it used to be. India is getting more and more comfortable in a non-western forum, saying that it is emphatically part of it. While it doesn't necessarily mean a shift in posture, it does suggest a greater degree of comfort with a different set of optics.

Happymon Jacob: The BRICS summit is under spotlight and things under spotlight look bigger and shinier than they really are. BRICS is a political platform; not a security platform. I don't think India's policy today is that of non-alignment at all. Non-alignment was a strategy for a weak state in a bipolar world. Today, we are in a different kind of world and the desire in India is to become one of the poles in a multipolar world. There is a reference to the Bandung Spirit (Non-Aligned Movement) in the BRICS declaration in pursuit of a fairer, more inclusive, and representative multilateral system. But that is nostalgia, not real policy.

How important are optics such as the Modi-Xi-Putin handshakes or the Prime Minister reaching out to the Iranian President at a time when these leaders represent the "anti-Western lobby"?

HJ: The optics are, in some ways, the substance here. Chinese President Xi Jinping had not been to India in nearly seven years. And we had the Abu Dhabi Crown Prince (Khaled bin Zayed Al Nahyan) sitting at the same table. In some ways, the photograph is the message. At the BRICS



Russia's President Vladimir Putin, Prime Minister Narendra Modi, and China's President Xi Jinping pose with other leaders during the BRICS Summit. AFP

outreach session, a lot of powers who don't otherwise get into great power conversations were present. So, there was a lot of socialisation happening inside the platform and on its margins. But I think we should understand that this is not really having an impact on how the world is being shaped. The declaration calls for exercising restraint and protecting civilians and civilian infrastructure and pointedly recalls the respective national positions of each member. It is fantastic, but the argument here is about optics, not common positions.

AB: I would agree that these multilateral fora are often performative to a degree and therefore all optics matter. But in a multilateral document, you can say the silent part aloud; what a country won't say in a national statement, it can say aloud in a high-level multilateral summit. For instance, everyone knows that the phrase "unilateral coercive measures" is about U.S. actions. So, you're not really saying we condemn U.S. action on so-and-so date; you're simply saying that we are against U.S. tariffs and [western] sanctions. There is an understanding now that what is said in a multilateral document can be different from a national position.

Every BRICS summit since 2022, including the 2024 summit in Russia, has made a reference to Ukraine. The New Delhi Declaration is the first time that references to Ukraine have been dropped. Why?

AB: My guess would be that it was a Russian veto. In the Rio BRICS declaration last year, there was even condemnation of a Ukrainian attack on Russia without an equivalent condemnation of anything Russia had done. So this time, instead of just condemning Ukraine, they might have decided to drop the whole thing entirely. It is very disappointing that a major multilateral geopolitical forum doesn't call for belligerents to end the war, but instead stays silent. That is an error of omission. I suspect the



Broadly, the Delhi declaration is in keeping with India's foreign policy, whether that is strategic autonomy and multi-alignment or multi-vector engagement

AJAY BISARIA

Russians said, no, we don't accept it, and in the interest of having a consensus, it was dropped.

HJ: I think India has no particular reason to push for that language to be present in the declaration because we have quite clearly sided with the Russian Federation in this war, indirectly if not directly. There must have been Russian push but I see no reason why there could not have been some neutral language to put in [references to Ukraine], given the precedent (of previous BRICS joint declarations).

The condemnation of Israel in the statement is very strong. Does this represent a shift for India given the PM's speech on standing "shoulder to shoulder" with Israel during his visit in February 2026?

AB: The big picture is that India is trying to establish neutral and balanced positions on both conflicts, and therefore not be seen as backing only one side in either. It has taken safety in the language of the United Nations. There's a specific mention of the UN Security Council Resolution 2803 of November last year, which spoke about an International Stabilisation Force and a Board of Peace. Some of the language has been drawn from there. The overall posture is: let's try to be balanced and reasonably neutral.

HJ: There is a clear disjunction between the statement and what Prime Minister Modi told the Israeli parliament. Perhaps the declaration is in some way intended to counter the perception that India was getting too close to Israel. The two-state solution has always been India's position, so the declaration doesn't contradict Indian policy there. But with the UAE, Egypt, Iran, and Indonesia in the room, there was only so much India could do to push back against the harshness of that language. What Prime Minister Modi told the Israelis in Israel is emotional and consequential. But what is written in the BRICS Declaration is multilateral, symbolic, and not very consequential. I would still say the balance is tilted in favour of Israel as a partner.

How significant are the paragraphs on economic issues, particularly on intra-BRICS trade using payments in national currencies? These 10 or 11 countries represent 40% of the

global economy, and 25% of global trade. Could they pose a challenge to the G7?

HJ: Indian policy has two parts. One is the support for local currency payment mechanisms. I don't think India has supported a permanent payment mechanism under the ambit of BRICS. I think there is an acknowledgement that there is no one-size-fits-all approach as far as currency settlement payment mechanisms are concerned. I would think twice before signing on to a non-U.S. dollar payment mechanism, which I believe will mean the next big currency or the next powerful currency. And unfortunately, China's currency is going to be that big currency.

AB: BRICS is a counterpoint to the G7, an economic grouping that also has geopolitical responsibilities. But I think India also finds itself at an intersection with the G7, because it is a sort of permanent invitee to the G7, along with Australia and South Korea. I have made the argument elsewhere that the G7 should dissolve itself and become the Democratic 10 (D10), including these three countries. I think that is the real strategic autonomy or multi-vector engagement, where India becomes the bridge between the east and the west, but also a voice of the south.

Will any of the decisions at BRICS see their way into future Indian foreign policy? Or is this just one moment with BRICS countries?

AB: I think this is a moment of success in Indian diplomacy in terms of conducting a major international event. In November, there will be another opportunity to meet global leaders at the ASEAN-East Asia Summit in the Philippines, followed by Prime Minister Modi's visits to the U.S., Canada, and Brussels, where he could potentially secure three trade agreements. I think that's what diplomacy will be about: multi-vector engagement; keeping all stakeholders engaged, in multiple directions.

HJ: India has only so much diplomatic capital. Therefore, it is important to pick our battles, forums, and partners. I think we should be present in those rooms where global rules on AI are being framed, and where the future of space governance is discussed. I don't think the next world order is going to be made in forums such as the BRICS but in those silent small rooms.



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

NOTEBOOK

AI makes editors read the writer as well as the text

Editors are often caught between their duty to the readers and employers and the demands of the publishing process

Vasudevan Mukunth

I'm a commissioning editor. Every day, I receive more submissions of articles written by AI than the last. The same goes for articles polished by AI. More than going against *The Hindu's* policy, this habit has the potential to corrode the human practice of writing.

Writing is often hard. You consider the relationship between your intentions and the meaning of words laid down on a page. You think through using the many degrees of freedom a sentence or paragraph affords to convey precisely what you mean, down to the feeling, while also holding readers' attention and doing justice to yourself without becoming self-absorbed. Writing should trouble the mind. AI-made or -polished writing offers to take this trouble away – a temptation to be resisted.

AI-written or -polished text can be corrosive to readers as well because all such texts, no matter how diverse their contents, read the same way. Editing it to be more human, to have an undulating rhythm rather than that sterilised glaze, is also an exasperating experience.

I used to maintain a list of the hallmarks of AI-written or -polished text, but as they evolved, I turned to two 'detector' tools: GPTZero and Pangram. I trust them because of their favourable coverage in the scientific press, their developers' attitude towards the tools' role in the publishing enterprise, and their lower false-positive rates. A false positive is when a tool flags a piece as being AI-written when in reality it is not. It can be pernicious because it causes me to decline a submission I may have accepted, potentially disappointing an author. Such a result may also cause editors to develop an unfavourable opinion of such contributors.

Sometimes, these tools jointly return very high or very low scores, allowing me to decide quickly about accepting or declining submissions. The problem arises when one or both tools return a middling score, e.g. "50% chance of being written by AI" or "50% of the text is written by AI".

In these instances, I need to negotiate a way forward. If the author is a rookie, I may insist on seeing the timestamped version history of the document containing their text, and ensure the words didn't suddenly appear all at once. (If I have doubts at the time of commissioning itself, I may insist the author quote some experts firsthand and submit their reporting notes together with the finished article.) If I have a mature relationship with an author, I directly communicate the stakes and possible courses of action.

But when an author doesn't tick these convenient boxes, I need to draft a reply that balances several sensibilities. First, I must not offend them. In fact, I have no intention of villainising them: people use AI models with text for various reasons, only a small subset of which are malicious. Second, I need to elicit from the author an honest response about whether, and if so how, they used AI – especially a reply I can be sure is unencumbered by insecurities or second-guessing. Third, I need to keep the author's trust while maintaining that I cannot accept AI-written or -polished text. Fourth, I must justify, if required, my decision to repose my trust in those tools rather than in my judgment and/or in our relationship alone.

Now, if GPTZero and Pangram independently falsely flag 5 out of every 100 articles as being AI-written or -polished, they will have a combined false positive rate of just 1 in 4 million. However, the chance of one tool flagging an article right and the other flagging it wrong is still 1 in 1,000, which is much higher.

But I cannot make decisions with mathematics alone as my guide. AI has caused me to think more closely about the author submitting an article and their reasons to use – or not use – AI. Similarly, it would help if authors think more closely about editors, who are caught between their duty to their readers and employers on one hand and to facilitate the publishing process on the other.

mukunth.v@thehindu.co.in

PICTURE OF THE WEEK

Chasing the sunset



Golden hour: Trained swimmers accompany a Ganesha idol which is to be immersed in the Krishna River downstream of the Prakasam Barrage in Vijayawada, Andhra Pradesh following the Ganesh Chaturthi festivities on September 16. The immersion was carried out at a designated stretch of the river. G.N. RAO

FROM THE ARCHIVES

FIFTY YEARS AGO SEPTEMBER 18, 1976

Bright future for computers in India

Hyderabad, September 17: Prof. A.S. Douglas, Professor of Computational Methods, London School of Economics and Vice-President, International Federation of Information Processing told *The Hindu* here to-day that computer technology would have considerable future in developing countries like India as it aided the planning process in various spheres. He said that computers could be used for highly sophisticated calculations in

The Hindu.

scientific and technical matters as well as simple calculations in physics and chemistry.

Prof. Douglas said that while there were certain jobs which could be done efficiently by men, there were many things which computers could perform more efficiently and quickly than human beings. It was necessary that a happy balance should be maintained in the choice of jobs that could be performed by men and those that could be entrusted to computers.

Prof. Douglas, who was delivering a lecture under the auspices of the Hyderabad Chapter of the Computer Society of India, said that India should have a well-organised programme for the training of personnel needed for manning the computers.

A HUNDRED YEARS AGO SEPTEMBER 18, 1926

A lecture on advertising

Under the auspices of the Students' Economical Association the inaugural address was delivered yesterday evening by Prof. Jospeh France of the Presidency College, in the Senate House. The meeting was well attended. The Chairman in his opening remarks said that India was lacking in the art of advertisements. Owing to the neglect of this branch of study most of the Indian industries were not well-known. Best of their products found no place in the advertising field, whereas they found so many minor products of the west advertised through newspapers.

Text & Context

THE HINDU

NEWS IN NUMBERS

Increase in Indian utilities’ August coal imports

5.52 million metric tonnes. Indian power producers’ coal imports in August rose to a 15-month high as a heatwave and lower hydropower generation boosted electricity demand. Coal imports jumped 85.6% year-on-year to 5.52 million metric tonnes. REUTERS

Number of deceased persons returned to Ukraine by Russia

252 Ukraine has received the bodies of 252 people in an exchange of war dead with Russia, Ukrainian authorities said on Thursday. Russia received 23 bodies in return, Russian lawmaker Shamsail Saraliev was quoted as saying by the RBK news outlet. AFP

Private capital attracted by the World Bank

112 in \$ billion. The World Bank on Thursday said it attracted \$112 billion in private capital in the year ended June versus \$69 billion a year earlier, and more than triple the amount in fiscal 2022 before former Mastercard CEO Ajay Banga became president. REUTERS

Amount to be spent on defence by Ukraine in 2027

4.9 in trillion hryvnia. The Ukrainian government plans to spend two-thirds of its budget on defence next year. Russia’s four-and-a-half-year offensive has battered Ukraine’s economy, causing billions of dollars in destruction and punching a huge hole in its neighbour’s finances. AFP

Number of taluks declared drought-hit in Karnataka

124 The Karnataka government on Thursday declared 23 more taluks drought-affected, taking the total number of drought-hit taluks notified so far to 124, amid dry conditions in several parts of the State. PTI
COMPILED BY THE HINDU DATA TEAM

Follow us facebook.com/thehindu X.com/the_hindu instagram.com/the_hindu

What is the Uniform Civil Code debate?

How are personal laws governed today? What does the Constitution say about a UCC? What are the arguments in favour of a UCC? What are the arguments against? How could a UCC guarantee equal women’s rights? What alternative has been proposed?

EXPLAINER

Rangarajan R.

The story so far:

Union Home Minister Amit Shah has indicated that the Uniform Civil Code (UCC) would be implemented in all 21 NDA-ruled States by 2029. Uttarakhand has had a UCC in force since January 2025, while UCC bills passed by the legislatures of Assam, Gujarat and Madhya Pradesh are awaiting Presidential assent.

How are personal matters governed today?

Article 44 of the Constitution provides that the State shall endeavour to secure a UCC for citizens throughout India. A UCC would apply the same set of secular personal laws to all people, irrespective of religion, caste, or tribe. India already has uniform criminal laws and common civil laws covering matters such as taxation, contracts, and negotiable instruments.

However, in matters such as marriage, divorce, and inheritance of property, various religious communities in India follow personal laws that are based on their religious doctrines. Hindus are governed by laws such as the Hindu Marriage Act (1955) and the Hindu Succession Act (1956), while many tribals within the Hindu religion may follow customary family laws under constitutional exceptions. Jains, Buddhists and Sikhs are covered by Hindu laws. Sikh marriages can also be registered under the Anand Marriage Act (2012). Christians and Parsis have their own personal laws, while Muslims are governed by the Muslim Personal Law (Shariat) Application Act (1937).

What are the pros and cons?

The Constitution makers were divided over including a UCC in the Constitution.



GETTY IMAGES

Some wanted it to be made a Fundamental Right to ensure uniformity in civil laws and secure equal rights for women. However, many members of the Muslim community were not in favour of including it in the Constitution as they felt that a uniform civil code would violate the fundamental right to religion that is guaranteed in Part III. Finally, the provision relating to UCC was placed in the non-justiciable Part IV - Directive Principles of State Policy.

There are several arguments over aspects of the UCC. The key arguments in its favour are, first, that it would make India secular in the true sense by subjecting all citizens to the same personal laws. The second and most vital argument is gender justice: a UCC would ensure equal rights for women across religions in matters governed by personal laws.

The key arguments against UCC are as follows. First, there can be potential conflict between the provisions of the UCC and guaranteed fundamental rights. Article 25 of the Constitution guarantees every person a fundamental right to practise a religion of one’s choice. Article 29 provides a fundamental right to any section of citizens to conserve their distinct culture. The provisions of a UCC on personal matters may run contrary to scriptures and cultural doctrines in a religion. Second, the four States that have enacted UCC have exempted tribal population from its ambit. The reasons for such exemption are constitutional safeguards to protect tribal culture as well as the belief that many tribal customs in these matters provide adequate rights to women. However, exempting one section of society while making it compulsory for all other groups, including religious

minorities, is discriminatory.

What can be the way forward?

The most important reason to reform civil laws is to ensure equal rights for women in matters of marriage, divorce, maintenance, and inheritance. The right to religion under Article 25 is subject to constitutional morality and other fundamental rights, including equality. In Section 6A of the Citizenship Act, 1955 (2024) case, the Supreme Court held that practices such as casteism and gender discrimination, which run against the spirit of the Constitution, would not receive protection under Article 29. Thus, reforms in personal laws should not be viewed as violating Articles 25 and 29, as they uphold women’s equality, an essential facet of constitutional morality.

However, there is resistance to the UCC among minorities, particularly Muslims. In the Constituent Assembly, Dr. B.R. Ambedkar advocated a UCC but suggested that it could remain voluntary. He said Parliament could provide for the UCC to apply to citizens who declare they are willing to be bound by it.

On the other hand, the Law Commission in its Consultation Paper on Reform of Family Law (2018) opined that a UCC was neither necessary nor desirable at this stage. It argued instead for reforming discriminatory provisions across personal laws. The emphasis should be on achieving ‘equality within communities’ between men and women rather than ‘equality between communities.’ The report recommends legislative reforms required in various personal laws with respect to marriage, divorce, custody, adoption, maintenance, succession and inheritance, that would ensure gender justice. The suggestions of the Law Commission should be considered while legislating and implementing reforms in personal laws. (Rangarajan R is a former IAS officer and author of ‘Courseware on Polity Simplified’. Views expressed are personal)

THE GIST

▼ The Uniform Civil Code (UCC) would replace religion-based personal laws governing matters such as marriage, divorce and inheritance with a common set of secular laws

▼ Supporters argue that it would promote secularism, national integration and gender justice, while critics point to possible conflicts with religious and cultural rights

▼ The Law Commission has instead favoured reforming discriminatory provisions in existing personal laws to ensure equality between men and women

Why was ex-Kosovo President convicted by The Hague?

What was Thaci’s role in the Kosovo Liberation Army? How has the verdict been received?

Joan Sony Cherian

The story so far:

Hashim Thaci, the former President of Kosovo, has been sentenced to 25 years in prison after being found guilty of war crimes by a special European Union-backed court at The Hague. The trial found him guilty of war crimes including murder, arbitrary detention, illegal arrests, torture, etc during the Kosovo war in the late 1990s as a senior commandant of the Kosovo Liberation Army (KLA). Three other former KLA commanders were also sentenced for several different charges.

What happened?

Thaci was a former commandant of the KLA, a militant ethnic Albanian force, formed in the early 1990s, which strove for the independence of Kosovo, composed primarily of ethnic Albanians, from Yugoslavia and Serbia.

Kosovo was once part of the erstwhile Republic of Yugoslavia. After the Second World War, the Kingdom of Yugoslavia

was reconstituted as the Socialist Federal Republic of Yugoslavia under the leadership of Josip Broz Tito. While Tito was able to unify the multiple republics, including Croatia, Montenegro, Serbia, Slovenia, Bosnia and Herzegovina, and Macedonia, and the autonomous provinces of Kosovo and Vojvodina, under a centralised government, the system came under pressure after his death. Multiple factors, including divisions between the republics, rising nationalist movements, economic pressures, and the disintegration of the Soviet Union, contributed to Yugoslavia’s eventual dissolution in 2003.

One of the primary nationalist trends that spearheaded Yugoslavian dissolution was the Serbian nationalist movement led by Slobodan Milošević in the late 1980s. Riding on Serbian nationalist tendencies, Milošević pushed through policies that stripped other republics and provinces, such as Kosovo, of their autonomy. He also brought in policies that were discriminatory in nature against Albanians.

The KLA was formed in this

atmosphere to fight for the independence of ethnic Albanians in Kosovo, then a province within Serbia. The KLA led an insurgency against the Yugoslav state, attacking Serbian government buildings and police stations. This eventually led to an all-out war in 1998-1999, with the Serbian-controlled federal republic brutally cracking down on the KLA. The war led to the displacement of thousands of people and the death of nearly 13,000 people, mostly ethnic Albanians. The war finally ended with the intervention of NATO (the North Atlantic Treaty Organization), which carried out air raids and bombardments against Serbian targets, which forced the federal republic to end hostilities and move out of Kosovo. NATO subsequently deployed peacekeeping forces to the region.

Milošević eventually stood trial for his crimes against humanity, genocide, and war crimes committed during the Yugoslav Wars of the 1990s, in The Hague in 2002. However, he died in prison before a judgment was reached.

In 2008, Kosovo declared independence from Serbia and was

recognised by the U.S. and several other European nations. However, Serbia does not recognise Kosovo as an independent nation and still considers it a part of itself even though it has no administrative control over it. It is still not a member state of the UN. India also does not recognise Kosovo as an independent nation.

What was the trial for?

The trial was heard by the European Union-backed Kosovo Specialist Chambers, a special tribunal court constituted in The Hague in 2016, to hear the crimes committed by the KLA during the period of insurgency and subsequent war of the 1990s. The need for such a tribunal arose after Swiss politician Dick Marty authored a Council of Europe report, known as the Marty report, in 2010, which alleged that the KLA placed many Serbians in secret detention centres where they were subjected to inhuman and degrading treatment, before ultimately “disappearing”. Of particular note was the allegation that the KLA had harvested the organs of such prisoners to sell them in the international market.

The report, in effect, coloured the larger imagination of the KLA and the Kosovo independence movement. The narrative changed from the KLA being seen as a champion of self-determination to an inhumane militia which had committed human rights abuses against Serbian nationals.

At least 15 people have been charged by the Chambers, with Thaci being the most senior figure. Charges were brought

against him in 2020, when he was President of Kosovo, following which he had to resign and stand trial as an ordinary citizen. The central question before the court was to understand the extent of the commandants’ control over the KLA and whether the crimes amounted to a pattern of abuse. Finally, presiding judge Charles Smith stated that Thaci had “actively participated in and encouraged crimes,” adding that “the scale and nature of the crimes committed were very serious”. However, the judge insisted that the trial was “not about the legitimacy of the Kosovo Liberation Army” or its ultimate goal of securing independence for Kosovo.

What has been the reaction?

The verdict is a significant fall for Thaci, who was once regarded by Western powers as central to Kosovo’s post-war future. In Kosovo, where Thaci is still seen as a revolutionary figure, the verdict was met with outrage and tears. Kosovo’s Prime Minister Albin Kurti said the verdict was “a travesty of justice”. People who had poured into the streets of Pristina, the capital of Kosovo, to hear the verdict were shocked and shouted slogans in support of the KLA and Thaci.

However, the Serbian side has welcomed the judgement. Serbia’s Deputy Prime Minister Ivica Dacic called the verdicts a “warning” to Pristina “that a fake state cannot be built on mass graves of murdered Serbs”.

Thaci and the three other commandants have the right to appeal the decision.

EXPLAINER



Merchant Discount Rate is a fee for using UPI that will be paid by merchants to payment processors and banks. REUTERS

Who has to pay MDR on UPI and who stands to gain the most?

Merchant Discount Rate will apply to certain P2M transactions above ₹2,000, while P2P transactions and merchant payments up to ₹2,000 will remain free; the charge will be shared among banks and UPI apps, with exemptions and caps limiting the transactions and amount that attract MDR

T.C.A. Sharad Raghavan

The story so far: After much speculation and debate, the National Payments Corporation of India (NPCI) has finally released its circular about the additional charges it will allow to be levied on certain UPI payments from October 15. While the Opposition has argued that this charge will increase prices for consumers, the government has argued that this will not happen, and that even the impact on merchants will be minimal.

Who will have to pay the MDR charge? Merchant Discount Rate (MDR) is a fee for using UPI that will be paid by merchants to payment processors and banks. Consumers will not have to directly pay the MDR. In its press release relating to the NPCI's announcement, the Ministry of Finance on September 15 emphasised that banks have been advised to ensure that merchants do not pass MDR charges on to customers and that UPI application providers are expressly prohibited from imposing platform fees or hidden charges on users.

The MDR will have to be paid by mid-to large-sized merchants who receive UPI payments in excess of ₹2,000 per transaction. These merchants will have to pay a charge of 0.4%. For transactions of ₹75,000 and above, the MDR will be capped at ₹300 per transaction.

However, the rules change when it comes to essential sectors. Transactions of ₹2,000 or more in essential and thin-margin sectors, such as railways, telecommunications, insurance, fuel, and agricultural inputs, will attract a flat MDR of ₹5 per transaction.

According to the government, this flat charge will provide cost certainty for critical public services and businesses operating on narrow margins. Further, capital market transactions such as payments to mutual funds, stockbrokers, dealers, and for equities will attract an MDR of 0.02%, capped at ₹300 per transaction. This lower rate, the government has argued, is aimed at supporting retail participation in formal financial markets.

One way to ascertain how widespread the charge will be is to look at the volumes of UPI transactions. An analysis by *The Hindu* of data provided by the NPCI shows that person-to-merchant (P2M) transactions above ₹2,000 make up just 2.5% of all UPI transactions by volume.

Who will not have to pay? All Person-to-Person (P2P) transactions will remain free of charge, regardless of the amount being transferred. The government has specified that “no transaction fee, platform fee or other charge may be imposed on individuals for sending or receiving money through UPI”. This is a significant exemption because P2P UPI transactions make up about 37% of the total UPI transaction volume.

Further, payments to merchants up to ₹2,000 will remain free of MDR. This makes up another 60.5% of all UPI transactions by volume. That means, in total, 97.5% of all UPI transactions will remain free.

In addition, the NPCI has mandated that small merchants, including street vendors receiving up to ₹1 lakh per month through UPI QR codes under the Person-to-Person-Merchant (P2PM) category, will also be exempt from MDR. This means that the proportion of UPI payments that will attract a charge is actually even smaller than 2.5%.

Who stands to gain the most? The government has said that the MDR will be shared among payment ecosystem participants, including banks, payment service providers, and UPI application providers.

The analysis of the NPCI data shows that the P2M transactions above ₹2,000 make up 20% of all UPI transactions by value. That is, while ₹29.8 lakh crore was transacted over UPI in August 2026, P2M transactions above ₹2,000 were ₹5.99 lakh crore. This means that the absolute maximum that banks and payment processors can earn from MDR is about ₹2,400 crore a month (0.4% of ₹5.99 lakh crore) or ₹28,000 crore a year. However, since there are multiple caveats, exemptions, flat rates, and caps imposed, the total amount receivable will be lower than this.

The way MDR works is that the bulk of

the charge (about 40% of what is collected) goes to the payer's bank since it holds the customer's bank account and bears the core authorisation, security, and settlement costs of the transaction.

Here, Yes Bank is the undisputed gainer, since it is the payer bank in more than 50% of all UPI transactions. The second largest is ICICI Bank at 18.3%.

Of the MDR collected, the merchant's bank or receiving bank receives 30%. This is because they manage the merchant's relationship, handle the QR code deployment, and process merchant settlements.

Here, too, Yes Bank is the payee in about 55% of all UPI transactions and so stands to earn the most from the MDR, followed by Axis Bank at about 19%.

Another 20% of the MDR goes to the UPI app or Third-Party Application Provider (TPAP). PhonePe and Google Pay stand to benefit from this, since PhonePe accounts for about 46% of UPI transactions by volume and Google Pay another 32%.

The final 10% of the MDR goes to the Payment Service Provider that connects the technology partner bank that connects the UPI application to the central network switches.

The government has also said that a dedicated fund will be established to promote UPI adoption among small merchants, with an amount equivalent to 5% of total MDR collections contributed to this fund. It does not specify from which of the payment system players this 5% will be taken.



FROM THE ARCHIVES

Know your English

S. Upendran

How do you refer to the years between 1901 and 1910? Is there a single word for it? (Subhkaran Choradia, Nagaur, Rajasthan) No, there isn't. There is no word to refer to something that happened in the first or the second decade of a particular century. People generally tend to say the 'early decades' of the Twentieth Century. We can, for example, say 'the early 1900s', or the first/second decade of the Twentieth Century. It is, however, possible to refer to something that happened after 1920. For example, the years between 1920 and 1930 are usually referred to as the 1920s. Similarly, we have the 1930s, 1940s, etc. If we know which century we are talking about, then we may simply say the 40s, the 50s, etc. It is important to note, however, that there is no apostrophe after the year. We do not generally write '1930's'; it would be wrong to do so.

What is a female "postmaster" called? (A. Ambar, Chennai) A woman who is in charge of a local post office is called a 'postmistress'. Makes sense, doesn't it? The plural is 'postmistresses'. These words have been included in the latest edition of some dictionaries. Ever wondered what a female postman is called? Logically, it should be 'postwoman', but none of the dictionaries have included this word. In the U.S., men and women who deliver mail are called "mail carriers".

What is the meaning of "stand someone up"? (V. S. Narayan, Kakinada) This is an expression which is frequently used in informal contexts. When you 'stand someone up', you make an appointment with the individual and then fail to show up. The expression is normally used when one fails to keep a date with one's boyfriend or girlfriend. If your boss doesn't keep his appointment, you don't generally say that the boss stood you up! Unless, of course, your boss happens to be your significant other. *Sunita stood Raju up. He was extremely angry.*

How is the word "roulette" pronounced? (B. Srinivasan, Chennai) The 'ou' in the first syllable is like the 'oo' in 'ool', 'pool', and 'cool', while the 'e' in the second syllable sounds like the 'e' in 'set', 'pet', and 'let'. The final 'e' is silent and the main stress is on the second syllable. Any idea what "roulette" is? It is a gambling game in which a wheel (roulette) spins round and round and you have to predict which number the ball or marble will land on. Then of course we have Russian roulette. Ever heard of this game? Well, it's not actually a game. What you do is put a bullet into one of the chambers of a gun, leaving the remaining five chambers empty. You then keep spinning the chambers till you are no longer sure where the bullet is. Next you place the gun on your head and pull the trigger. If you are lucky, you survive; otherwise....

Some people get a lot of thrill playing such games. Gabbar Singh in Sholay enjoyed playing Russian roulette. The expression 'playing Russian roulette' has begun to be used metaphorically as well. When you say that someone is 'playing Russian roulette', what you are implying is that he/she is taking terrible risks; doing something very, very dangerous. *Published in The Hindu on January 1, 2002*

Word of the day

Adulation: servile flattery; exaggerated and hypocritical praise
Synonyms: adoration, worship, appreciation, idolisation
Usage: *The actor received adulation from his fans.*
Pronunciation: newsth.live/adulation
International Phonetic Alphabet: /ədʒʊleɪʃən/

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

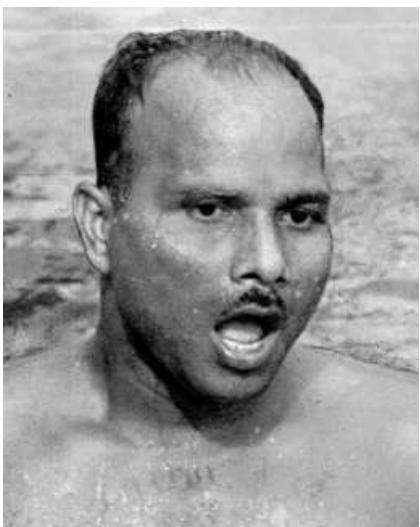
THE DAILY QUIZ

Test yourself on the Indian odyssey at the Asian Games ahead of the 20th edition starting in Aichi-Nagoya on Saturday

V.V. Ramanan

QUESTION 1 It is well known that the Asian Games debuted in New Delhi in 1951. What is the only other time India has played host to the Games?
QUESTION 2 With a gold medal at every edition and 779 medals overall, India is the fifth-most successful country at the Games. In which Games did it cross the 100 medal mark with 107?
QUESTION 3 The most successful Indian athlete at the Games has 11 medals, including four golds at a single edition. Who and in which Games did the legend win four golds?

QUESTION 4 Mohamed Anas Imran Beg, Declan Marshall Gonsalves and Quimcy Dsouza are representing India in which sport that is making its debut in 2026?
QUESTION 5 In which sport has India been dominant, with the men winning eight out of the nine editions since the sport's debut in 1990 and the women four out of five since 2010?
QUESTION 6 Which sport follows athletics (283 medals, including 85 gold) for the most medals for India with 80, including 16 gold?
QUESTION 7 Who is set to become the first Indian sportsperson to feature at seven straight Asian Games?



Visual Question: Name this swimmer who won India's first-ever gold medal at the inaugural Games. THE HINDU ARCHIVES

Questions and Answers to the previous day's daily quiz: 1. Thaci was convicted by the Kosovo Specialist Chambers of The Hague. What is the mandate? **Ans: Its hearing trials of crimes committed by members of the Kosovo Liberation Army during the 1998-99 war** 2. Which sitting PM currently has an arrest warrant against him issued by the International Criminal Court in 2024? **Ans: Benjamin Netanyahu, Prime Minister of Israel** 3. This British supermodel once testified in a trial against this former Liberian president at the Special Court for Sierra Leone in The Hague. **Ans: Naomi Campbell; Charles Taylor** 4. In 2023, the ICC issued an arrest warrant against Russian President Vladimir Putin for war crimes in Ukraine. It also issued a warrant for another Russian official. Name the individual. **Ans: Maria Alekseyevna Lvova-Belova** 5. In 2016, this leader was convicted by the ICC to 18 years' imprisonment for war crimes and crimes against humanity committed in the Central African Republic. However, the leader was ultimately acquitted by the court after an appeal. Name the leader and his current position. **Ans: Jean-Pierre Bemba Gombo; Deputy PM of Transportation and Channels of Communication of the Democratic Republic of Congo** Visual: This leader became the first ex-head of state to stand trial before an international court since World War II. **Ans: Slobodan Milosevic** **Early Birds:** K.N. Viswanathan | Tamal Biswas | Sunil Madhavan | Piyali Tuli | Arun Kumar Singh

Rates must reflect inflation risks

IN LINE with expectations, the US Federal Reserve has raised interest rates by 25 basis points, lifting the target range of the federal funds rate to 3.75 to 4 per cent. The rationale behind the decision, which all committee members supported, is straightforward — inflation remains uncomfortably high. As Fed chair Kevin Warsh also acknowledged, “The plain fact is that inflation is too high and has been for too long.”

In August, US consumer prices rose 0.4 per cent on a seasonally adjusted basis (keeping the 12-month rate at 3.4 per cent), according to the US Bureau of Labour Statistics. Inflation was driven, in large part, by energy prices. Gas prices in the US are at \$4.43 a gallon, while diesel prices are at roughly \$6.4, up from \$3.7 a year ago, fuelling price pressures across the economy. The decision to raise rates is, however, at odds with US President Donald Trump’s desire for looser monetary policy. Only a few days ago, Trump posted on a social media platform, “High interest rates put the USA at a very unfair disadvantage, and I won’t allow that to happen”. The 10-year US bond yield is hovering around 5 per cent. Trump has, in the past, also rallied against the previous Fed chair Jerome Powell over the central bank’s interest rate decisions. Following the Fed’s decision, he posted, “LOWER THE INTEREST RATES FOR THE UNITED STATES OF AMERICA, AND FAST!”. But, considering the projections — inflation, based on the personal consumption expenditures price index, has been pegged at 3.7 per cent in 2026, 2.3 per cent in 2027 and 2.1 per cent in 2028 — it raises the odds of further rate hikes. A healthy labour market — surpassing expectations, 1.6 lakh jobs were added in August, while the unemployment rate remained at 4.1 per cent — will give greater space to policymakers to tackle inflation.

The US Fed is, however, not alone. Central banks across the world are also tightening rates. Last week, the European Central Bank also hiked interest rates by 25 basis points as it sees inflation remaining “well above target for an extended period”. Their decisions come only weeks ahead of the October meeting of the RBI’s monetary policy committee. Considering the price pressures in the economy and recent inflation projections, adjustments to the policy rates are needed.

Rise above the politics of greetings

OFFICIALLY, IT was a “routine transfer” for “public interest”. The political context, though, tells a different story. Hours before her transfer, a group called the Hindu Legal Fund claimed it had lodged a complaint with the West Bengal Home Secretary against IPS officer Bushara Bano, until recently the Additional SP of Kharagpur. The officer’s alleged offence was the greetings she used while speaking on video about her alma mater, Aligarh Muslim University, and praising its Residential Coaching Academy for helping her clear the UPSC exams. “She began with *assalamu alaikum*, used In-shallah... and did not use Vande Mataram or Jai Hind. A serving officer representing the Indian state should maintain neutrality and use national expressions,” according to the Hindu Legal Fund. The government’s opacity regarding the transfer strengthens the impression that it gave in to the demand.

Nothing in the All-India Service Rules prevents an officer from using religious or cultural greetings, especially in a private capacity. The inclusive secularism envisaged in the Indian Constitution — which officials and governments are meant to uphold — allows space for religious and cultural expression. By seemingly punishing an officer for words meant for a particular context and audience, West Bengal’s BJP government is, deliberately or not, making the same mistake as its predecessors.

For the better part of five decades, state capacity in West Bengal has been eroded by a politics that saw “the party” and its affiliates — whether the CPI(M) or Trinamool Congress — all but exercise a veto over all aspects of governance. Much of the anger against the TMC government and its “syndicate” stemmed precisely from the fact that it was at once both overbearing where it did not need to be and absent where it was needed; that the law and the rules were selectively applied. The Suvenudu Adhikari government, rather than focussing on correcting this lopsided deficit, seems to be deepening it. In a state that needs conversations and policies around jobs, education and industry, the focus seems to be on diet, “gerua yatra” and how a young officer says hello and goodbye. It sends a message not of “minimum government, maximum governance” but of government high-handedness. The Suvenudu Adhikari government needs to be responsible and responsive, not to social media trolls and fringe outfits, but to a more expansive and inclusive idea of “public interest”.

A reality check for an ancient myth

FOR TWO-and-a-half millennia, the Parthenon in Greece has been credited with an architectural sleight of hand that contributed to its perfection. Architects and art historians have insisted that its curved base and gently bulging columns were engineered to correct optical illusions — that without such precision, the temple would appear to sag in the middle, much like a deep-bellied hammock. It is a wonderful story about the intellectual legacy of the ancient Greeks. It is also, according to Oxford University professor Alain Goriely, almost entirely fiction. The mathematician’s new paper debunks the myth, finding the illusions either unsupported by evidence or too microscopic to have been engineered.

The myth’s genesis, it turns out, was not with Ictinus and Callicrates, the architects of Parthenon, but from Vitruvius, a Roman writing four centuries later, whose hearsay was mistaken by Renaissance scholars for eyewitness knowledge. Goriely calls this the “supreme knowledge fallacy” — the flattering assumption that a civilisation capable of extraordinary art must also have possessed a modern scientist’s grasp of optics. In truth, the Greeks were still arguing about whether sight worked by rays shooting out of the eye — extramission, as Plato and others believed — or into it, intramission, as argued by Democritus and his cohorts.

Beyond the mathematics, there is also, it would seem, another lesson in Goriely’s findings: On how readily admiration can manufacture glib explanations. In a post-truth age, with its penchant for optical illusions that bend reality to one’s liking, Goriely’s most subversive invitation is not to admire the Parthenon less but to look at it more carefully. There are many things that make a civilisation great. The ability to discern when our certainties need a reality check is one of them.

Release 2017-18 consumption data, put all doubt to rest

THERE HAS been considerable discussion in these pages on the accuracy and/or credibility of the GDP data for March-June 2026. My guess is that internationally also this debate has assumed importance. Given this, I hope I can be excused for penning another op-ed on the subject.

It is important to separate the commentary on Indian data into two broad categories — national accounts data, and other data. I have had the privilege of being a member of several government committees since 1998. In 2006, I was appointed as a member of India’s first statistical commission (2006-2009) under the leadership of the late Suresh Tendulkar. Interacting frequently with staff members of the NSS and national accounts division, I emerged with the following observation on keepers of the statistical frame (and flame): “Don’t build a road because you may have an accident”. Stated more favourably, official Indian statisticians would err on the side of “accuracy” or “precision”. If a road is not built, if knowledge is not advanced, so be it — we purists cannot be wrong.

It is for this reason that India has not undertaken the task of conducting a household income distribution survey. I have begged the authorities to do an income distribution survey since 1998.

Note that in conducting consumption surveys, India has been a pioneer in world statistical surveys; and we have not worried about survey consumption ranging between 55 and 60 per cent of consumption estimated via national accounts. India was the first country to outline poverty measurement.

The World Bank’s famous dollar-a-day poverty line was the Indian poverty line! The first household panel survey was conducted by NCAER, the Additional Rural Incomes Survey, 1968-69 to 1970-71; an honour shared with the University of Michigan Panel Study of Income Dynamics, which conducted the first panel in 1968.

South Asian countries like Sri Lanka, Pakistan and Bangladesh have been conducting income distribution surveys for years, and India has finally joined the world in this endeavour. Given the dissection and healthy criticism of Indian data, it is important to point out the overwhelmingly unhealthy analysis, let alone criticism, of one of the most successful development transitions in history — China. I myself have published, and discussed, the “fact” that China has shown the fastest-ever poverty reduction over the last 25 years. But how many of us have asked how China obtains this result? And how do the World Bank and IMF treat and analyse Chinese data on poverty?

They don’t. They accept at face value what China provides via deciles of income and consumption, for rural and urban China. What analysis? China conducts household surveys like India does. But no unit-level data has ever been released to the public. My best understanding is that China provides four excel files, one each for consumption and income, rural and urban. There are 12 observations in each file — the 10 deciles and possibly the 5 per cent and 95 per cent mean levels. On that basis,



SURJIT S BHALLA

The ‘unintended’ consequences of that censorship have become evident since then: No matter how good the data produced in India is, there will always be doubt, one that is exploited by political opponents

the world continues to applaud the Chinese poverty eradication miracle.

But nations living behind glass should not throw stones at those with steel veneers. One criticism of the Indian statistical apparatus that refuses to go away, precisely because it is unanimous, is this: Something happened to India’s statistics since 2014 — Indian data started being officially censored. That is the primary reason why, despite world-class improvements (not perfection, but we are not a developed country yet), the efforts on the GDP data are, well, questioned.

Examine the most widely known, and acknowledged, instance of censorship. After 2011-12, India undertook a consumption (and employment-unemployment) survey in 2017-18. There was no official report or data release of the 2017-18 consumption survey. After much reluctance, and internal debate, the 2017-18 employment survey was released (PLFS 2017-18). No such luck with the consumption survey. Why? Because the data showed (via leaked reports) that real mean consumption levels had declined by 3.7 per cent over the six-year period between 2011-12 and 2017-18; and rural consumption, where most of the poor are, declined by 8.8 per cent; urban per capita consumption rose by 2 per cent.

There is a lesson from what the Indian government had previously done when survey “findings” were unpalatable. NSS consumption surveys had been on a five-year schedule since 1983. The 2009-10 consumption survey results were

released in mid-July 2011. Because of the fear that there was a severe drought in 2009-10 (rainfall data did not confirm a drought) and the dampening effects of the Great Financial Crisis, the government had commissioned an unprecedented additional consumption survey for the agricultural year 2011-12 (July 2011 to June 2012). In other words, a new survey was already in the field when the results of the “old” survey were announced.

The Indian government had acted in the best, pioneering nature of the Indian statistical system. Be conservative (no income distribution survey!) but do not ever censor data.

The tragedy, and mistake, is deeper. I have participated in several analyses of Indian poverty data, including an analysis of what likely happened to consumption and poverty in 2017-18. In a 2019 article, co-authored with Karan Bhasin, we wrote: “It is important to release the unit-level data, if for no other reason than to let the world know just how bad the CES data is”.

I have reiterated that view several times, privately and in print. No need to endorse the data — just release it. The “unintended” consequences of that censorship have become evident since then: No matter how good the data produced in India is, there will always be doubt, one that is exploited by political opponents. There is an easy no-cost solution to this data and credibility crisis — in the name of god, release the unit-level 2017-18 consumption data.

The writer is chairperson of the Technical Expert Group for the first official Household Income Survey of India. Views are personal

An EV roadmap for a sustainable city



REKHA GUPTA

SEPTEMBER 17 marks Prime Minister Narendra Modi’s 76th birthday and the start of a month-long Seva Sankalp Abhiyan to mark 25 years of his uninterrupted leadership in government.

The nation is celebrating this occasion through the language that has defined his public life: Seva. In Delhi too, we are giving this spirit of *seva* a tangible form through several initiatives. Development projects worth more than Rs 13,000 crore are being inaugurated or launched during this campaign.

Pandit Deendayal Upadhyaya’s philosophy of Integral Humanism reminds us that the individual, society, nature, and the larger universe cannot be viewed in isolation. Development must restore harmony. PM Modi has brought this understanding into contemporary public policy. His vision of a developed India cannot be separated from the creation of cleaner, more efficient and resilient cities.

India’s electric mobility journey demonstrates how rapidly such a vision can translate into reality. Total electric vehicles (EV) sales have risen from just 2,322 in FY 2014-15 to 25,45,622 in FY 2025-26. The Delhi government’s Electric Vehicle Policy is designed for this.

The urgency is undeniable. A Commission for Air Quality Management assessment submitted to the Supreme Court in January identified vehicular emissions as the largest primary source of Delhi’s winter air pollution, accounting for approximately 23 per cent. Two-wheelers constitute nearly 67 per cent of Delhi’s vehicle stock, while three-wheelers, commercial vehicles, and goods carriers clock exceptionally high daily mileage. Electrifying these high-use segments can deliver great environmental benefits.

The Delhi EV Policy outlines a phased transition. From January 1, 2027, new registrations of L5 three-wheelers and N1 goods carriers will move to an electric-only framework, with two-wheelers following from April 1, 2028. Fleet aggregators and delivery-service providers are also being moved towards electric mobility, while school buses will progressively increase their electric share to 30 per cent by March 31, 2030.

Affordability is central. Electric two-wheelers will receive purchase support of up to Rs 30,000 in the first year, along with scrapping incentives, while eligible

N1 commercial vehicles can receive purchase support of up to Rs 1 lakh. For private car owners, the policy provides a ₹1 lakh scrapping incentive for scrapping a BS-IV or older car and purchasing an eligible electric car priced up to ₹30 lakh ex-showroom, along with a 100 per cent waiver of road tax and registration fees until March 31, 2030. The scrapping incentive is capped at the first one lakh eligible applicants.

The real backbone of this transition is infrastructure. Delhi is aiming for 32,000 public charging points, requiring approximately 23,000 additional points over the existing network. Delhi Transco Limited will serve as the nodal agency for public charging and battery-swapping infrastructure, and a high-powered committee chaired by the Chief Secretary will bring together the departments responsible for transport, power, planning, environment, and finance to drive implementation.

EV dealers will be required to provide public charging facilities, while new civil infrastructure created by the Delhi government, MCD, NDMC, and Delhi Cantonment Board will have to be EV-charging-ready from the design stage.

DISCOMs have also been asked to facilitate the installation of separate meters for home EV charging. Public transport will be a crucial pillar. Delhi already has more than 5,000 electric buses, with a target of up to 13,000 in the next few years.

The road ahead is not without challenges. Behavioural change takes time, and infrastructure must keep pace with demand. Industry, government, and citizens will all have responsibilities.

The Seva Sankalp Abhiyan reminds us that governance is ultimately about service. The green transition reminds us that service cannot be limited to the present generation. We owe a debt to those who will inherit the city we build.

This is perhaps where the meaning of September 17 becomes larger than a birthday celebration. It becomes an occasion to reflect on the India we want to build and the Delhi we want to leave behind.

The Prime Minister has often spoken of a developed India by 2047. As India moves towards a developed, self-reliant and sustainable future, Delhi is determined to not only witness that transformation, but drive it.

The writer is chief minister of Delhi



SALMAN SOZ

Proof of growth lies beyond GDP number

THE CONTROVERSY on the latest GDP report stems from concerns around methodology, transparency and the veracity of the underlying data. I will not re-litigate this controversy here. Instead, I want to explore what it means when experts suggest that the economy does not feel as if it is growing at 7.8 per cent.

Joseph Stiglitz has long argued that GDP can rise even as many citizens feel worse off. That’s why household incomes, consumption, and economic security matter. When an economy is booming, people should find better jobs, see real incomes rising, save and consume with greater confidence, while businesses invest because they expect demand to endure.

The government cites rising labour-force participation as evidence that employment is no longer a serious problem. In the years after the India Shining campaign, BJP leaders cited surveys showing the creation of some 60 million jobs under the first NDA government. Much of that increase consisted of self-employment driven by rural distress. We know how that ended. Something similar is happening now. In 2025, Labour Minister Mansukh Mandaviya cited a 19 per cent increase in agricultural employment. And the share of workers in agriculture has also risen in recent years. For a developing economy, that is troubling; Development normally means workers moving out of low-productivity farming, not back into it.

Real wages, especially in rural India, rose strongly during the high-growth years of the 2000s. But wage growth has been much weaker in the last decade even as corporate profitability surged. The government’s own Economic Survey noted that corporate profits rose by more than 22 per cent in FY 2023-24, while employment at the firms it examined increased by only around 1.5 per cent. During the boom years, 2003-04 to 2007-08, net household financial savings averaged more than 11 per cent of GDP. By 2025-26, they had fallen to 6.2 per cent, a level last seen in the early 1980s. Borrowing alone does not indicate distress, but the combination of weakening financial savings and rising consumption borrowing is not what a broad-based boom should look like.

Two-wheeler and passenger-vehicle sales rose sharply in the April-June quarter. But a quarter’s data does not make a decadal trend. Two-wheelers, the entry point to middle-class mobility, grew at nearly 11 per cent a year in the decade before 2014. In the decade after, growth fell to under 2 per cent; even through 2025-26, it is barely above 3 per cent. Passenger vehicles slowed too.

Finally, investment. The earlier boom saw the investment rate rise from roughly 27 per cent of GDP in 2003 to close to 39 per cent by 2008. Investment today remains well below the peak during the UPA era, though it has recovered to about 34 per cent of GDP. But who is doing the investing? Public capital expenditure has played a major role while private corporate investment has been far less exuberant than record profits might suggest. Net foreign direct investment, too, has been weak. If businesses saw a durable demand boom ahead, one would expect considerably greater urgency in adding capacity.

None of this means 7.8 per cent is fiction. What I am asking for is not a lower number, but a different kind of proof. Show me private investment rising on its own, not propped up by government spending. Show me real wages climbing the way they did in the boom years. Show me two-wheeler sales closing the gap with their old growth rate, not coasting on one good quarter. Show me the workforce moving off farms again.

None of this means 7.8 per cent is fiction. What I am asking for is not a lower number, but a different kind of proof. Show me private investment rising on its own, not propped up by government spending. Show me real wages climbing the way they did in the boom years

Soz is an author, economist and member, Indian National Congress

40 YEARS AGO

September 18, 1986



177 killed in South African mine

FIRE SPARKED off by a welding accident sent deadly chemical fumes billowing through a gold mine, killing at least 177 workers and injuring 235 in Kinross, South Africa, officials said. Rescue teams wearing breathing apparatus evacuated 2,200 men from the Kinross Gold Mines, 100 km east of Johannesburg.

US arsenal for germs warfare

THE PENTAGON is quietly increasing its

research into germs warfare. It is cloning some of the world’s rarest and deadliest of diseases to increase its arsenal for germs warfare. Critics are expressing fears that the US is laying the groundwork for a new biological weapons system.

PM on communalism

THE PRIME Minister, Rajiv Gandhi, made an appeal to keep religion and politics apart. Addressing a special Congress (I) convention at St Alberts College Grounds soon after his arrival in Cochin, he said the big-

gest threat to the country came not from outside but from within.

On Hindi, Tamil Nadu vs Centre

THE TAMIL Nadu Government has urged the Centre to withdraw its recent circular on use of Hindi in central government offices to avoid a law-and-order situation in the state. A “strongly” worded letter on the issue has been written to the PM, Rajiv Gandhi, by the state Finance Minister, V R Nedunchezhiyan, who also holds the Chief Minister’s portfolios in his absence.



READ. THINK. SHARE.
Scan the QR code to
explore curated
editorials and opinions
from leading voices

DIS/AGREE
THE BEST OF BOTH SIDES

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



ILLUSTRATION: C.R SASIKUMAR

In the wake of the Satya Niketan tragedy, how should Delhi's student-housing crisis be tackled?

Fix the small-format housing problem



ADARSHA KAPOOR

THE COLLAPSE of a building in Delhi's Satya Niketan has brought to the forefront the failure of planning and regulation by development authorities and landowners. While the loss of lives and the apathy of those responsible is rightfully receiving attention, little of it is diverted to preventing similar occurrences in urban villages and unauthorised colonies, which are the only source of supply of "accessible" small-format housing in the Delhi-NCR.

Small-format housing is a shared accommodation and can range from a studio, a one RK (room and kitchen) unit, a one-BHK unit, small two-BHK units, or assisted units. For students, young professionals, nuclear families, senior citizens (either living alone or only with a spouse) and even persons with disabilities, from lower to upper-middle income brackets, such units are practical, thus in high demand for both ownership and rental. These are the backbone of a developed economy (look at the role of social housing in the Netherlands). But where are they?

Let's understand the predicament of the most vulnerable groups, in dire need of small-format housing. Students without allocated hostels need accommodation close to their educational institute to avert the inconvenience and cost of travel. Young graduates need affordable accommodation near offices and may pay a cost marginally higher than students pay for the same conveniences. For women, security considerations override all other conveniences, and securing housing is tougher (and expensive), irrespective of their willingness to pay. Nuclear families and senior citizens prefer to stay close to their desired school and healthcare facility. They pay a higher price ranging from Rs 25,000 to Rs 75,000 per unit of similar housing typology. They may get accommodation in planned parts of Delhi. Any less is always in unregulated areas. The hardships of securing respectable shelter for people with disabilities, foreign visitors, and minorities deserve a separate chapter.

The Master Plan for Delhi (MPD-2047) is responsible for ensuring supply, regulating circle rates, and ensuring sustainable development through public or private developers. The MPD-2047 says, "Nearly 85 per cent of the city's population belongs to low and mid-income segments. The high cost of land in the city has resulted in unaffordable housing which has led to proliferation of unauthorised colonies (UCs), slums, and densification of urban villages. Around

28.4 per cent of the households live in rental accommodation (Census, 2011). 32.3 per cent of the population are migrants (Socio-Economic Survey of Delhi, GNCTD, 2018-19) who prefer rental housing due to low entry and exit costs. Most of this rental housing demand is being catered by unplanned settlements." The document also highlights the huge deficit in the provision of different housing formats, especially the small-format affordable ones.

But let's look at the regulations for small-format housing in the MPD-2047. Such formats will get a maximum floor area ratio (FAR) of 300, ground coverage of 40, minimum plot area of 2000 sqm and a minimum right of way of 12m. On the one hand, the ground coverage and FAR make development of small-format housing unviable and on the other, identifying a land parcel of 2000 sqm or even undertaking land pooling, where required, is a Herculean task. This encourages illegal developments like Satya Niketan to thrive.

The MPD-2047 discusses involvement of the private sector through proposed redevelopment, land pooling and other provisions at length. The private sector has been eager to venture into this category of housing in Delhi. In theory, by increasing the variety of products, the private sector should have attracted a larger pool of end-users while boosting business.

The private sector, like in any other city, has been voicing the need for suitable regulations, location and fiscal tools to provide for the increasing demand for small format housing. For example, apart from allocation of land at suitable locations for such units, the development regulations need to allow higher ground coverages, ease of amalgamation/sub-division of land, ease of mixed-use, change of use, fiscal incentives in duties, and charges to ensure that the asset classes developed remain affordable for the actual end users.

The erstwhile Master Plan did allow plot amalgamation for group housing to improve housing stock and increase affordable units. So, the city got a King's Court and Queen's Court, "affordable" at Rs 25 cr per unit; or the Godrej housing in Okhla, with 2-5 BHK units starting at Rs 5.51 cr. The private sector cannot be blamed for this alone. The high cost of land development, the high Equivalent Car Space norms, the low Ground Coverage and the high "unforeseen" expenses make only a 3-BHK "sustainable" and even a small 2-BHK priced at a premium. Furthermore, the density regulations of plotted development disallow multiple-tenant housing per floor, forcing small developers to supply a 3-BHK and above.

Satya Niketan's failure, therefore, is not a one-off case. It is a collective failure of planning and implementation.

The writer is a practising urban designer



ISHAN BAKSHI

THE REACTION to the tragedy at Satya Niketan has unfolded along predictable lines. The municipal body has intensified its sealing and demolition drive. Calls for stricter implementation of building laws and greater regulation have gained traction. Alongside, the Delhi government has pitched for developing hostels for 10,000 students.

Unfortunately, none of this will dramatically alter the situation on the ground. Not only is the capacity of the Indian state to effectively implement the laws and codes it enacts constrained, it also lacks the resources to build the student accommodation on the scale that is required. Delhi University alone is home to almost 2.5 lakh undergraduate and postgraduate students. Juxtaposed against the roughly 9,000 hostel seats that the university and its affiliated colleges offer, it gives a sense of the demand-supply mismatch.

A market has naturally sprung up to bridge the gap. Private alternatives have come up in areas such as Mukherjee Nagar, Kamala Nagar, Ber Sarai, and other locations.

The steady decline of public educational institutions across the country has meant that there are very few islands of excellence that are left. Delhi University, being one of them, will continue to attract students from across the country. But for this large and ever expanding non-resident student population, no plans appear to have been drawn up, and no thought has been given to the development of the ancillary infrastructure needed to service the segment.

State financing of student accommodation is simply not possible at such a large scale. Government budgets are already stretched. Many universities and colleges, aided and unaided, are also unlikely to have the financial capacity to even attempt this. While some elite universities do have the resources and offer such facilities, can the state realistically force/regulate every institution, every academy to provide accommodation to its students?

There are private alternatives to consider.

Universities/colleges could, for example, contract out the hostel/accommodation facilities to private players. Vinayak Chatterjee, co-founder and managing trustee of The Infravision Foundation, says that under this arrangement, the private developers could build and run these

facilities, while ensuring adherence to building and safety norms. For real-estate developers, there is a guaranteed catchment market. Educational institutions could also directly enter into long-term contracts with formal establishments, lease apartments/accommodation in bulk and then allocate them to the students. Some institutions are already said to be experimenting with some versions of these models. In some Western countries, universities do assist students in navigating off-campus private housing. Some maintain accommodation listings, or even partner with listing platforms. Something along these lines could also be explored in India.

Where institutions have surplus land, it could be provided to real-estate developers on a lease for building housing facilities. For colleges with limited land, perhaps a land pooling framework could be worked out. For constructing student accommodation, the floor area ratio (FAR) could be significantly increased, allowing for a scarce urban resource to be more efficiently used — India has amongst the lowest FAR in the world. The Delhi government is said to be considering this option. As the cost of land is a significant component of the overall development costs, and would have to be re-couped, this option would help bring down the financial burden for students.

In all these alternatives, the educational institution saves on the capex cost for building the hostels themselves. The money could be spent on strengthening educational infrastructure — on teachers, labs, and the software of education.

Obviously, these private alternatives would charge rates that are higher than the subsidised hostel facilities that are currently offered by public universities. But students living in PGs are, in some sense, already paying market determined fees. In many cases, the location premium leads to the extraction of very high rents, as reports in this paper suggest. Structured alternatives would, however, give the students a better option. And for those without the means, perhaps some form of subsidy can be considered. In all these options, the educational institution is involved and does not get to wash its hands off the issue.

Exploring these options, however, requires an honest reckoning with the true costs of education in India. While public universities do keep the direct cost of education low, the total cost — including other services such as accommodation that are more often than not not subsidised — is considerably higher, and has to be borne by the students. The mistake of conflating low tuition with affordable education should be avoided.

The writer is senior associate editor, The Indian Express.
ishan.bakshi@expressindia.com

For AI governance, hard laws and strong guardrails



SIGNAL TO NOISE

BY RAJEEV CHANDRASEKHAR

ON SEPTEMBER 10, Anthropic published a 154-page threat intelligence report documenting nine months of AI misuse — December 2025 to August 2026. Two days later, Anthropic CEO Dario Amodei published a blog post calling on the industry to slow the development of frontier AI. Within hours, OpenAI's Sam Altman and Elon Musk both agreed. Read together, these two documents tell us everything we need to know about where AI governance must go next.

The misuse cases Anthropic documented span seven harm categories and range from state-sponsored operations to lone actors. The transparency is commendable.

But the report's deeper significance is structural. AI is no longer merely a tool that generates harmful content. It is now an orchestration layer — connected to other software, running multiple stages of an operation simultaneously, enabling sophisticated attacks with fewer people and less expertise than ever before. Anthropic calls this "uplift": The AI capability boost measured in speed, scale, and depth of harm. A flagged Bangladesh disinformation operation was almost entirely automated — AI generated the content, other software turned it into videos, scheduling algorithms published them at optimised times. One person, 29 accounts, 1,500 fabricated stories. That is uplift.

And what Anthropic caught is almost certainly a subset of what was attempted. Anthropic also acknowledges that for its most capable current models, it can no longer assure that a sophisticated actor could not receive meaningful assistance in biological weapons research. That is not reassurance. It is an admission that there are no guardrails to prevent harm because governance has not kept pace.

Amodei's warning was stark: AI has been advancing drastically faster since roughly this summer, and swarms of rogue AI agents could take over the internet within six to 12 months. Three fierce competitors — building the world's most powerful AI — who have spent billions racing each other agreed in one weekend. That is not a PR moment; it is a fire alarm.

I asked a simple question on X: Is a voluntary slowdown possible? The competitive pressures, the capital, and geopolitics — with China operating outside any such agreement — make a unilateral slowdown extraordinarily difficult to sustain. Venture capitalist Chamath Palihapitiya noted the obvious: A market leader calling for a slowdown is also, conveniently, calling for an arrangement that protects its lead.

The voluntary slowdown debate is the wrong frame entirely. The right question is

not how to slow development. It is how to accelerate governance.

When I served as Minister of State for Electronics and Information Technology under Prime Minister Narendra Modi, we built India's platform accountability framework on the principle of Safe, Trusted, and Accountable. The IT Rules of 2021 established legal obligations for platforms operating at scale. That framework saw the future before it was obvious. Anthropic's report vindicates it.

The Bangladesh case is directly relevant to India. The techniques — automated account creation, AI-generated content at scale, optimised for rural low-literacy audiences — are applicable to any democracy with a large, linguistically diverse electorate. India has 950 million eligible voters and continuous state elections. AI-generated disinformation in various languages is easy to produce and difficult to detect. Requiring platforms to detect and disrupt such operations is not regulatory overreach. It is democratic self-defence.

The Alibaba distillation campaign — 151 million AI exchanges to copy a competitor's capabilities — will be run against Indian AI model too. The surveillance cases are a direct warning about AI becoming an instrument of control by those who possess it rather than communication, threatening the right to privacy guaranteed under Article 21 of the Constitution.

For India, several guardrails must be in place. Every AI platform above a defined scale threshold must be required to report detected misuse to CERT-In and a designated AI Safety Authority. To avoid cases like the Bangladesh operation, mandatory watermarking of AI-generated content in information operation was almost entirely automated — AI generated the content, other software turned it into videos, scheduling algorithms published them at optimised times. One person, 29 accounts, 1,500 fabricated stories. That is uplift.



political and public interest contexts is essential.

AI now orchestrates multi-step operations across software systems. Platform accountability rules must explicitly cover agentic AI — systems that act in the world, not merely generate text. New legislation must explicitly prohibit and criminalise systematic distillation and fraudulent mass API access.

Voluntary disclosure is not a governance system. We need a statutory body with powers to compel disclosure, audit systems, and impose restrictions. Governance risks can only be addressed by law.

India is uniquely positioned to demonstrate this. We are not the US, constrained by a deregulatory administration. We are not the EU, whose ambition has sometimes outrun its technical understanding. We are the world's largest democracy with a proven record of building technology policy at scale — DPI, UPI, Aadhaar, the IT Rules — and a direct stake in ensuring AI serves 1.4 billion citizens rather than a handful of American or Chinese technology companies.

The call from Silicon Valley's most powerful is, in effect, an invitation to governments to act. India can lead it with a legal framework that makes safety and accountability mandatory, enforceable, and permanent.

The writer, former MP, former minister of state for Electronics & Information Technology, Government of India, is BJP Kerala state president and MLA for Nemon.
Views are personal

LETTERS TO THE EDITOR

UPI fee

THE GOVERNMENT cannot say that its decision to introduce a 0.4 per cent fee on UPI (unified payments interface) payments above Rs 2000 will cause no financial burden to people ('A small fee, a stronger UPI', *IE*, September 17). The merchant discount rate (MDR) is a disincentive not only for the merchants but also for the customers. Merchants, or at least most of them, are sure to increase the prices of products to make up for what they pay as fees. They may prefer cash to digital payment via UPI for transactions above the threshold of Rs 2000 to avoid paying extra.

C David Milton, Maruthancode

THE DECISION of the National Payments Corporation of India to levy charges for transactions above Rs 2000 is not a welcome move, although it is stated to have good intentions ('A small fee, a stronger UPI', *IE*, September 17). Most of the population has by now adapted to the digital payment system, using it in all walks of life. People like me try to make all payments digitally. Recently, when my mobile phone was under service for about two

weeks, the absence of this digital payment system made me feel handicapped. The customers, and the general public, are bound to have an apprehension that the move will be followed up by making transactions chargeable to a wider population.

Jiji Panicker K, Alappuzha

Misuse of law

SECTION 299 of the Bharatiya Nyaya Sanhita, inherited from a colonial-era law, has become a weapon for the mob ('Let's curb misuse of a legal relic that elevates the mob over the individual', *IE*, September 17). Its vague words about hurting religious feelings allows anyone to drag a writer, artist, or comedian through years in court, even when no conviction follows. This chills free speech and frightens creative people into silence. True faith does not need the state to punish every insult. Criminalising offence does not strengthen religion, it weakens democracy and the Constitution. Requiring government permission before registering such cases would stop frivolous complaints and protect the right to speak freely.

Babu Crishna, Bengaluru

My lessons in turning ambition into reality

constraint and saw the possibility of building a new engine of growth for Gujarat and, in time, for India.

In 2014, a new government came to power at the centre, and Modi became the Prime Minister of India. As the then-Secretary of the Department of Industrial Policy and Promotion, I was among the first officials to make a presentation to him. He was disappointed that India was ranked 142nd in the World Bank's Ease of Doing Business rankings and asked us to focus on a mission — to make India easier, simpler, and more efficient for its citizens and businesses.

We worked on the Insolvency and Bankruptcy Code, the Goods and Services Tax, and the elimination of outdated rules, regulations, procedures and Acts. Changing the mindset of departments was difficult, but we persisted. India eventually rose 79 places in the rankings.

PM Modi's belief in frontier technologies has consistently been accompanied by a willingness to create the policy and in-

stitutions that enable Indian entrepreneurs to build in new areas. Under him, India has created immense opportunities in AI, quantum computing, geospatial technology, drones, defence and space exploration. The success of India's space missions, including Chandrayaan-3 and Aditya-L1, has been accompanied by the emergence of a vibrant private space ecosystem.

At the same time, initiatives like the National Green Hydrogen Mission ensure that the country's development and industrial growth do not come at the cost of the planet.

I found myself at the head of India's apex policy think tank, NITI Aayog, by 2016. During a cabinet meeting, PM Modi asked me to begin work on India's most backward districts. That conversation led to the Aspirational Districts Programme, through which I saw the PM's deep belief in real-time data, measurable outcomes and the power of young officers. He was convinced that transforming these districts would transform India. The results confirmed his instinct. Dis-

tricts began improving their performance across health, education, agriculture, financial inclusion and basic infrastructure.

As I was leaving NITI Aayog, I called on the PM to offer my gratitude. He asked me to take on the responsibility of India's G20 Sherpa. Geopolitical tensions were high, and consensus seemed almost impossible. He was determined that India could bring countries together. It was in the grip of this conviction that the New Delhi Leaders' Declaration was crafted and unanimously passed.

Working with Prime Minister Modi has fundamentally shaped my understanding of leadership. I have learned that a leader must be willing to imagine what does not yet exist and then bring the full force of the state, the administration, and the nation behind that imagination.

The writer is former G20 Sherpa of India, CEO, NITI Aayog and Secretary, Department of Industrial Policy and Promotion



AMITABH KANT

I WAS beginning to lose hope that India's ambition to develop its first green-field city would become a reality. As CEO of the Delhi Mumbai Industrial Corridor Development Corporation (DMIC), I was tasked with driving the next phase of India's industrial urbanisation. Every chief minister had rejected our proposal, saying that earmarking 150 sq km for such a project was far too risky. Then I walked into the Gujarat chief minister's office. Narendra Modi heard me out and said, "150 sq km is too small. If you're going to dream, then dream big." He offered 750 sq km. In 2009, the Gujarat government enacted the Special Investment Region (SIR) Act and officially declared Dholera SIR alongside its master plan.

That conversation showed me the scale of his thinking. He did not see land as a



@ieExplained

#ExpressExplained

If there are questions of current or contemporary relevance that you would like explained, please write to explained@indianexpress.com

• CLIMATE

How melting glaciers could ‘put 20% of GDP at risk’

Yashee
New Delhi, September 17

WHILE THE Himalayas’ melting glaciers are under the spotlight due to the Nepal floods, damage from the warming mountains also means economic drain — as glaciers retreat, water supplies become less reliable and the rivers that sustain agriculture, industry, cities and hydropower change. A new report puts a number to this economic dependence: More than a fifth of India’s GDP is underpinned by the Himalayas.

The report, ‘A resilient Himalaya: protecting a region at risk and securing future prosperity’, was compiled by the consultancy Systemiq, in partnership with Integrated Mountain Initiative, and supported by the International Centre for Integrated Mountain Development, Nepal, and GB Pant National Institute of Himalayan Environment, Uttarakhand. The report estimates that Rs 64.8 lakh crore, 21.5% of India’s FY24 GDP, is dependent on the Himalayas.

Glaciers and the economy

The Himalayas feed the Indus, Ganga and Brahmaputra river systems, supporting agriculture, cities and industry downstream. “The rivers that carry risk downstream also carry the water that sustains India’s economy: wheat and rice across the Indo-Gangetic plain, tea in Assam and Bengal, hydropower in the Northeast, and pilgrimage economies in downstream towns,” the report says.

On how it calculated the 20% of GDP figure, the report explains three layers it used: “(1) direct: GSDP of Himalayan states; (2) indirect: downstream agriculture, manufacturing, hydropower, and services reliant on Himalayan-fed rivers and groundwater recharge (rain-fed production excluded); and (3) induced: supply-chain (e.g., tractors sold from southern states to IndoGangetic Plains) and wage-spending effects (e.g., spent on food and services).”

The report highlights that the Himalayas are already a major disaster hotspot. They account for 18% of India’s land but around 35% of its disasters. Disasters can create food and water insecurity, disrupt supply chains, displace people and increase macroeconomic and sovereign-debt pressures, creating a cycle in which reconstruction spending leaves less money for future resilience.

The black carbon connection

The report identifies black carbon — soot produced by incomplete combustion — as a pollutant that is causing damage and which India has the power to act on fast, unlike global warming. It suggests modernising the brick kiln industry as a solution. Other experts agree with the dangers of black carbon. “Black carbon has a real, major, and measurable effect on the Himalaya. When it lands on snow, it darkens the surface, so the snow absorbs more sunlight instead of reflecting it. Modelling shows this ‘snow darkening’ effect alone adds about 40 watts/m² of surface heating in spring season across the Himalaya,” Nimish Singh, president and director, Gateway Research, the India arm of the Institute for Governance and Sustainable Development, told *The Indian Express*.

Singh said while fixing brick kilns would have measurable benefits, “brick kilns are not the whole story”. “Converting kilns to zigzag technology (a method of firing the bricks in a way that fuel is burnt more efficiently) cuts black carbon and particulate emissions by roughly 70% and fuel use by 20–30%. But adoption is uneven in India. Punjab and Haryana have completed the switch to zigzag kilns. Uttar Pradesh, India’s largest brick producer, is still at only 56%. The rest of India is running on traditional tech,” Singh said. But he added that “real progress needs kilns, cookstoves, transport, and crop-residue burning to be tackled together.”

• WILDLIFE

Orangutans in Odisha: The laws governing animal trade and repatriation

Nikhil Ghanekar
New Delhi, September 17

LAST WEEK, the Odisha Forest department rescued five baby orangutans, a critically endangered animal, from a forest in Balasore district. As orangutans are native to the rainforests of Indonesia and Malaysia, the incident prompted multiple questions — how did they reach India’s shores? Were they smuggled? And does India need to return them?

The incident brings to the fore a trend that has been repeatedly flagged by wildlife crime control experts: That India is no more just a transit route, but is fuelling demand for exotic pets.

Global treaty on animal trade

The international trade of wildlife, their body parts and trophies is not prohibited. But it is strictly regulated through the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). The international treaty came into force in 1975, and India became a party to it in 1976. The treaty’s aim is to ensure that cross-border trade in wildlife and plants is legal, sustainable and traceable without harming their survival in the wild.

It is essentially a licensing system that puts in checks and controls on the import,

• ECONOMY

Russia sanctions Bill: Tool for Trump, worry for India



SUKALP SHARMA & RAVI DUTTA MISHRA

THE US House of Representatives on Wednesday passed a sweeping Bill aimed at squeezing Russia’s revenue from oil and gas exports amid the war in Ukraine. The Bill includes provisions for charging up to 100% tariffs on the top five buyers of Russian energy — India is the second-biggest export market for Russian crude.

The ‘Lindsey O. Graham Sanctioning Russia and Iran Act of 2026’ — a watered-down version of a proposed legislation initially backed by the late US senator and named after him — received the US Senate’s (upper house) approval last month.

The Bill, which gives discretionary powers to Donald Trump on implementing its provisions, now just needs the US President’s sign-off after the lower house’s vote.

For India, the developments are significant. The country depends on imports to meet over 88% of its crude oil needs, and Russia currently accounts for nearly half of these imports. It remains to be seen if and when Trump turns the Bill into law through his signature, and how his administration implements its provisions, given the energy market crisis amid the West Asia conflict.

A key point to remember is that the Bill does offer some room for workarounds and concessions from Washington. One thing appears certain though: A law like this will give the Trump administration an additional lever to potentially exert pressure on India at a crucial stage in the bilateral trade agreement negotiations.

The Ministry of External Affairs said on Thursday that the government remains committed to ensuring the nation’s energy security “through diversified sourcing and on the basis of evolving market dynamics”.

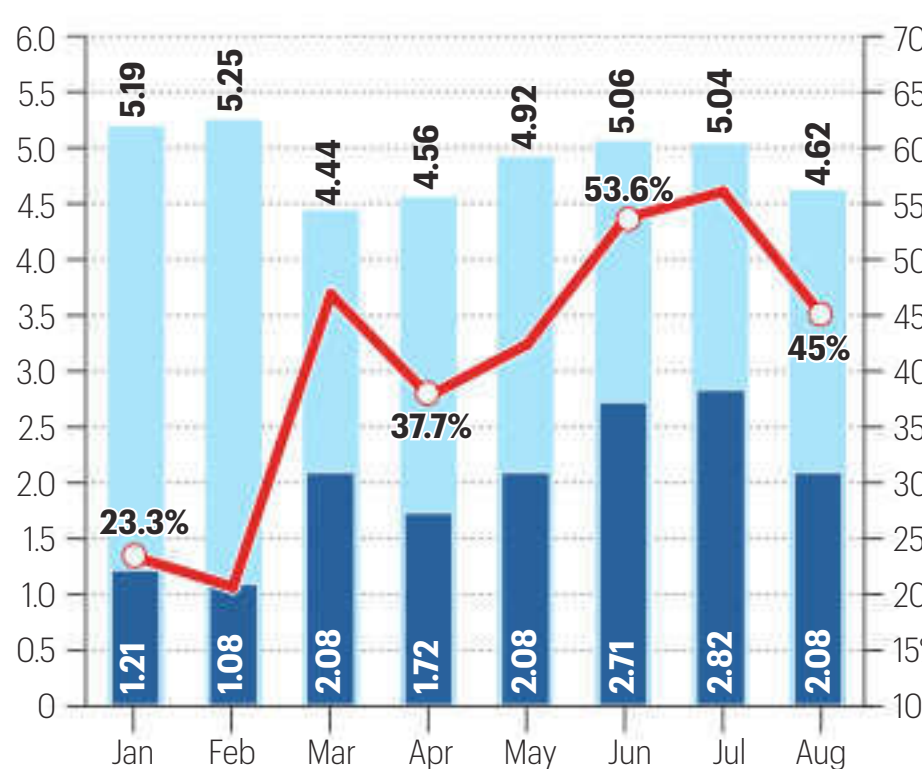
The Bill and the energy market

Even for Trump, taking away millions of barrels of Russian oil from the global market when energy flows from West Asia remain highly constrained wouldn’t be prudent.

In that context, it’s worth noting that

• Russian oil makes up nearly half of India’s oil imports

● Oil imports from Russia (in mbpd) ● Total oil imports (in mbpd)
● Share of Russian oil (%)



SOURCE: KPLER, MBPD: MILLION BARRELS PER DAY

earlier this week, Trump called on Ukraine to halt strikes on Russian refineries, given the runaway oil and petroleum product prices amid stifled supplies in the global market. So will he now risk taking more Russian oil off the market by imposing punitive tariffs on countries buying Russian crude in large quantities?

At least till the West Asia crisis persists, Trump might want to exercise restraint and caution in implementing the proposed legislation in full force.

Doing the opposite would worsen an already worrying supply situation and send oil and fuel prices soaring even higher, something that the Trump administration wouldn’t want ahead of the midterm polls in the US later this year.

On its part, India would most certainly move to communicate its energy concerns to Washington, something that was done last year as well when the original draft of the Bill was mooted.

India has been in touch with US authorities over the proposed legislation. The MEA statement said: “This issue has been discussed at high levels in recent months with various US interlocutors. Its potential implications for not just the bilateral rela-

Supply shock

For India, meaningfully reducing Russian oil imports is just not an option amid the plunge in supplies from West Asia.

● For the same reason, it would also be a bad idea for the US to remove millions of barrels of Russian oil from the global market.



A Russian tanker. India depends on imports to meet over 88% of its energy needs, and Russian oil is a key part of that mix. GETTY

tionship but also the international energy market have been very clearly articulated by the Indian side.”

“Passing the Bill under these circumstances would be economic insanity, even for the US itself,” Abu Dhabi-based energy analyst Natalia Katona told *The Indian Express* on Wednesday. “US diesel crack spreads (margins) have already reached \$114 per barrel, largely because of the absence of Russian diesel from the market. Any logical economic assessment would argue against passing this Bill. However, given the level of political opportunism within the current administration and its apparent economic blindness, we should be prepared for anything,” she said.

Trade talks

Apart from energy flows, the Bill creates a second worry for India. It is yet to enter into a trade agreement with the US — it had only signed a framework agreement in February — and the US President might use the proposed law as leverage to exert pressure on Indian negotiators.

In fact, before the US Supreme Court struck down Trump’s tariff powers, the US President had indeed threatened India with

• SPORT

Skincare to sporting success: How collagen is powering athletes

Amit Kamath
Mumbai, September 17

FOR YEARS, skincare companies have marketed cosmetic products by focusing on collagen, claiming it to be a miracle worker of an ingredient that can ward off wrinkles, hydrate the skin and activate the “fountain of youth”. But there’s demand for collagen from another specific sub-set, too: high-performance athletes, chasing not wrinkle-free skin, but perfection on the sporting field.

It is used particularly by athletes — consumed orally as peptides or powder — coming back from injury and those who compete in sports that put a higher load on the body.

Wayne Lombard, the head of athletic performance for the Indian women’s hockey team, told *The Indian Express*: “The science is still developing about the use of collagen by athletes. But we know that using it as a supplement probably gives you 1-3% improvement in certain things. Why

athletes use collagen is because it helps with joint regeneration in ligaments, meniscus, labrum — all areas of the body that are relatively avascular (having few or no blood vessels, which means that there’s not much blood supply there).”

Supplements not the answer

Collagen is the most abundant protein in animals, found as a structural component of connective tissues. It is found in fibrous tissues such as tendons, ligaments, cartilage and skin, but its production slows with age.

Lombard, who also helps athletes, including badminton player P V Sindhu, decathlete Tejaswin Shankar, and long jumper Murali Sreeshankar, said that athletes use collagen to strengthen soft tissues to ensure they are in a “robust state”.

“This is so they don’t sustain overuse or acute injuries. When someone is injured, supplementing with collagen tends to help with not only regeneration of those soft tissues, but also some sort of help with blood

Range of benefits

● Collagen has been found useful for joint health and pain management.

● It is being used by athletes in rowing, swimming and athletics, particularly the triple jumpers, since these disciplines put a high load on the body.

flow,” he added.

It’s not just Lombard. Over at the Inspire Institute of Sport (IIS) in Vijayanagar — where many of India’s Asian Games-bound athletes are training — the belief is that supplementation is not the answer to everything. The high-performance training centre in Karnataka has enforced a “food first approach”, meaning athletes are encouraged as much as possible to get whatever their body needs from natural food sources rather than supplements. But collagen is used by athletes in sports like rowing, swimming and athletics, particularly the triple jumpers, since these disciplines put a high load on the body.

“Collagen is useful for joint health and pain management. In elite athletes, some regular supplementation, which is timed at specific phases in training or during rehab, will help maintain cartilage density, the cushioning of the joints,” Samuel Pullinger, head of sport science at IIS Vijayanagar, told *The Indian Express*.

reciprocal tariffs amid the trade negotiations.

Trump in February had lost the authority to impose “reciprocal tariffs” after the US Supreme Court had ruled that the US president’s did not have the authority under the 1977 International Emergency Economic Powers Act to impose broad import duties. Since then, the administration has been finding newer ways to impose trade restrictions.

Now, trade experts say that Congressional approval places Russian oil-related tariffs on stronger legal ground. If the Act is signed, the US Trade Representative will identify the targeted countries and recommend tariff rates. These countries would normally have 180 days to reduce Russian energy imports or negotiate with Washington. The Bill does give powers to the US President to waive the application of its provisions, India is expected to push for those, if the Bill comes into force, according to industry experts and analysts.

The new version of the Bill proposes tariffs of up to 100% on the top five buyers of Russian oil and natural gas, against the proposal of a blanket 500% tariff on buyers of Russian energy in the original version.

While this reduction in proposed tariffs appears meaningful on paper, the cap is still too high for India.

Why Russian oil is key

With much of the West shunning Russian crude following the country’s February 2022 invasion of Ukraine, Russia began offering discounts on its oil to willing buyers. This is how a peripheral supplier became India’s biggest source of crude, displacing traditional West Asian suppliers.

Last year, the US did impose additional penal tariffs on India over its Russian oil imports, which was followed by a sizeable reduction in New Delhi’s imports of Moscow’s crude. But the West Asia war turned the trend on its head, as Russia was the only viable supplier of scale for an energy import-dependent India.

Analysts say that despite the threat of sanctions, Russian crude remains the most practical and competitive source of supply for Indian refiners and is extremely difficult to replace in the current market.

According to vessel tracking data from Kpler, India imported 2.08 million barrels per day of Russian oil in August, accounting for 45% of its total oil imports.

‘Golden window’

Pullinger added that collagen has a “golden window” of when it should be taken and ideally should be paired with vitamin C.

“This is a major issue, unfortunately, in Indian sport. Athletes will see someone use a specific supplement or they will have read that a supplement is used and they will just use it, right? Like three times a day. With collagen, there’s a specific time period where it is going to be extremely valuable: around 45 to 60 minutes before training or a rehab session,” said Pullinger.

“This timing window is better than some of the other timings because it’s in and around the presence of amino acids in the bloodstream,” he said.

Pullinger also warned against athletes thinking of collagen as some sort of secret ingredient to athletic performance. “Some supplements are extremely valuable. But this is not going to mean that all of a sudden, you will go from finishing 28th to winning the gold medal in your event.”

• THE RISING DEMAND FOR ‘EXOTIC’ PETS

THE APPEAL of ‘unique and unusual’ pets is driving rising trade in exotic wildlife, says a report by Humane World for Animals India.

SEIZURES INDICATE 2 key routes: overland via Northeast India’s borders with Bangladesh and Myanmar, and by air via major international airports (Chennai, Bengaluru, Mumbai).

‘IF YOU LOOK at data from social media and seizures, it’s clear that Indians are acquiring many species listed in CITES. There is also massive trade in species not on the CITES list,’ says wildlife trade expert Uttara Mendiratta.

SOME OFFICIAL DATA first came to the fore in 2021, when the govt brought a voluntary dis-



The orangutans found in Balasore. EXPRESS

closure scheme. RTI data, obtained by Vidhi Centre for Legal Policy, showed **43,693** applications for amnesty were made from 30 states and UTs. Lemurs, kangaroos and ‘rhinoceros iguanas’ were among the species declared.

forcement agencies is to look after the survival of trafficked species.

Under CITES, it is recommended that the management authority implementing its provisions — in this case, the Environment Ministry — consult with the scientific authorities and, if possible, the state of export or origin of the species before taking a call on repatriation.

If repatriation is feasible, it has to be car-

ried out at the expense of the state of origin. If it is not feasible, it has to be sent to a rescue centre or “such other place” as the management authority deems appropriate.

In the Odisha case, Indonesia’s Ministry of Forestry has reached out to Indian authorities. It is learnt to be “preparing technical requirements” for their repatriation if investigations confirm they are from Indonesia.

The treaty says the authority that has confiscated the animal must ensure that recipient states are cognisant of the impacts of repatriation. The amended Act prescribes a similar line of action, calling for consultation with the country of “export” for the animal’s return, or welfare at a recognised zoo or rescue centre in case it can’t be returned.

Challenges with repatriation

Repatriation involves establishing the country of origin, following protocols, handling legal tangles and, most importantly, maintaining the health of the confiscated animals.

A report on exotic pet trade in India by the global nonprofit Humane World for Animals India, released this July, said that repatriation is complex as the wildlife consignments change multiple hands, passing through different geographies, making a return to the wild rarely feasible. Many species, it said, are captive bred with no

known geographic origin.

Pawan Sharma, advocate and founder of the Mumbai-based wildlife rescue organisation Resqink Association for Wildlife Welfare, said that in the case of airport seizures, most of them are immediately returned to the place of origin in accordance with July 2025 guidelines of the Directorate General of Civil Aviation (DGCA).

Sharma said: “We have to keep science, conservation, welfare, and legalities in mind. Repatriation has to factor in what is the exact state of origin, whether that country is willing to take back the animals. Several times the place of origin is not the same as the range or habitats where they are originally found in the wild.”

Odisha: An atypical case

The rescue of the orangutans from a forested area is not a typical case of illegally trafficked wildlife seizure. Across India’s airports, sea ports and land border posts, seizures of illegally trafficked wildlife consignments are usually of multiple animals, sometimes in bulk. Small mammals, reptiles, and amphibians are stuffed in gunny sacks, small cages or plastic boxes. In an infamous May 2022 case from Mizoram’s Champhai district near the Myanmar border, authorities seized 468 animals from six or seven different species.

Lifetime Free Newspapers Access

Editorials PDF

- English Editorials PDF with International Newspapers Editorials [35-40 pages]
- Hindi Editorials PDF
- Daily Vocabulary PDF

Magazine Channel

National & International
[General & Exam related]

International Newspapers

Newspapers around world.
Asian, European & American

Hindi Newspapers

- 1) दैनिक जागरण
- 2) जनसत्ता
- 3) हरिभूमि
- 4) हिंदुस्तान

Indian Newspapers Channel

1. The Indian Express

2. The Hindu

3. Business Line

4. Financial Express

5. Times of India

6. Hindustan Times

7. Economic Times

8. Live Mint

9. Business Standard





THEIR VIEW

MINT CURATOR

Could we face another meltdown if an American AI bubble bursts?

Grand investments in AI going bad might set off a chain of knock-on effects whose pain would spread in multiple directions



BARRY EICHENGREEN
is professor of economics and political science at the University of California, Berkeley, and the author, most recently, of 'Money Beyond Borders: Global Currencies From Croesus to Crypto.'

For months, if not years, artificial intelligence (AI) has dominated speculation about the future, which has fuelled speculation in the present. AI-related ventures are largely responsible for the rapid increase of the S&P 500 stock index. Investment in data centres is a major contributor to the rise in US interest rates, as borrowing for construction competes for credit with a deficit-prone federal government. With so much investment riding on a fast-developing new technology, what happens if the cash flow and profits of the hyperscalers building data centres, and of AI firms renting that infrastructure (two categories that overlap), turn out to disappoint? What would this disappointment mean for financial markets?

Would a crisis be in the offing? This scenario could materialize for any number of reasons. The productivity benefits of AI could be overhyped, in which case firms contemplating the adoption of frontier models will curtail their demand for tokens, the basic units of data processed by such models. Or the availability of open-weight models, which enable users to tailor a model's parameters to their needs, may allow those users to build small language models that run on their own infrastructure or even on laptops like the one I am using to write this commentary. Either way, the income accruing to investors in data centres will fall short of expectations.

The most immediate and visible impact would be a sharp drop in the lofty stock prices of the 'Magnificent 7', the seven ultra-large-cap tech and tech-adjacent firms that have driven the S&P 500. But stock-market corrections are no guarantee of crises or even of recessions.

If the price of Meta shares falls, its chief Mark Zuckerberg will buy fewer castles in Ireland. There would be a slowdown in consumption and investment spending. There would be pain for investment funds, such as Situational Awareness, that specialize in AI-related ventures.

But a financial crisis would follow only if banks, insurance companies and other mainstream institutional investors were implicated. And there is little evidence that they are heavily exposed to AI equity risk.

Developments in debt markets are more worrisome. With the cost of data-centre construction exceeding their sponsors' free cash flow, and with income from potential tenants still a distant prospect, much of this investment is being financed by borrowing from private credit funds (non-bank firms making privately negotiated loans).

If demand for data-centre services is lower than expected, these loans will fail to perform, which is a polite way of saying that borrowers will default. The question then becomes who is invested in



private credit funds. The popular image is of the same family offices and high-net-worth individuals who invest in venture capital and can afford occasional losses.

But the reality is that the vast majority of private credit is provided by institutional investors: pension funds, insurance companies and, dare I say, university endowments.

Moreover, private credit funds have been taking steps to tap this institutional money by acquiring insurance companies, whose asset portfolios they can load up with loans.

This invites the spectre of an insurance industry crisis, which could play out in several ways. Insurance companies' private credit parents could recapitalize them, assuming they have the funds. Alternatively, state guarantee funds, to which healthy insurance companies contribute, could fund the recapitalization, although there will be no healthy companies if the entire industry comes tumbling down. Lastly, the federal government could step in with a bailout, as it did for American International Group in 2008.

In addition to borrowing from pension funds and insurance companies, private credit firms borrow from commercial banks, using their portfolio of loans as collateral, thereby leveraging their commitments and juicing their returns.

Even if banks don't lend to or invest in AI businesses and data centres directly, they may still be on the hook. We can only hope that their regulators are watching.

Finally, private credit firms originally built on a buy-and-hold model now increasingly securitize their loans. They package those loans through special purpose vehicles that issue bonds backed

by the associated cash flows, where the bonds are divided into risk tiers or tranches claiming first, second and third dibs on debt-service payments.

The so-called 'mezzanine' tranche of medium-risk bonds is then sold on to other asset managers. To assess the immediacy of crisis risk, we would need to know more about the riskiness of this mezzanine tranche and who holds it.

We don't. If you are reminded of the roles of securitization, special purpose vehicles, tranching and opacity in the subprime-mortgage crisis of 2007-08, you are not alone.

Just as debt markets fuelled the global financial near-meltdown that followed from that crisis, their exposure to AI will drive developments now. The problem is that we possess only very limited public information about those markets and regulators are not making that information any easier to obtain.

QUICK READ

Massive loans taken to finance enormous investments in data centres and other AI-related fields could go bad should demand for AI not live up to grand expectations.

High net-worth individuals, family offices, banks, insurers, pension funds and even university endowments may suffer harsh blows if optimism over AI proves overdone.

ISTOCKPHOTO

Influencers are upending the status quo and nobody's happy

Exclusivity is dying and that's sure to have economic consequences



ALLISON SCHRAGER
is a Bloomberg Opinion columnist covering economics.

They say you can tell a lot about a person by what appears on their social media feed. I am not sure what that says about me, since I see a lot of videos of wealthy, forlorn women explaining why they regret buying their Birkin handbags.

The problem isn't that the bags are too heavy or the wrong colour, or that their owners now can't afford rent. No, what these women regret about their \$10,000-plus purchase is that people they find distasteful are posting videos about their own Birkins. And once influencers have Birkins, by definition, Birkins are no longer exclusive. And if they don't signal exclusivity, what's the point?

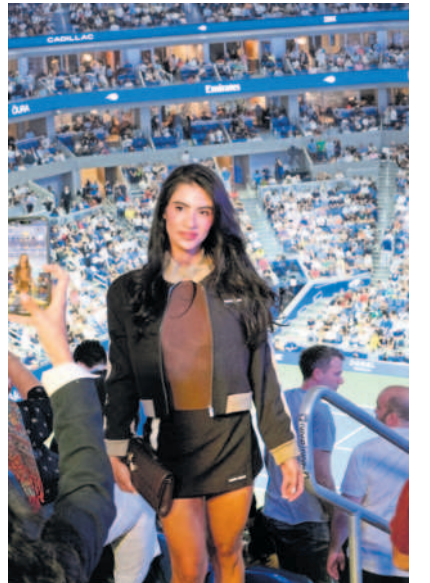
Birkins are not the only luxury item influencers are ruining (metaphorically, anyway). They are also making the US Open, once a civilized affair, less pleasant. Influencers bring their ring lights, make a lot of noise, have little interest in the match, and are even distracting players. To be fair, many of them—about 100—were invited by tournament officials.

Influencer culture poses challenges to brands and products that are supposed to be exclusive. Markers of status have been jumbled, and there is a new hierarchy. The traditional channels of influence—magazines or network TV—don't have the reach they once did. Gone are the days when high-powered PR people could promote brands or events simply by speaking directly to the elite.

Nowadays, brands target people directly on their phones. This requires getting everyone excited about the same goods through carefully targeted marketing—or getting influencers to talk about a product and make it look appealing. It is a mess of incentives all around.

For one, people listen to influencers because they trust their opinion. But often they are paid or given what they are shilling. What's more, this process is even more fraught with exclusive goods and services. Influencers thrive on influence (hence the name), so they need to attract very large audiences. But part of the appeal of a Birkin or a ticket to the US Open is that it is something that not everyone can afford. As branding becomes more democratic, it changes the nature of luxury goods and experiences.

To some extent, this is by design. The US Open sells more tickets than it used to, including grounds passes—but at a higher price. As a result, the event has become more crowded. The US Tennis Association wants and needs more mass-market appeal. The influencers are a symptom



Luxury handbags are getting too common for their status-signalling role. REUTERS

rather than the cause of the problem; they were invited for a reason. Wimbledon made a different choice.

The number of Birkins, by contrast, is limited by its marketer Hermès; they are not sold to strangers off the street. But there is a secondary market in which anyone who can pay can participate. Sellers there have an interest in reaching lots of people and convincing them they should pay up to three times the already-high retail price. Hermès may not be directly complicit in this arrangement, but it does benefit. The secondary market drives demand and has contributed to a 44% increase in bag prices in the primary market over the last 10 years.

Granted, there is a limited market for people who will pay this much for a handbag. But the point of exclusivity—whether at a tennis tournament or with a handbag—is that it's not just about money. It is mostly a status game, and at this level what matters is excluding people most similar to you. If everyone has a Birkin or a box at the Open, what kind of status does it confer?

The upshot is a luxury market where everything is simultaneously available, unaffordable and somehow still in high demand. No one is happy.

And before you say it, allow me: No, this is not the biggest economic problem facing America. There was nothing efficient or welfare-enhancing about exclusivity. If the reason you want a handbag that costs as much as a used car is so no one else can have it, maybe you should be spending that money on therapy instead. Gatekeeping at the US Open is more understandable, because large crowds make the experience less pleasant. Even then, there are bigger tragedies than tennis tournaments crowded with people taking photos of their cocktails.

At the same time, it is important to acknowledge that influencer culture, especially the way it changes consumption habits, directs lots of economic activity.

On one hand, what we see on our phones is unique to us. On the other, we all somehow want the same inaccessible things. The result is either higher prices or bigger crowds—or both. This does not seem sustainable. Technology is upending the old equilibrium of the American economy and that's likely to have serious consequences beyond a Birkin.

MY VIEW | PEN DRIVE

Goa's missing millions: make it a global hotspot again

PIYUSH DOSHI & HEMANT JOSHI



are, respectively, operating partner, The Convergence Foundation, and CEO, Atithi Foundation

On separate trips to Bali undertaken by each of us, we could not help comparing it to Goa—as blessed in terms of beachlines, forests, culture, cuisine and waterfalls as Bali is. Yet, our experience as tourists was markedly different.

In Bali, we could summon a Grab, know what it would cost and follow it on our phones. In Goa, with Uber and Ola kept out, finding a taxi meant either a semi-effective app or a negotiation over an exorbitant fare. Waterfalls in Bali had well managed parking lots, ticket counters, paved access, railings, toilets, changing facilities and small cafés. None of these things cost a fortune, but together they turned a beautiful waterfall into a pleasant half-day excursion. Goa's Dudhsagar falls were every bit as beautiful, perhaps more so. But the standout memory is of a backbreaking journey in a ramshackle vehicle on an apology of a road. Even an evening stroll was a hurdle race across unpaved shoulders and broken footpaths.

It is not that Bali could do this because it is richer. Goa's per capita income is almost twice that of Bali. The question is whether Goa cares enough about being a world-class tourist destination for high-paying tourists.

In 2010, Goa drew about 440,000 foreign tourists; Bali drew 2.5 million. Since then, Bali's inflow has nearly tripled, and in 2025 set a record of about 7 million. Goa has added fewer than 80,000 foreign tourists in 15 years. Why has Goa fallen so far behind? Four largely man-made constraints stand out, and each has a fix.

Room shortage: Goa has about 69,000 registered hotel rooms, but only some 10,000 branded keys. Bali has around 60,000 classified hotel rooms, before counting its enormous villa and rental stock. Phuket is moving past 100,000. Global tour operators can't build scale around a destination without inventory across price points. Branded supply is constrained by lack of clarity on what may be built where. As of mid-2026, Goa is India's last coastal state without even a draft Coastal Zone Management Plan under the relevant 2019 notification. On top of that, investors face overlapping coastal, town-planning, panchayat and environmental approvals, an endless pro-

cess before construction can legally begin.

Environmental protection must not weaken, but investors need certainty: hard no-build areas where ecological assets require them, developable areas marked out and time-bound approvals. Goa should aid growth by identifying tourism zones away from sensitive beachfronts where an enlarged floor area ratio is exchanged for open space, sewage and drainage capacity and guaranteed public beach access, with a redevelopment policy for ageing prime land.

Weak air-links: Goa has two airports and ample runway capacity. In 2025, they together handled 1,784 scheduled international flights, bringing 236,000 foreign arrivals. Charter flights, once the spine of the winter season, numbered 189 and carried only about 40,000, against over 1,000 such flights bringing roughly 250,000 visitors at their peak. This collapse accounts for most of

Goa's missing foreign arrivals. In contrast, Bali and Phuket did not wait for air traffic to materialize; they bid for it with route-development incentives and co-funded destination marketing. Goa built the infrastructure and assumed arrivals would follow. It should now buy the air back: a three-year route-development programme at its Mopa airport, with support tied to incremental international seats and sustained load factors, plus joint overseas marketing to attract charters while pursuing long-haul and hub connections that can support year-round arrivals.

Cab cringe: Goa has roughly 12,000 tourist taxis and a local taxi app does operate. What it lacks is a genuinely open, competitive ride-hailing market with the ubiquity, predictable pricing and ease of use that visitors now take for granted across much of Asia. This is a regulatory and political problem, which means it can be fixed faster than others. Foster

QUICK READ

Goa isn't far behind Bali in its natural appeal as a holiday destination but attracted less than one foreign visitor for every 13 that the globally popular Indonesian isle did in 2025.

Four largely man-made problems stand in the way of Goa's success, namely its shortage of rooms, weak global air-links, poor local taxi options and under-built public spaces.

a competitive aggregator regime with transparent fares, while offering taxi owners attractive terms to join: guaranteed earnings through the transition, financing for vehicle upgrades and other incentives.

An under-built public realm: The weakest part of Goa's tourism appeal may be what happens outside the hotel gate. There are very few good promenades, inconsistent footpaths and lighting, inadequate parking, uneven waste management, weak traffic discipline and almost no walkable coastal edge. Bali's tourist strips may be congested, but large parts are both walkable and commercially vibrant. The remedy is neither expensive nor complicated. Start with the 10 busiest beaches: promenades where appropriate, lighting, drainage, toilets, waste collection, pedestrian paths and peripheral parking linked by electric shuttle services. These are unglamorous investments with an outsized effect on visitor experience. Fund them transparently through a modest visitor levy, as Bali has introduced.

Goa need not become Bali or Phuket, and should not try. But it does need to stop being a destination with extraordinary natural advantages that squandered them through lack of imagination or execution.

OUR VIEW



Fed hike plus tariff risk spell a double whammy

While the US Fed's assertion of independence is welcome, its rate hike dims the relative appeal of Indian assets—unless RBI follows suit. America's new tariff threat is trickier to deal with

The US Federal Reserve's 12-member rate-setting committee voted unanimously to hike its policy rate by a quarter of a percentage point and signalled the likelihood of a similar upmove later. No relief from inflation amid firm economic growth and rising geopolitical tensions had made tighter credit in America a foregone conclusion, but it was widely seen as a test of Fed independence, given President Donald Trump's repeated public calls for rate cuts, the very opposite. On this subject, Trump's appointed Fed chair Kevin Warsh had this to say: "Part of the independence of the Federal Reserve is we stay in our lane. Independence is a two-way street. We will let people that do trade policy and fiscal policy stay in their lane." That the Fed acted decisively to protect the US economy from politics is a relief from a global perspective. After all, sound monetary policy underpins confidence in the dollar and US bonds, both of which have key roles in the world of finance. Alas, the hike could also draw capital out of India. Together with a new American tariff threat, we face a double whammy of risk.

With the Fed's quarter-point move, the federal funds target rate of interest climbs to 3.75%-4%. Its aim is to make borrowing costlier and thus temper both retail and corporate spending, a cool-off demanded by inflation at 3.4% in August, and that too, after half a decade of running above its 2% target. Some of it is self-inflicted, traceable to Trump's sweeping tariffs and the oil shock of the US's war against Iran, with lax fiscal policy playing a role, but the fallout on capital costs was unavoidable. Unfortunately for India, upped US rates raise the relative appeal of dollar-debt returns, as

their rise squeezes the premium paid by rupee bonds, as seen in their rate gap. The US 10-year Treasury bond yields around 5% now, while India's 10-year sovereign paper trades just under 7.1%. In general, such a narrow spread is observed to draw foreign money out of local assets, equities included. The Reserve Bank of India (RBI), though, is well armed with a recent stack-up of foreign-exchange reserves to stave off any threat to rupee stability that may arise from outflows. Should RBI hike its own policy rate, it would neutralize the rate-gap effect. Domestic inflation risks that look like more than mere flickers would argue for the same.

The other news from America that has made policymakers sit up is a US bill okayed by its Congress that hands Trump the power to slap imports from India with fresh tariffs of up to 100% for being among the world's five biggest buyers of Russian oil. This leaves New Delhi in a spot over a cheap source of energy just as new shockwaves from West Asia drive up global crude prices. Given that talks are due on a trade deal with Washington, the US move looks like yet another ploy for Trump to drive a hard bargain. In the face of this, India must make a distinction between aberrant and sustainable US policies. Will Trump's chosen trade 'lane' endure? If not, no concession need be made under the pressure of this trade-distortive path. As with Fed policy, perhaps the world can expect the US to return to what serves it best, even if it is unclear how long that may take. Thankfully, India's economy has proven resilient this year. Its pace of expansion is globally enviable and recently released data had signs of a capex cycle on its way up. Lane driving may not be in much evidence on our streets, but what we do in policy terms counts for more.



is founder and partner, Duvvuru & Reddy LLP, and member of the Reserve Bank of India's advisory group on regulation

There has been considerable discussion around enforcement actions taken by the Reserve Bank of India (RBI), including on the need for an appellate authority similar to the Securities Appellate Tribunal for decisions of the Securities and Exchange Board of India. But there has been relatively little debate about the why, what and how of enforcement, particularly the distinction between enforcement and supervisory action.

RBI's actions broadly take two forms: penal action by the Enforcement Department (EDF), which is placed in the public domain, and supervisory action, much of which remains confidential. Understanding this distinction is important to appreciate how RBI exercises its regulatory powers.

Enforcement action principally concerns violations of a statute, regulation or regulatory direction. When a breach is identified during an inspection or through another supervisory process, the matter is referred to the EDF, which examines the issue and, if

needed, issues a show-cause notice seeking the regulated entity's (RE) response. The RE is given an opportunity to make written submissions and, if required, to present its case at a personal hearing before a panel of executive directors. The panel provides an independent layer of review in the enforcement process, examining the material on record and the RE's submissions before reaching a decision. A reasoned order follows. Importantly, there are cases where the proposed penalties have been dropped or reduced after considering the RE's submissions. Unfortunately, this aspect of the process is not publicly visible. So, public attention tends to focus on penalties imposed rather than cases where the proposed action has been modified or dropped.

Supervisory action serves a different purpose. Its objective is not merely to punish a past violation, but address weaknesses that could pose risks to the safety and soundness of an RE, its customers or the financial system. Such intervention can range from informal engagement to significant restrictions on business, addressing weaknesses in governance, risk management, cyber and information technology systems, related-party exposures, customer conduct, capital, compliance systems and internal controls.

Where supervisory action is contemplated, the RE is given a chance to explain its position and provide additional information. RBI considers these submissions before taking a decision, often at a senior level. Unlike enforcement proceedings, there is no separate appellate panel for supervisory decisions. There is a practical reason for this. Supervisory intervention often needs to be timely to be effective, and another layer of review could defeat that purpose. Moreover, significant supervisory decisions are generally preceded by extensive engagement between RBI and the RE.

RBI does not maintain a publicly accessible, entity-level database of all supervisory interventions. Material actions may nevertheless become public through RBI announcements or, in the case of listed entities, through disclosures to stock exchanges.

There are sound reasons for this approach. Banking and financial services are built on trust. Public disclosure of

every supervisory observation could create unintended consequences, including reputational damage and loss of depositor confidence. A related point is often overlooked: a clean enforcement record does not necessarily mean that an RE has a clean supervisory record.

What can be done to make the framework more transparent, predictable and proportionate, without compromising confidentiality or financial stability?

First, RBI could publish aggregate information on enforcement cases in which the proposed penalties were subsequently dropped, reduced or modified after considering submissions from REs. This would provide a balanced picture of the enforcement process.

Second, RBI could articulate the broad principles governing supervisory escalation. It need not publish rigid thresholds, but could explain how concerns may progress from observations and corrective-ac-

tion requirements to enhanced monitoring and, if necessary, restrictions or other interventions. This would help demonstrate that supervisory action is the outcome of an escalation process rather than a sudden decision.

Third, for particularly consequential supervisory actions, an internal 'second look' by a senior official or a group independent of the original supervisory team could provide an additional safeguard. This need not be an appellate mechanism and should not delay urgent intervention.

Fourth, for industry benefit, RBI could also publish anonymised supervisory case studies, explaining the nature of a deficiency, why it was material, the corrective action sought and the supervisory response.

Finally, RBI could draw upon global peers such as the European Central Bank, Bank of England's Prudential Regulation Authority and the Federal Reserve to develop a structured protocol for the communication of supervisory activities.

The debate should not be whether we need another appellate authority, but how to make the existing enforcement and supervisory architecture more transparent, predictable, proportionate and accountable. Transparency, though, should not weaken supervision, but strengthen confidence in it.

We need proactive government intervention to control inflation

Worsening food inflation warrants policy moves before household hardship reaches far and wide



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

Earlier this week, estimates of inflation for August based on the consumer price index (CPI) and wholesale price index (WPI) were released. Both indices showed a rise in overall inflation driven by food prices, a trend which has been building up for quite some time now. CPI inflation accelerated from 2.7% in January to 4.8% in August while WPI inflation accelerated from 1.2% to 9.9% during that period. However, retail food inflation accelerated faster from 2.1% to almost 6%, with faster price increases in rural areas. This was also true for WPI, which showed food inflation swinging sharply from -0.4% to 7%. In both cases, food inflation has exceeded the overall inflation pace. The rise in inflation is not surprising, given pressures globally due to the war in West Asia along with worries over the impact of a deficient monsoon on agricultural production. To be sure, the rate of CPI inflation is still within the Reserve Bank of India's (RBI) tolerance band of 2-6%, but worries revolve around its expected trajectory over the coming months, food prices especially. The impact of the ongoing troubles is unlikely to be limited to food items. A spillover is likely to other commodities and services, which is already starting to show by way of India's hardening core inflation. Also, high WPI inflation will sooner or later get transmitted to retail inflation in food items, but also other

goods and services across the country. The worry is real, given that the situation in West Asia is volatile, having just driven up global fuel prices again. While there is not much that can be done about this, supply shocks from the monsoon deficiency and a strengthening El Niño phenomenon call for proactive government intervention. As of 15 September, our overall monsoon deficiency stood at 15% of the rainfall norm for the season, but it was unevenly distributed, with more than half of the country reporting deficient rains. This not only affects crop sowing, but also yields. The US Department of Agriculture (USDA) in a recent report projected a 9% decline in maize production and 4.6% decline in paddy production this year. According to WPI data, paddy inflation was in negative territory from May 2025 to April 2026 but has sharply accelerated to 4.2% in the four months since. The trend in rice prices mirrors the global acceleration in cereal prices. The Food and Agriculture Organisation (FAO), which tracks global food prices, reported its fastest rise in global cereal prices in August; cereal inflation was at 10% last month after staying negative for 36 months until February 2026. The FAO index also shows a sharp rise in inflation for edible oils and sugar. Edible-oil inflation, according to WPI data,

has been above 10% since November 2025. Sugar prices have also spiked in the last two months.

The government has limited space to deal with international factors or the domestic supply shortfalls caused by a weak monsoon. Monetary policy too is unlikely to be of help in containing food inflation. However, there are a few policy choices that the government may have to make. The most important is picking between ensuring food security in times of supply shocks and its bio-fuel push as a priority. This choice is no longer academic. It requires a decision that will impact the future trajectory of food inflation. With sugar prices already at a high and production likely to fall short even this year, any further ethanol blending will require larger diversions from paddy and maize. Both these crops are already showing high inflationary trends domestically and globally. Maize is also a large ingredient in livestock feed, particularly poultry. Given the USDA's forecast of a decline in production, any diversion towards ethanol blending will also elevate egg and meat prices, which are already rising at double-digit clips, according to August WPI data. The government's choice is between food security and the diversion of precious grains to fuel blending.

Further, any *ad hoc* policy measures such as stock limits and excessive controls on agricultural trading, including international trade, would be counter-productive and should be avoided. The current episode of sugar inflation is as much a result of a decline in production as one of unpredictable policy.

More importantly, any rise in food inflation will squeeze the disposable incomes of a majority of India's rural and urban households for whom food still accounts for almost half their household budget. With agriculture unlikely to perform remuneratively and rural wages stagnant, the country needs to protect the lives of its rural and urban poor through greater public spending and public employment.

QUICK READ

Inflation is within its acceptable limits but it's the upward trend that policymakers need to worry about. This has been in evidence at the wholesale and retail levels, especially in the case of food.

With agriculture under strain amid deficient rainfall and oil making new shockwaves, the government must protect households that see food eating up almost half their budget.

10 YEARS AGO



JUST A THOUGHT

If you put tariffs in place, it creates inflation. If you put inflation in place, you have to raise interest rates. You raise interest rates, and stock markets shouldn't be so high.

BILL BROWDER

GUEST VIEW

RBI supervision: prudent transparency can be an asset

RAVI DUVVURU



is founder and partner, Duvvuru & Reddy LLP, and member of the Reserve Bank of India's advisory group on regulation

There has been considerable discussion around enforcement actions taken by the Reserve Bank of India (RBI), including on the need for an appellate authority similar to the Securities Appellate Tribunal for decisions of the Securities and Exchange Board of India. But there has been relatively little debate about the why, what and how of enforcement, particularly the distinction between enforcement and supervisory action.

RBI's actions broadly take two forms: penal action by the Enforcement Department (EDF), which is placed in the public domain, and supervisory action, much of which remains confidential. Understanding this distinction is important to appreciate how RBI exercises its regulatory powers.

Enforcement action principally concerns violations of a statute, regulation or regulatory direction. When a breach is identified during an inspection or through another supervisory process, the matter is referred to the EDF, which examines the issue and, if

needed, issues a show-cause notice seeking the regulated entity's (RE) response. The RE is given an opportunity to make written submissions and, if required, to present its case at a personal hearing before a panel of executive directors. The panel provides an independent layer of review in the enforcement process, examining the material on record and the RE's submissions before reaching a decision. A reasoned order follows. Importantly, there are cases where the proposed penalties have been dropped or reduced after considering the RE's submissions. Unfortunately, this aspect of the process is not publicly visible. So, public attention tends to focus on penalties imposed rather than cases where the proposed action has been modified or dropped.

Supervisory action serves a different purpose. Its objective is not merely to punish a past violation, but address weaknesses that could pose risks to the safety and soundness of an RE, its customers or the financial system. Such intervention can range from informal engagement to significant restrictions on business, addressing weaknesses in governance, risk management, cyber and information technology systems, related-party exposures, customer conduct, capital, compliance systems and internal controls.

Where supervisory action is contemplated, the RE is given a chance to explain its position and provide additional information. RBI considers these submissions before taking a decision, often at a senior level. Unlike enforcement proceedings, there is no separate appellate panel for supervisory decisions. There is a practical reason for this. Supervisory intervention often needs to be timely to be effective, and another layer of review could defeat that purpose. Moreover, significant supervisory decisions are generally preceded by extensive engagement between RBI and the RE.

RBI does not maintain a publicly accessible, entity-level database of all supervisory interventions. Material actions may nevertheless become public through RBI announcements or, in the case of listed entities, through disclosures to stock exchanges.

There are sound reasons for this approach. Banking and financial services are built on trust. Public disclosure of

every supervisory observation could create unintended consequences, including reputational damage and loss of depositor confidence. A related point is often overlooked: a clean enforcement record does not necessarily mean that an RE has a clean supervisory record.

What can be done to make the framework more transparent, predictable and proportionate, without compromising confidentiality or financial stability?

First, RBI could publish aggregate information on enforcement cases in which the proposed penalties were subsequently dropped, reduced or modified after considering submissions from REs. This would provide a balanced picture of the enforcement process.

Second, RBI could articulate the broad principles governing supervisory escalation. It need not publish rigid thresholds, but could explain how concerns may progress from observations and corrective-ac-

tion requirements to enhanced monitoring and, if necessary, restrictions or other interventions. This would help demonstrate that supervisory action is the outcome of an escalation process rather than a sudden decision.

Third, for particularly consequential supervisory actions, an internal 'second look' by a senior official or a group independent of the original supervisory team could provide an additional safeguard. This need not be an appellate mechanism and should not delay urgent intervention.

Fourth, for industry benefit, RBI could also publish anonymised supervisory case studies, explaining the nature of a deficiency, why it was material, the corrective action sought and the supervisory response.

Finally, RBI could draw upon global peers such as the European Central Bank, Bank of England's Prudential Regulation Authority and the Federal Reserve to develop a structured protocol for the communication of supervisory activities.

The debate should not be whether we need another appellate authority, but how to make the existing enforcement and supervisory architecture more transparent, predictable, proportionate and accountable. Transparency, though, should not weaken supervision, but strengthen confidence in it.

Come September

Fed rate hike ups the ante for other central banks

The Federal Open Market Committee concluded a watershed meeting on Wednesday, when it raised its benchmark funds rate by 25 basis points to 3.75-4 per cent, its first hike after 2023. It also indicated that there are more hikes to come in December and beyond. Market observers would also have noticed that the Fed under its new Chair Kevin Warsh, regarded as a favourite of President Trump, is not keen to do what Trump wants him to — which is, to keep rates low.



At last month’s Jackson Hole meet, Warsh made it clear that he would focus on inflation — which has been above the target 2 per cent level for 65 months — above all else. The US Treasury Department and the Fed are not on the same page now. But first, the message coming out of the FOMC September meet to the world at large is that ‘higher rates are here to stay for longer’. The Fed median funds rate has been pegged at 4.1 per cent in 2027, 3.9 per cent in 2028 and 3.6 per cent in 2029 (higher than June projections), which suggests more hikes in the next calendar year, to deal with 3.6 per cent inflation in 2026. In fact, its members expect a rate hike of 25 basis points in December, with a few even pushing 50 bps. The wars and, of course, Trump’s tariff tantrums have injected higher inflation and volatility everywhere. With global rates rising, the Reserve Bank of India will have to decide whether it should prioritise external stability over the domestic economy. While FPI outflows have crossed 2025 levels already, the FCNR surplus is a source of comfort. But a rise in the dollar immediately after the FOMC decision suggests that RBI will have to be mindful of the differentials between Indian and US rates.

A steep US yield curve is perhaps here to stay for the next few years, for a variety of factors. The 10-year US Treasury yields are hovering at 19-year highs of 5 per cent. Whether this situation reduces elbow room for manoeuvre in the rest of the world will be a key question facing central bankers. A rise in the overnight rate may not flatten the US yield curve, as the demand for long term funds from AI hyperscalers is expected to rise in coming years. The budget deficit of 6 per cent of GDP (\$1.9 trillion) too is raising the yields of 10-year and 30-year paper. Higher servicing costs and unrestrained spending are acting as market triggers.

The Fed’s differences with the government are evident. Warsh believes that long-term yields are best left to market forces without any need for forward guidance. But Trump and his Treasury Secretary Scott Bessent would like to keep these under check, so that the cost of servicing the budget deficit can be reined in. A growth rate of 2.3 per cent with strong labour data does not suggest that growth needs a boost. But Trump believes that overnight rates should be low, possibly to offset the tariff impact. In these times of flux, there will be more safe haven investment and a rising dollar for the world, and India, to contend with.

OTHER VOICES.

THE WALL STREET JOURNAL.

EUROPE

Mark Zuckerberg offers an AI dissent

Confronted by political pressure, companies can behave like a swarm of AI bots. We saw that with the corporate embrace of the environmental, social and governance agenda, and now with AI leaders calling for government to regulate development. Credit to Meta CEO Mark Zuckerberg for injecting a note of common sense into the debate. “Every lab has the responsibility and incentive to move at the pace required to train its models safely, and the ability to take its own actions to ensure that happens,” Mr. Zuckerberg wrote on social media. He correctly explained that companies already have strong incentives to build robust safeguards and not to rush out new models without adequate testing. (NEW YORK, SEPTEMBER 16)



Iran cannot have it both ways

Those observing the past few days in the Middle East will have witnessed alarming Houthi gains in Yemen and the shelving of Iran-Gulf talks planned for Oman. It is likely that those same observers will also perceive a clear contradiction in Tehran’s approach; Iran cannot credibly seek better relations with its Gulf neighbours while continuing to enable armed groups that threaten and attack those same neighbours. The latest escalation in Yemen has laid bare this contradiction. The Houthis — who enjoy Iran’s support — have claimed responsibility for more attacks on Saudi Arabia. As well as displacing an estimated 80,000 people, the fighting has come at the cost of any tangible diplomatic progress. (ABU DHABI, SEPTEMBER 15)



INDU BHUSHAN

For more than seven decades, the Central Government Health Scheme (CGHS) has provided healthcare security to serving and retired government employees and their families. Long before health insurance became a mainstream policy objective in India, CGHS established an important principle: illness should not expose families to financial hardship and people should have access to quality healthcare when they need it.

That principle remains as relevant today as it was in 1954. But the system built around it needs to change.

The issue goes well beyond CGHS. The Railways, the Ex-Servicemen Contributory Health Scheme (ECHS), the Central Armed Police Forces and several State governments operate their own health schemes for employees and pensioners. Their institutional arrangements differ, but many face a common challenge: inadequate budget provision, increasing pool of beneficiaries, rising healthcare costs, fragmented purchasing arrangements and inadequate incentives for either providers or beneficiaries to use resources efficiently.

As healthcare costs continue to rise at double-digit rates, this model cannot remain fiscally sustainable indefinitely.

The government’s recent revision of CGHS reimbursement rates was timely and necessary. Hospitals cannot be expected to provide quality care at rates that bear little relationship to the cost of delivering it. But periodically increasing reimbursement rates without reforming the underlying purchasing system risks treating the symptom rather than the disease.

PAYMENT PROCESS

The more fundamental question is not simply how much government pays for healthcare, but how it pays for it. This is where reform must begin.

First, government schemes need to move decisively away from fee-for-service payment. Under fee-for-service, every additional consultation, investigation or procedure generates additional revenue for the provider. The incentives therefore favour more services rather than better outcomes or greater efficiency.

Wherever feasible, payment should instead be based on well-defined treatment packages. A hospital treating a patient for a particular condition should receive a predetermined amount covering the entire episode of care, rather than billing separately for every investigation, procedure and consumable. Over time, India should move towards more sophisticated systems such as diagnosis-related groups, which adjust payments for the complexity of patients while encouraging efficient treatment. Better-designed packages would reduce both administrative complexity and opportunities for over-treatment.

Second, medicines offer another major opportunity for efficiency.



RAGU R

Government health schemes at a crossroads

OPTIMAL SPENDING. Better-designed treatment packages that reduce both administrative complexity and opportunities for over-treatment are needed

Government should use its enormous purchasing power far more effectively. Generic medicines of assured quality should be the default across government schemes, supported by strong formularies, bulk procurement, better inventory management and prescription audits.

The potential savings are substantial. Medicine expenditure is one of the fastest-growing components of CGHS expenditure, with excessive dependence on purchases through authorised local chemists rather than more efficient procurement channels. The objective should not be to restrict access to medicines but to obtain the same quality at a substantially lower cost.

Third, gatekeeping needs to become much more effective. A health system in which patients can move directly to expensive specialist and tertiary care without appropriate clinical referral will inevitably become costly.

CGHS already has an important asset in its network of wellness centres. These should become genuine coordinators of care — providing strong primary care, managing chronic diseases, ensuring preventive screening and referring patients to specialists when clinically necessary. Similar mechanisms should be strengthened in ECHS, Railways and state employee schemes. Effective gatekeeping is not about denying care. It

Public health programmes ultimately depend on partnerships. Governments finance healthcare, providers deliver healthcare and patients benefit from healthcare

is about ensuring that the patient receives the right care, at the right level, at the right time.

Fourth, we need a mature discussion about beneficiary contributions. When healthcare is completely free at the point of use, with virtually unlimited benefits, some degree of moral hazard is inevitable. This does not justify imposing substantial financial burdens on pensioners or people with serious illnesses. But modest and carefully designed co-payments or deductibles for selected services, particularly treatment in private hospitals, deserve consideration.

Such provisions can be differentiated by income, age and type of service, with appropriate exemptions for vulnerable groups and chronic conditions. Even a small element of cost sharing can influence utilisation behaviour without undermining financial protection.

STRUCTURAL ISSUE

There is also a larger structural question. Why should different arms of government separately empanel hospitals, negotiate prices, process claims, build IT systems and establish anti-fraud mechanisms for essentially similar populations?

Greater convergence across CGHS, ECHS, ESI, Railways and other government schemes could create larger risk pools and vastly strengthen the government’s purchasing power. This effort should be led by the National Health Authority that implements my most cherished scheme Ayushman Bharat. Complete institutional merger may take time and may not always be feasible, but common provider networks, standard treatment packages, shared technology platforms, interoperable claims systems and

coordinated price negotiations should be entirely achievable. State governments could increasingly adopt the same architecture.

None of this diminishes the importance of fixing the operational problems that providers rightly highlight today. Payments must be timely. Hospitals need visibility into the claims lifecycle. Grievances and disputes must be resolved within clearly defined timelines. Digital platforms should simplify rather than complicate transactions. Fraud controls must be strong but should not become an excuse for delaying legitimate payments.

Public health programmes ultimately depend on partnerships. Governments finance healthcare, providers deliver healthcare and patients benefit from healthcare. When providers have confidence in the system, they are more willing to invest, innovate and expand capacity. When confidence weakens, the impact is eventually felt by beneficiaries.

CGHS has been one of India’s most enduring healthcare success stories. The opportunity before policymakers today is not to dismantle what has worked but to strengthen its foundations for the future — and to apply these lessons across government health schemes.

The recent revision in CGHS rates was an important first step. The next step must be more ambitious: moving from simply paying healthcare bills to strategically purchasing healthcare. That is the transition required to ensure that the schemes relied upon by millions remain affordable, efficient, transparent and trusted by those who sustain them every day.

The writer, a Senior Associate with Johns Hopkins University, was founding CEO of Ayushman Bharat

RAVIKANTH

POCKET



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

UPI backlash

This refers to ‘Balancing Act’ (September 17). A merchant MDR of 0.4 per cent on eligible transactions above ₹2,000 is not expected to impose any direct additional burden on users. But more than the actual financial impact, the psychological pressure it has created among users needs attention. Trader bodies have already indicated that they may insist on cash payments, while some traders have said they may recover the cost from consumers. Hence, more than the actual impact, the possible exploitation that this levy could lead to is what the government should be mindful of.

Given the negative perception the move has created, care should be taken to ensure that it does not encourage a shift back to cash and take payment reforms back to square one.

Srinivasan Velamur
Chennai

Difficult to opt out

UPI has become so deeply embedded in everyday transactions that opting out is increasingly difficult. Its convenience has created widespread dependence among consumers and merchants. Once a digital payment system becomes indispensable, the possibility of

introducing charges becomes far more consequential. The concern is whether users, after being encouraged to shift away from cash, will eventually have to pay for that convenience.

UPI’s near-monopoly deserves close scrutiny: when one payment ecosystem dominates, consumer choice weakens and the cost of dependence can rise.

Harsh Pawaria ‘Noni’
Rohtak, Haryana

A cue for merchants

Apropos Ravikanth’s timely and hilarious cartoon, ‘Sale: Any item ₹2,000 — now ₹1,999’ (September

17). With a 0.4 per cent charge on UPI transactions above ₹2,000 effective October 15, merchants may have a new reason to rethink their pricing. The cartoon captures the situation perfectly and is funny, sharp, and very relevant. A good cue for merchants to stay one step ahead in business.

PV Prakash
Mumbai

Forex inflows

With reference to ‘Dollar deluge: options for liquidity management’ (September 17). Large foreign-currency inflows present both an opportunity and a policy

challenge. Excess liquidity can ease immediate pressures, but absorbing it without creating distortions requires careful calibration. The RBI should assess the durability of the inflows before choosing between foreign-exchange swaps, open-market operations and other instruments.

Monetary management should avoid creating incentives for short-term capital while ensuring adequate liquidity for productive economic activity. Transparent communication would help markets understand the rationale behind policy choices.

SP Suganya Devi
Coimbatore

Warsh-led Fed Starts US War on Inflation

India will feel drag of higher global interest rates

US Fed chair Kevin Warsh led a unanimous 12-0 vote to raise interest rate to 3.75-4%, defying Donald Trump's calls for lower borrowing costs. This is the Fed's first interest rate hike in 3 yrs, as central bankers across the world get their act together over controlling inflation. The dollar is nestled higher, equities are shuffling after a dip, and short-term bond yields have jumped on expectation of another rate hike this year. A hawkish Fed could be spoilsport for the AI party, as investors take stock of rich valuation. Inflation expectations are up across the board as energy prices and bond yields stay high. G7 central banks will take their cue from the Fed. This will be a second round of concerted interest rate hikes since the Ukraine conflict as stagflation rears its head. Most emerging economies will have to follow into an interest rate upcycle.

India will feel the drag of higher global interest rates combined with trade friction and disrupted energy supplies. Effects on Indian equities could be mixed if AI valuations moderate, while its vulnerability to the US war on Iran remains elevated. The rupee will remain under pressure from a strengthening dollar. Global capital seeking safe harbour in US treasuries will affect India's equity and commodity markets. There is some cushion in domestic consumption. But that comes at the cost of fiscal slippage and RBI's tolerance for inflation resurging soon after a painful spike.

RBI has consistently opted for a low growth sacrifice while chasing inflation targets. The economy has shown remarkable resilience during the West Asia crisis. But persistent energy disruption will chip away at the momentum. Separately, food inflation is on an episodic climb, with second-order effects of energy inflation yet to work their way through the system. Timelines for interest rate changes may have to be foreshortened. This could throttle credit-led consumption and a revival of private investment. But, as the Fed has shown, it's better to strike first in the battle against inflation.

We Cannot Normalise 'Orwellian Dystopia'

Last week, Allahabad High Court came down heavily on the UP government over alleged misuse of Uttar Pradesh Control of Goondas Act 1970. Cases before it, it noted, suggested the state was using the law as a tool of harassment, adding that such misuse will invite punitive damages. The court made its statement while quashing an order by the Gonda DM declaring a person a 'goonda' and externing him for 6 mths. It reminded the executive that a solitary case does not make a habitual offender, and an acquittal can't become a tool of surveillance and instrument of harassment.

Appetite for such procedural shortcuts is becoming worrying-ly systemic. Only weeks earlier, the high court had called Deoria police officials a 'bunch of liars' after they claimed station CCTV cameras were non-functional during alleged illegal detention of four individuals. Its split verdict on 'bulldozer justice' also exposed the constitutional tension around executive overreach. Nowhere was this more glaring than in the case of Aakriti Chaudhary. The 24-

yr-old DU student activist was slapped with NSA for advocating for low-wage workers protesting in Noida. Her preventive detention paperwork was found to be generated after she had been taken into custody, a move the court termed a 'sham'. Finding no evidence of incitement, it quashed her detention.

Governments have the duty to preserve law and order. But law enforcement without constitutional fidelity is coercion. Maintaining public order doesn't give the executive a blank cheque to forgo fundamental rights without proof, evidence and due process. When preventive laws are weaponised to quiet dissent, or paperwork is forged to justify illegal custody, we risk sliding into, as the court said, 'Orwellian dystopia'.

JUST IN JEST

Industrial policy is fine, but India needs to give the divine maker his due

Time to Bump Up Vishwakarma

India has tried production-linked incentives, industrial corridors, startup missions, semiconductor missions.... But one element of industrial policy remains scandalously underutilised: Vishwakarma. 'V-man', whose puja was observed yesterday, is traditionally the divine architect and craftsman, honoured by engineers, mechanics, artisans and factory workers. Machines and tools are duly venerated on his day in his honour. Yet, India continues to treat him like an ITI graduate when he's clearly more than qualified to be Union minister of manufacturing, heavy industry, MSMEs, semiconductors and AI.

Policy is all very well. But what rational economic framework neglects the literal divine maker? Economists obsess over capital formation, productivity and supply chains. Vishwakarma offers all three, without demanding retro taxation. If anyone understands tech transfer, here's the guy. Vishwakarma needs bigger pujas, better branding and his own manufacturing PLI: puja-linked incentive. Before the next semiconductor fab is inaugurated, forget ribbon-cutting. Bring flowers, incense and a lathe. The Greeks provide a warning. They had Hephaestus, god of smiths, metalworking and craftsmen. They allowed him to slip down the cultural rankings. Result? Sovereign-debt crisis, and a Mediterranean economy that not even Chris Nolan will make a movie on.

Tokenisation can transform India's bond market, but the bigger test is whether it broadens access

TOKEN, NOW STIR

Oh, Let's Look Beyond AAA



Dinesh Patwari

Launch of Sebi-RBI's Demat 2.0 pilot for tokenised corporate bonds on Sept 10 marked a significant evolution in the architecture of India's financial markets. The initiative uses distributed ledger technology, digital securities and central bank digital currency (CBDC) to bring securities and settlement legs of a transaction closer together.

The pilot has seen three issuances, raising around ₹1,025 cr, signalling that tokenisation is moving from an idea into a practical market experiment. But there's one question that needs to be answered alongside tokenisation: can we make bonds liquid after they have been issued?

Consider the dilemma faced by an investor looking at an AA, A+, or A-rated bond. The bond may offer higher yield than a comparable AAA instrument. The investor may be comfortable with the additional risk. But then there's the key question: if I need money before maturity, who will buy my bond? That uncertainty means investors demand an additional premium, or avoid the security. Low liquidity leads to fewer investors, higher liquidity premium and higher borrowing costs, further shrinking investor base. The answer is not to let investors to take more risks, but to make the market more liquid.

Equity markets facilitate continuous buying and selling. Why should the corporate bond market be different? A new generation of professional corporate-bond market makers could provide investors with something missing in many lower-rated bonds: a credible 2-way market. This is where a targeted regulatory intervention can make a difference.

Every new listed corporate bond issue of ₹200 cr or more, rated AA and below, should have a professional market-making arrangement. A Sebi-registered merchant banker could be designated as the market maker for 3 yrs, or until maturity if the bond matures earlier. The market maker would provide 2-way quotes within a prescribed spread. The proposed maximum spread could range from about 75 bps for AA bonds to 150 bps for lower-rated bonds, reflecting greater risk and lower liquidity of the securities.

The market maker would be compensated for providing this service through a transparent fee paid by the issuer. This is not a guarantee against losses or of the issuer's credit quality, but a commitment to provide a functioning secondary market.

There's a major advantage in starting with new issues. Cost of market-making can be built into the economics of the bond at the time it's issued. The investor knows before subscribing that there's a designated professional market maker. The issuer knows the cost. The merchant banker knows the obligation. The regulator can monitor compliance. And the market gradually builds a stock of more liquid bonds. This is preferable to imposing retrospective obligations on thousands of existing securities.

A framework could have 5 pillars:

- **₹200 cr threshold** Smaller issues may not have enough depth to justify the mechanism initially.
- **AA and below** This is precisely where additional liquidity can make the greatest difference.

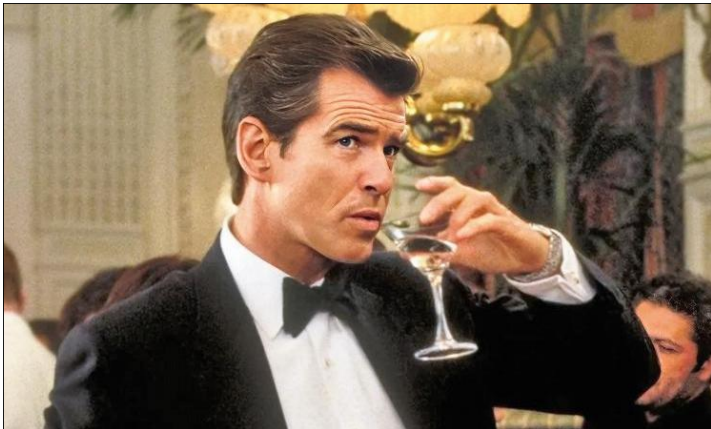
● **3-yr obligation** The objective is to establish secondary-market liquidity without imposing an indefinite balance-sheet commitment on the market maker.

● **Rating-linked spreads** A higher-risk bond should command a wider market-making spread. The proposed range could be 75-150 bps.

● **Limit on number of mandates** A merchant banker should not be permitted to undertake unlimited market-making obligations. A ceiling of 10 bonds at a time would help ensure that market making is genuine rather than merely contractual.

Investors price liquidity risk alongside credit risk, so better liquidity can reduce the premium embedded in yields.

The benefit can flow back to issuers. A company with a good credit profile but a lower rating shouldn't have to pay an excessive premium merely because investors fear that the bond will be difficult to sell. A deeper sec-



Raise a glass to ₹1,025 cr

ondary market can, therefore, reduce the cost of capital while simultaneously improving investor choice.

This is important for India's next phase of growth. Its infrastructure, manufacturing, logistics, RE, real estate and financial-services sectors will require enormous amounts of long-term capital. Banks can't—and shouldn't—be expected to finance everything. A deeper corporate bond market is essential. But a bond market dominated by AAA and quasi-sovereign issuers cannot fully meet financing requirements of a rapidly expanding economy. India needs a broad credit spectrum.

The market should be able to finance strong companies rated AA, A, or BBB, not merely those fortunate enough to carry an AAA rating. That requires investors to have confidence not only in an issuer's creditworthiness but also in liquidity of the security.

The regulatory objective should, therefore, be to make AA, A, and other appropriately rated corporate bonds more investible, not by reducing credit standards but by improving market infrastructure. A transparent, regulated market-making framework for new issues above ₹200 cr could be an important step.

If successful, it could gradually change investor behaviour: The result would not be an abandonment of AAA bonds but something better: a shift from rating-driven investing to risk-adjusted investing.

The writer is former chairman, Metropolitan Stock Exchange of India (MSEI)



Sri Misra

Credit Where Credit's Due

Singapore: On Sept 7, REC raised ₹500 cr through India's first pilot issue of tokenised corporate bonds under Sebi's regulatory sandbox. Ownership sat on a permissioned distributed ledger; settlement was in wholesale CBDC, and pay-in, allotment and listing finished the same day.

The book drew ₹796 cr against a ₹100 cr base issue, with ₹500 cr accepted. Two days later, L&T raised ₹500 cr for 3 yrs, becoming the first private issuer to follow, while IIFL Finance raised ₹25 cr at 9.1%, the first non-PSU.

₹1,025 cr in a week, against a corporate bond market of roughly ₹59 lakh cr that privately placed ₹2.65 lakh cr across 603 issues between April and July. As a share of the market, it may be nothing, but as an engineering result, it's not nothing.

Atomic settlement, where security and money change hands in one

stand at roughly \$16 bn, inside a non-stablecoin tokenised asset market in the mid-\$30 bn range. That growth is not a fashion. The buyer was capital already living onchain, holding dollars that earned nothing, while someone else kept the bill yield. It could have wired out and bought bills, but only by leaving the rail its business runs on. Tokenisation removed that choice, and the money arrived.

Tokenised credit is now roughly \$8 bn, but it too is concentrated in US dollar assets. Emerging-market corporate credit onchain remains a rounding error.

So, concentration is not really about asset class but about economy. Whether the label says 'treasury' or 'credit', the cash flow is mostly dollar-denominated, and US, exposed to one currency, one central bank and one credit cycle. Ten such instruments are not a portfolio.

India is where the gap is clearest. Foreign capital does reach Indian credit. EY recorded \$3.5 bn of private credit investment in H1 2026, with global funds at 26% of deal value, down from 68% a year earlier. But look at the channel carrying it. A global fund stands up an offshore vehicle, takes a registration, appoints a custodian and a designated bank, and writes large tickets. Each step costs roughly the same.

The real minimum is not the instrument's face value but the operating stack around it, which prices out everyone below institutional scale. Family offices, smaller institutions, wealth platforms and onchain treasuries may want the exposure; the access cost keeps them out.

The swing is the evidence. A channel carrying 68% of a market one year, and 26% the next, isn't a market so much as a small number of large decisions. Demand is not in doubt. Indian credit carries real credit and liquidity risk, and a dollar investor must also hedge the rupee, which is expensive. What survives is a return attached to a credit cycle global portfolios don't already own.

Which brings the question back to the digital rupee. Settling a domestic bond in wholesale CBDC among domestic institutions improves domestic market infrastructure. The switch that matters more lets tokenised Indian assets be held by foreign capital, including the \$300 bn pool of stablecoin liquidity with no regulated pathway into Indian markets today, and keeps law and regulatory protection fully intact.

For India, the measure is direction. A global allocator in Singapore, Dubai or NYC should be able to hold Indian credit alongside US gov debt, each asset governed by laws of its home market. Over time, that Indian credit should also be usable in ordinary capital-markets workflows: collateral, financing, treasury management and portfolio construction. That would bring in investors who cannot reach Indian markets today.

₹1,025 cr settled in digital rupee is a good beginning. The larger prize is a dollar in Dubai that can lend to an Indian company, and stay under Indian law while it does.

The writer is founder-chief architect, aarna.ai



Judging Others?

SANJAY TEOTIA

Appearances can be deceiving. Often, we judge people by their actions without understanding the silent battles they are fighting. A person who seems angry may be struggling with grief. Someone who appears rude may be overwhelmed by stress, disappointment or loneliness. Difficult circumstances can cloud a person's thoughts, emotions and behaviour. This does not mean we should accept harmful actions, but it encourages us to look beyond the surface before forming opinions.

Most spiritual traditions teach that the soul is naturally pure. Fear, pain, attachment and ignorance create negative actions. Just as dark clouds temporarily hide the sun without diminishing its light, difficult phases in life can temporarily hide a person's kindness and wisdom. With healing, guidance and time, many people rediscover their true nature.

A kind word, a listening ear or a simple act of forgiveness can become a turning point in someone's life. At the same time, we can protect our peace while still wishing others well and recognising that their actions may reflect their inner struggles rather than their true character.

Life moves in cycles. Someone struggling today may become a source of inspiration tomorrow. We, too, may one day need the patience and understanding of others. The next time someone behaves harshly, pause before labelling them as a bad person. Consider that they may be experiencing a difficult chapter in their journey.



Sunday Sofa-ing

Modern civilisation has made a curious error: it has confused movement with progress. The ambitious must rise early, count steps, answer emails while walking, and spend Sunday 'recharging'. Against this self-imposed tyranny stands one of humanity's finest institutions: the sofa.

To spend an entire day on one is a sheer achievement of non-achievement. Morning begins with something resembling coffee, and the vague intention of stirring up. By noon, you've dug deeper into the sofa.

A book lies open on the table, unread, but companionable. The phone's unexamined and rejected. Lunch arrives in packets of chips and namkeen.

Outside, people are reversing badly into parking spaces, while the blissful sofa-dweller has attained sovereignty over time.

There are no appointments, only naps. The distinction between 2pm and 5pm becomes academic. You watch half a film, read three paragraphs, consider getting up, and wisely decide against rash action.

There is joy in this surrender because most days demand that we become somebody: employee, employer, ward, guardian, colleague, spouse, commuter, customer, seller, person-who-replies-promptly.... The sofa asks nothing, except that you occasionally rearrange a cushion.

By evening, remarkably, nothing has been accomplished. Which was the entire point.

Chat Room

India, Full-On Chip Stake!

Appropos the Edit, 'Chip Away In to the Whole Ecosystem' (Sep 17), India's semiconductor ambitions will succeed only when manufacturing is supported by a wider ecosystem. Building fabrication units is important, but equally necessary are skilled technicians, reliable suppliers, testing facilities and indigenous equipment. Government incentives should, therefore, extend beyond large investments and encourage smaller firms to develop specialised capabilities. Close collaboration between industry, universities and technical institutions can create a steady talent pool. A long-term policy framework, rather than short-term subsidies, will give investors confidence. The objective should be to make India not merely a chip assembler but a dependable and competitive semiconductor hub.

*S.M. Jeena
Chennai*

Navigating Chinese Checkers



Nilanjan Banik

In their one-on-one at the sidelines of the New Delhi BRICS summit last weekend, Narendra Modi and Xi Jinping discussed the border issue, with the two expressing 'commitment to a fair, reasonable, and mutually acceptable resolution'. The other important track, economics, had little to cheer about, except for resumption of direct flights between Delhi and Guangzhou, a major sourcing hub for Indian apparel, accessories and electronics traders.

In FY26, China overtook the US to become India's largest trading partner. Bilateral merchandise trade reached about \$151 bn. But it's how the trade is split that tells the real story. India imported well over \$130 bn in Chinese goods, while exporting under \$20 bn, leaving a deficit above \$112 bn, the widest on record, and a jump from about \$98 bn the year before. For every dollar of goods India sells to China, it buys back \$6-7 worth.

India hasn't been able to leverage China's \$18 tn economy effectively, and the widening trade deficit is largely organic, driven by Chinese firms' superior price and tech competitiveness. The silver lining is that

Indian consumers gain access to cheaper Chinese goods, with a larger realisation of consumer surplus.

Much of what China sells India—telecom equipment, semiconductors, lithium-ion batteries, solar cells, industrial machinery, pharmaceuticals—are productive inputs that Indian factories and assembly lines depend on to make their own products affordable and competitive. Cutting these imports off overnight would raise costs across Indian industry, not lower them. Even a 'Made in India' smartphone, EV or solar panel carries a great deal of Chinese content inside it.

India relies on China for a striking share of inputs across sensitive sectors. Nowhere is this dependence more exposed than in rare earths. China controls roughly two-thirds of global rare earth mining, some 60% of processing capacity, and close to 90% of magnet manufacturing, a dominance



Get more toe-to-toe

built deliberately since the 1990s, when Beijing designated rare earths a strategic asset while Western producers retreated from this pollution-intensive sector.

In April 2025, China restricted exports of 7 rare earth elements, primarily as retaliation against US tariffs, rather than a move aimed at India. India was caught in the cross-fire regardless, given how heavily its EV, electronics, RE energy and defence sectors lean on these materials, for which substitutes such as ferrite magnets perform noticeably worse.

What followed was a stop-start sequence that has made planning nearly impossible for Indian manufacturers. China eased curbs on magnets, fertilisers and tunnel-boring equipment in August 2025 after diplomatic commitments from its foreign minister Wang Yi during a visit to New Delhi—only to add 5 more elements to its control list 2 mths later, and to introduce a rule requiring approval for any product containing even trace amounts of Chinese-origin rare earths. By December, restrictions covered 12 elements in total.

India is preparing an incentive scheme worth about ₹73 bn for rare earth magnet manufacturing, alongside a ₹15 bn critical-minerals recycling initiative running through 2031. India is also courting Australia, Japan and South Korea as alternative rare earth suppliers. Private capital has begun to follow, with companies raising fresh funds specifically to

invest in rare earth metals.

But domestic manufacturing capacity in electronics, batteries and critical minerals takes years to build, and will require sustained policy support well beyond current incentive schemes. Diversifying supply chains can reduce dependency without eliminating it. Indian negotiators have limited leverage to try open Chinese markets for pharma, agriculture and IT services. So, progress there is likely to stay incremental.

Unlike blanket protectionism, which risks sheltering inefficient domestic producers, targeted measures—anti-dumping duties where dumping is proven, security screening for genuinely sensitive technologies, incentives tied to measurable gains in value addition rather than mere assembly—offer a more sustainable path.

With respect to China, what is emerging is not a relationship headed for imminent decoupling. Trading in local currency will help reduce trade imbalances, mainly by lowering exchange rate volatility, reducing the need to hoard costly foreign reserves, and cutting transaction costs for cross-border trade. Also required is insistence on tech transfer.

Future rounds of negotiation will require ambition, creativity and willingness on the part of Indian negotiators to make China accept on these terms.

The writer is head, Economic Policy Centre, Mahindra University, Hyderabad



CONTRAPUNTO

I shall be an autocrat: that's my trade. And the good Lord will forgive me: that's His

- CATHERINE THE GREAT

Tariff? Don't Panic

Threat of US action shouldn't put India off Russian oil, which has served us well, and moderated global prices

Both houses of US Congress have passed a bill that allows the president to impose *up to* 100% tariff on countries buying Russian oil and gas. As the second-largest buyer, should India be alarmed? No, because 1) Trump hasn't signed it yet; 2) his signing doesn't mean India is tariffed automatically; and 3) 100% is the upper limit, not the default tariff. Some of the suspense will end soon because Trump has 10 days to sign or veto the bill that's taken 17 months to get this far. If he vetoes, end of the story. But what if he signs?

It's a big if because, while US can demand Russia's clients buy oil elsewhere, what are the alternatives? West Asian supplies are choked. Minus Russian energy, global prices will shoot up further, not sparing US consumers either. With less than two months to midterm polls, Trump doesn't want that. Already, farmers – who vote Republican – are sore because diesel prices have risen almost 70% in a year. This is harvest season for maize and soy, and filling up tractors and combines at \$6.2 a gallon is hurting them.

Do Republicans, and Trump, want diesel to touch \$8? So, Trump may hold off on applying tariff pressure on India. He also has to worry about inflation, which has forced US Fed to hike rates for the first time in three years. Costlier fuel will only stoke inflation, so the tariff might not materialise soon.

Trump's so concerned about the diesel situation, he's even asked Zelenskyy to "stop knocking out diesel fuel in Russia".

India must prepare for the worst case – 100% tariff – regardless. After all, US is our biggest export market. Does that mean buckling under pressure? No. As govt has said, energy security of 1.4bn Indians is its priority. So, Russian crude – which made up 51% of India's basket in July – isn't going anywhere. We have to worry about our own inflation. As for exports, Trump had exempted Indian pharma and some other Indian goods in his tariff war last year, and he might again now. We've done well by diversifying our markets. Analysts say instead of imposing a high tariff, Trump might use it to push India towards signing the long-delayed bilateral trade agreement. But is the BTA worth the pain of inflation, knowing how Trump has tariffed EU, Japan and South Korea after signing trade deals with them?

Birdsong, Pitch Askew

Himalayan Monal is driven to change its call, because we have forced the mountain to sound like us

It's jaw-droppingly gorgeous, carrying what looks like an entire rainbow on its body. And all the colours on the male Himalayan Monal don't just sit there, they glow. When sunlight catches it moving through the mountain forests, it turns incandescent. The female is understated, her mottled brown blending into the forest floor when she nests. Their habitat is special too. Alpine to sub-alpine, with oaks and rhododendrons, including hushed bugyals and steep rocky slopes. We are disturbing their peace, of course we are. One indicator is how our sounds are changing their sounds. HNB Garhwal University research shows that, where human-made noise increases, the birds have to call at a higher peak frequency and for longer, to hear each other.

There are humans who will read all this to mean that the birds are getting "louder and longer", which to them means, stronger. But adaptation can't always be understood as resilience. Here, it's the price their voice is paying for ours. It's low-frequency urban and traffic noise that's pushing Himalayan Monals to shift their vocal frequencies upward.

Of course, their natural habitat's never been acoustically quiet. Wind has always moved through the conifers, oaks, and rhododendrons. There are the sounds of streams and waterfalls, and other birds, insects, and mammals. But there is a harmony to all this, which SUVs, boomboxes, construction, and, increasingly, helicopters spare no regard. Other avians also find their usual communication disrupted by anthropogenic noise. This finding tells us there is environmental stress, but not how it's affecting mating success, breeding behaviour, or long-term survival. Really bad things could be happening on all these fronts. Maybe biologically essential signals are getting warped. Maybe, as the birds retreat to more fragmented and increasingly smaller high-altitude refugia, it will create dangerous genetic bottlenecks. We just don't know. What merry ignorance, while the bird on the mountain cries itself hoarse.

Well-bread Goa

The tiny state's dining table displays multiple varieties of the 'staff of life'

Jug Suraiya

I'm just back from a two-week visit there, and the taste of Goa lingers on the palate of memory. Though a tiny state, Goa with its tides and cross tides of history, its eclectic commingling of cultures, Portuguese and Indian, Hindu and Christian, has a veritable feast of culinary delights for those lucky enough to live there, and those privileged to visit there periodically, as I am.

The coastal state's munificent menu is far too comprehensive to be listed here, so suffice to say that it has no less than four kinds of bread.

A philosopher, who must also have been a foodie, remarked that a civilisation should be judged by the quality of its bread, rightly called the 'staff of life'. By this token, Goa is a very civilised place indeed. The traditional poder, or baker, is a much-respected member of the community, and the alchemical art of turning common grains into heavenly manna in secular avatar is passed on, like a treasured family legacy, from generation to generation.

As a prelude to daybreak, comes the musical jingle-jangle of the poee man's bicycle bell as he does the neighbourhood rounds, delivering the staple of a Goan breakfast, the baked bun made from wheat bran leavened with coconut toddy.

With its stretchy, chewy texture, and stuffed with veggies or jam, or whatever you fancy, the poee makes for a perfect start to another perfect Goan day.

Then there's the pao, with its lightly toasted exterior and its inside as soft and fluffy as a cumulus cloud drifted down to earth to become the ideal mop-up accompaniment for a xacuti or other gravy-rich dish.

Competing with the poee and the pao is the unndio, its crackly crust concealing the secret of a yeasty interior; a delightful double take of taste and texture.

Complementing this wholly trinity is the sanna, the Goan idli, a steamed rice cake infused with toddy.

My favourites are the poee and the unndio, the only problem being my inability to choose between the two. So I choose both, as being the well-bread thing to do. As well as the well-bred.



jugular vein

NSE Goes Public. 4 Things That Matter

To build a durable business, NSE needs to move towards subscription-based (data & index) revenues, have independent regulation, and diversify

Krishnan Ranganathan



NSE's IPO isn't about raising money. It doesn't need cash. It's debt-free and earns a tidy sum just parking its reserves. What it needs, instead, is a story that justifies the price tag.

That tag is roughly ₹4.42L cr; a rich number for a business whose profit fell about 15% last year, to ₹10,302cr. Today NSE is essentially a toll booth on a very busy bridge: options trading. Transaction fees make up nearly 80% of its revenue, and options alone account for 60% of revenue – India's favourite way to treat the market like a casino.

The problem? Sebi controls the speed limit on that bridge. And the bridge is already narrowing: NSE's share of equity options premium turnover fell from 78.6% to 68.5% between June quarters of 2025 and 2026. Buffett observed that "only when the tide goes out do you learn who's been swimming naked." Sebi has been letting the water out for two years now; NSE would like everyone to stop looking at the beach.

NSE knows all this. Nine strategic pillars, says the prospectus. A company with nine priorities has none. Four things actually matter.

● Stop selling umbrellas; start selling the weather forecast. In 1850s, German émigré Paul Reuter didn't get rich breeding faster carrier pigeons; he got rich selling the news those pigeons carried.

NSE's transaction fees are weather: they swing with sentiment. It needs climate: subscription revenue that doesn't care if traders are having a good month. LSE made this pivot the modern way, spending \$27bn on data giant Refinitiv; stock trading is now a side business next to its data and analytics arm.

NSE already rents server space, billed by the year; to high-frequency traders ("co-location"), but the problem is scale. The Nifty family underpins ₹9L cr of domestic passive money, against barely ₹36k cr abroad (April 2025) spread across 33 funds – the global franchise is a rounding error waiting to be built.

Index licensing and data subscriptions bring roughly ₹150cr a year: under 1%. That isn't pricing power. Since the rulebook won't let NSE buy a global

data giant of its own, it will have to buy up domestic data and fintech firms piecemeal instead.

● Stop paying the sheriff out of the tavern's takings. Ten trading members generate nearly half of NSE's revenue – and NSE is their regulator. Exchanges that keep both jobs eventually pay for it.

Hong Kong's exchange learned this in 2020, when its IPO-vetting unit was rocked by a bribery scandal. NSE knows the feeling: it has all but closed out a decade-old case, paying Sebi ₹1,491cr to settle allegations that some brokers got faster access to its servers. That happened with no public shareholders in the room at all.

Nor is the oversight machinery in great health: NSE chairperson's seat sat empty for 651 days, and past delays left its board short of required composition, and



its nomination committee without quorum. Every such appointment needs Sebi's approval – so the exchange cannot fix its governance alone, and the regulator that must fix it is the one it would be lobbying.

Wall Street's fix was to spin regulation off into FINRA, an independent body. NSE has gestured at this and incorporated a supervision subsidiary, NASL, but keeps it alive with a loan from its parent. The prospectus concedes that public responsibilities "may, at times, conflict with commercial interests of our shareholders". Independence means the pay cheque, not the letterhead.

● Boring is the product. Exchanges that chase novelty for its own sake tend to regret it: Australia's ASX spent

How To Plan A Cure For Private Hospitals

Patients are in no position to question high markups on drugs or consumables in a hospital bill. Five suggestions how Centre and NPPA can make private healthcare prices fairer

Indu Bhushan



Founding (former) CEO, Ayushman Bharat

A Maharashtra FDA survey found markups as high as 2,841% on common hospital consumables. Such margins are tough to justify – but patients have neither the information, nor the bargaining power to question them. This is a legitimate area for strong regulation. State FDA commissioner Tukaram Mundhe, therefore, rightly sought that Centre examine these pricing gaps, and consider action. Centre has asked NPPA for a report.

But regulatory response must fit the problem. Excessive markups on standardised consumables are one problem. What a hospital should charge for complex medical procedures, quite another. This distinction matters. Parliament Standing Committee on Health recently recommended a national statutory body to impose a "rigid cap" on essential procedures and diagnostics, fixed package rates for standard medical & surgical procedures, and link hospital room charges in metros to tariffs of nearby three-star hotels. The committee has diagnosed a real problem. Parts of its prescription may worsen matters.

An IV set is a standard product. Healthcare is not. Two patients with the same diagnosis may require very different treatment. Hospitals differ in staffing, infra, tech, case mix and quality. A complicated cancer surgery in a tertiary hospital cannot be priced the same way as a standardised consumable, whose manufacturing and distribution costs are ascertainable.

Administered prices can also create distortions. Too high, the patient gains little. Too low, and providers may avoid complex patients, cut corners, cross-subsidise through other charges, or simply stop investing. Having spent years building PMJAY's architecture, I've seen firsthand how rigid price caps can backfire, driving

quality underground, while failing to curb wasteful care.

India cannot afford that outcome. Private providers are integral to India's health system, accounting for a substantial share of patient care. Building hospitals, particularly tertiary facilities, requires large investments in land, equipment, tech and specialised manpower. We need private investment, but we also need to protect patients from opaque, unreasonable charges. These objectives are not contradictory. What should we do? Here's a five-pronged approach.

● Make hospital prices transparent, predictable. Every hospital should publish a 'schedule of charges' in a comparable digital format. For planned procedures, patients must receive an upfront estimate covering professional fees, diagnostics, medicines, devices, consumables and room charges. If the final bill is significantly higher, hospital should have to explain why, except where unforeseen medical emergencies arise.

● Act firmly against excessive markups on medicines, devices and consumables. Maharashtra findings are relevant here. Hospitals are entitled to recover reasonable costs of procurement, storage, wastage and supply. But large, unexplained margins on standardised products require scrutiny. Transparency in procurement price, MRP and patient price of high-value medicines, implants and consumables would itself exert pressure on unreasonable margins.

For essential consumables and medical devices with persistent excessive markups, govt should consider trade-margin rationalisation, reference pricing and structured price monitoring, rather than automatically fixing the final price of every product.

Precedent exists. NPPA used trade-margin rationalisation for 42 non-scheduled anti-cancer drugs in 2019 and reported savings of up to 90% across 526 brands. During Covid, a similar approach was applied to oxygen concentrators and five common medical devices.

Better procurement can produce dramatic savings. The Tata Memorial Centre experience parliamentary

committee cited, is instructive. Pooled procurement of 40 oncology drugs across 23 centres led to savings of ₹1,320cr, compared with MRP-based costs, with median savings of 82%.

● Regulate utilisation. Price caps do not solve the other key problem – fee-for-service rewards doing more. More investigations, longer hospital stays and additional procedures generate more revenue, regardless of outcomes. A CT scan priced cheaply is still wasteful if it was not clinically required.

Govt purchasers and insurers need to use evidence-based treatment pathways, clinical audits and data analytics to identify outliers – hospitals with unusually high rates of caesarean sections, ICU admissions, diagnostic tests or particular procedures.

● Make quality as visible as price. Price regulation in isolation risks creating a race to the bottom. Patients need to know not only what a hospital charges but what outcomes it delivers.

Hospitals should disclose standardised indicators such as hospital-acquired infections, readmissions, mortality for selected procedures, and patient experience.

● Finally, strengthen the public system. It remains the best protection against excessive private-sector pricing. It also provides govt with a benchmark for understanding what efficient healthcare actually costs.

Markups of the magnitude reported in Maharashtra deserve investigation with transparency, and strong action. But we should resist the temptation to treat every healthcare pricing problem with the same instrument. A rigid price cap tries to solve all these problems with one number. The objective should not simply be cheaper healthcare, but better value – quality care, with transparency, at a cost patients can understand and afford. That would protect patients without choking the investment and innovation that Indian healthcare will increasingly need.

The writer is senior associate at Johns Hopkins University

Calvin & Hobbes



Sumit Paul

Home is where you were conditioned.

– Darnell Lamont Walker

It's said that when the Great Library of Alexandria was burnt down, only one book survived and it was sold to a poor man who barely knew how to read. The book was probably one of the most valuable books, for on the inside of the back cover, were scrawled in large, round letters, a few sentences that contained the secret of a touchstone, a tiny pebble that could turn anything it touched into pure gold.

The writing declared that this precious pebble was lying on the shore of Black Sea among thousands of other pebbles that were exactly like it, except all other pebbles were cold to the touch; this one was warm. The man rejoiced at his good luck. He sold everything he had, borrowed a large sum of money that would last him a year and made for Black Sea, where he began the painstaking task of searching

for the touchstone.

This was the way he went about it: He'd lift a pebble; if it was cold to the touch, he'd throw it into the sea. So, each day for hours on end he persevered in his patient endeavour: Lift a pebble, if it felt cold, throw it into the sea; lift another...and so on...

He spent a week, a month, ten months, a whole year at this tedious task. Then he borrowed some more money and kept at it for another two years. On and on he went, day after day; week after week...still no touchstone. One evening he picked up a pebble, and it was warm to the touch, and through force of habit, he threw it into Black Sea.

We, like that old man, are pathologically conditioned and habituated to doing a

particular task. We're so heavily conditioned that we forget that we have free will.

'Religiously' visiting places of worship, unfaithfully observing fasts in specific months or incessantly chanting mantras without comprehending their import are nothing but conditioned behaviour. With the passage of time, we get so obsessed with mechanical actions that even if we bump into god on the way, we still will go to a shrine to search for him. If you believe in something because you're conditioned to believe, you're being dishonest. To be conditioned is to be imprisoned; it's incarceration of your mind and being.

Our conditioning is our enemy. Those who act under constraint remain under the impression that they are acting on their own volition. The

Sacredspace



The phenomenon develops calmly, but it is invisible, unstoppable. One feels, one sees it born and grow steadily; and it is not in one's power to either hasten or slow it down.

Leon Foucault

Every Belief Is Proof Of Conditioning





Editor's
TAKE

Modi at 76: From longevity to legacy

As the BJP begins a month-long celebration of Modi's 25 years in power, the milestone invites a larger reckoning: what has his tenure changed, and at what cost?

Narendra Modi turned 76 on September 17th, and the BJP has converted the date into a month-long liturgy. The Seva Sankalp Abhiyan, launched on the birthday and running to October 17, pairs blood donation camps and cleanliness drives with bike yatras linking Vadnagar, his birthplace, to Varanasi, his constituency. The arithmetic behind the campaign is real: on October 7, he completes 25 years as a head of government - Gandhinagar from 2001, New Delhi since 2014. An unbroken quarter-century in executive office is rare in any democracy. Rarer still is the scale on which one man has rewritten the terms of a nation's politics. The ledger has substantial entries. Bank accounts, cooking gas, toilets, piped water and houses reached households that had waited three generations for the state to notice them. Digital public infrastructure – Aadhaar, UPI, direct benefit transfer – turned welfare from patronage into plumbing, and is now studied from Lagos to Lima.

Highways, ports and airports were built at a pace the licence-permit republic could not imagine. Article 370, the Ram temple, Chandrayaan-3, the G20 presidency and Operation Sindoor supplied the emotional grammar of a self-assured India. The economy grew 7.8 per cent in April-June, the fastest of any major economy, through a tariff war that was supposed to break it. In May, the BJP took West Bengal and a third term in Assam.

However, there have been gaps as well. Growth has not translated into work: unemployment among graduates under 25 runs near 40 per cent, and a quarter of India's youth are neither studying, training nor employed. Parliament legislates with less debate than it did in 1952. Investigative agencies move with a partisanship the opposition calls persecution, and the Election Commission's roll revisions have drawn charges the ECI has failed to convincingly answer. Federalism has shrunk to an argument over transfers.

Polarisation has been an instrument rather than an accident, and minorities have been at the receiving end. Demonetisation remains the costliest experiment no one has been held accountable for. Then came June. A satirical outfit calling itself the Cockroach Janta Party turned an exam-leak scandal into the largest youth mobilisation in decades, and a government famous for never conceding, conceded – a minister resigned, demands were met, a task force was announced. It was the first genuine retreat since the farm laws. It exposed the single constituency that remains defiant: young Indians who have known no other prime minister and cannot find a job.

But then such challenges are part of the deal. What occupies him now? Viksit Bharat 2047 is the stated horizon. The nearer list is harder – closing the American trade agreement without surrendering agriculture; the 2027 census and the delimitation that follows, which risks setting a growing North against an already resentful South; and the succession he refuses to discuss, the seventy-five rule he once applied to Advani having quietly lapsed for himself. Longevity is not legacy. The question at 76 is whether the coming years are spent consolidating what he built, or making it survivable without him.

The NE borders need eyes in the sky

The Northeast's borders cannot always be secured with fences. Shifting rivers, porous terrain and difficult frontiers demand something more agile: space-based surveillance that can turn satellite data into timely, actionable and legally usable intelligence. Assam's experience shows why the next frontier of border security is not more fencing, but faster information



BHASKAR
JYOTI
MAHANTA

In a riverine char (sandbar) of the Dhubri sector, perhaps 400 families might live in one season, but by the next season, it could be completely obliterated. The Brahmaputra creates and destroys land at its own will. When the char disappears, the families move away, and with them, the border too changes. This is the actual functional reality of approximately 61 kilometres of Assam's border with Bangladesh, where electronic surveillance has to be adopted instead of fencing, because there is no hard soil there to erect a fence. You cannot put a fence in water. You can only monitor it.

I was reminded of this while chairing a recent discussion organised by SIA-India in Guwahati on 'Space Technology for National Security and Border Protection'. This panel included a former Army Commander of the Eastern Theatre, a senior telecom administrator and scientist, a national security expert, and representatives of two new Indian satellite-manufacturing enterprises – institutions that did not exist a decade ago.

Assam has approximately 263 kilometres of border with Bangladesh, a large portion of which is riverine. To our east, we have a 1,643-kilometre border with Myanmar, where governmental authority has largely collapsed, and the resulting drug economy fuels insurgency. To our north, we have a neighbouring country that refuses to recognise Arunachal Pradesh as Indian and has established 628 border villages near the Line of Actual Control (LAC), the majority of which are located opposite Arunachal. And this country plans to construct a dam on a river upon which 70 million Indian people depend.

Three borders, three distinct problems. Our difficulty is not a lack of military strength. Our primary problem is 'latency' – that is, the time gap between an event occurring on the ground and the right person becoming aware of it. This is where aerospace or space technology becomes necessary.

What would remain if space-based communications, navigation and imaging technologies were disrupted for 72 hours in the Eastern Theatre? If the adversary is using state-of-the-art satellite systems and we revert to older methods in an eventuality, the enemy won't even need to defeat us; rather, we ourselves would be handing them the initiative.

Satellite-derived information today is neither intelligence nor evidence for a police officer. In the sense an operational officer understands it, it is not intelligence, because intelligence must arrive in a timely manner and have someone



ASSAM HAS APPROXIMATELY 263 KILOMETRES OF BORDER WITH BANGLADESH, A LARGE PORTION OF WHICH IS RIVERINE. TO OUR EAST, WE HAVE A 1,643-KILOMETRE BORDER WITH MYANMAR, WHERE GOVERNMENTAL AUTHORITY HAS LARGELY COLLAPSED, AND THE RESULTING DRUG ECONOMY FUELS INSURGENCY

The writer is a former DGP of Assam

operational domain. The Indian Space Policy of 2023 and IN-SPaCe opened this sector to private-sector capabilities, and 52 satellite surveillance programmes are currently underway. A decade ago, none of this was clear. But for reaching the 'last mile', the robust management of institutional rules and procedures is essential. Two mishaps this year make this clear:

In January, due to a launch failure, a DRDO Earth observation system was lost.

Two months after entering orbit, a historic Indian private satellite (the world's first to combine radar and optical sensors) was destroyed due to a geomagnetic storm.

Self-reliance is not just the ability to build a satellite once; it is the ability to rapidly replace new satellites, coupled with indigenous launch speed, domestic hardware and procurement processes completed in 90 days instead of 90 weeks.

What should this region do?

The Northeastern states should issue a standing order by allocating budgets for all-weather radar coverage of rivers and flood-prone areas from Indian satellites. For this necessary platform for geo-stationary satellites/constellations must be put in place. Demand builds an industrial base, and at the state level, 'self-reliance' begins with a purchase order for satellite products.

Leverage Existing Infrastructure: Instead of building a new centre from scratch, work upon the existing mechanism. The North Eastern Space Applications Centre (NESAC), based in Umiam, is already serving these eight states; provide it with a border-and-disaster wing operated jointly by the state police, border security forces and disaster management teams.

Build a Geospatial Cadre: Develop our own analysts and commentators through a geospatial cadre trained in our own institutions, because sovereignty depends equally on people as it does on hardware. Enforce Sovereign Contracts: Incorporate sovereignty conditions into contracts; there should be no 'shutter control', no geographical restrictions, or any such conditions that give a foreign supplier the authority to dictate what and when we see.

The satellite surveillance system that exposes illegal infiltration or crossing can also reveal the condition of river embankments and the likelihood of breaches. The same imagery that serves border agencies in January can assist District Commissioners (DCs) in August. In a state where floods render more people homeless every year than any enemy attack could, this is not a minor facility to be mentioned in passing. The necessity of satellites in the Northeast should not only be proven in a 'war room'; it should also be considered an integral part of wartime preparations to be undertaken during the monsoon season.

Daiv Vani

WISDOM FOR A MEANINGFUL LIFE

The Boy Who Won by Staying Home

Once, Ganesha and his brother Kartikeya were challenged to a race around the world, with the prize going to whoever completed the circuit first. Kartikeya immediately set off on his peacock, eager to cover every continent and ocean.

Ganesha, instead, simply walked around his parents, Shiva and Parvati, seated together, and declared himself finished, explaining that they represented the entire universe to him, making a literal journey around the world unnecessary. His parents, moved by the depth of his understanding, declared him the winner.

We often equate achievement with distance covered, hours logged, or effort visibly displayed, mistaking motion for meaning. Ganesha's wisdom lay in recognizing that some truths do not require circling the globe to be understood, only clarity about what truly matters.

We chase external milestones, promotions, recognition, achievements, believing they will bring us closer to fulfilment, while overlooking the people and truths already within our reach.

Today, pause and ask whether what you're chasing is truly necessary, or whether what matters most is already present, closer than you think.

—DAIV



SANJAY
CHANDRA

2ND OPINION

We recently attended a few Ganesh Chaturthi celebrations at the homes of friends in our condominium complex. Tower lobbies were buzzing with people in their best ethnic wear, carrying offerings for Lord Ganesh. At one home, our host had invited a flautist friend, who rendered a few bhajans on his flute. These intimate gatherings also allowed guests to mingle. Such gatherings at home are, of course, nothing new. What made me think was something else. The larger community celebration itself appears to be changing. Increasingly, in our urban centres, it seems to be moving from the wider neighbourhood into gated residential complexes. I remember that the only large community celebration during my childhood was the Ram Leela, held on whichever was the biggest available ground in the neighbourhood. Much later, I witnessed the Durga Puja

pandals in the east, Ganesh Chaturthi celebrations in the west and Dussehra festivities in the south. Beyond their religious and cultural significance, they performed another function. Minor acquaintances, or even strangers, bumped into each other. Conversations began. Some developed into lifelong relationships. There were no gates defining who belonged to that community.

Urban living has changed since then. High-rise condominium complexes have created neighbourhoods of their own, comprising hundreds or thousands of families. Almost everything we need is available within the boundaries. Groceries and meals arrive at our doors. There are shops, clubs, gyms and play areas. We want entertainment within the complex and, increasingly, even religious places and festivities within walking distance of our homes.

Convenience is undoubtedly a part of this change. Security is another. After a tiring day, few of us want to travel across the city for something that can be found downstairs. But I sometimes wonder whether, without consciously intending it, we are also shrinking the boundaries of what we consider our community. The neighbourhood once extended beyond the people we knew. A festival took us into public spaces where we encountered people from different backgrounds and circumstances. Today, the gates of a condominium can quietly determine whom we meet, whom our children play with and, increasingly, whom we celebrate with.

Digital technology may be reinforcing this tendency in another way. Residential groups allow us to communicate

instantly and have made community management far easier. But they have also given everyone the ability to critique virtually every decision immediately. Resident welfare associations can consequently find themselves trying to accommodate every demand and appease every section, forgetting that this is rarely possible. The discussion then becomes increasingly about what should or should not happen inside our gates.

None of this means that condominium communities are undesirable. They provide companionship, security and a sense of familiarity that is valuable in increasingly impersonal cities. Nor is there anything wrong with celebrating festivals within them. The issue is whether these communities are becoming substitutes for the wider neighbourhood rather than a part of it. Perhaps the change is subtle enough for us not to notice. The neighbourhood becomes the condominium, the condominium becomes the tower, and gradually our social world begins to end at the gate.

I enjoyed those intimate Ganesh Chaturthi evenings immensely. Yet they left me with a question quite unrelated to the celebrations themselves. Are the gates around our homes also slowly becoming gates around our idea of community? And if everything we need – social, cultural, recreational and even religious – must increasingly come within those gates, are we developing an exclusivity without even recognising it?

The writer is a founder of Kala - Krazy About Literature And Arts, and is an author, speaker, coach, arbitrator and strategy consultant

LETTERS TO THE EDITOR

Bamboo can build a greener future

As we approach World Bamboo Day on September 18, it is time to recognise a remarkable plant that holds immense cultural and ecological value. Known variously as 'green gold' and 'poor man's timber', bamboo is an environmental powerhouse, with over 1,500 species capable of thriving across diverse climates.

Globally, bamboo is deeply woven into human traditions, symbolising uprightness in China, friendship in India, prosperity in Japan, and standing proudly as the national plant of St Lucia.

Economically, China leads global production, closely followed by India. Beyond traditional uses such as construction, paper and furniture, bamboo serves as food, medicine, musical instruments, martial arts equipment and even a medium for seawater desalination. More importantly, it is a vital ally in combating climate change. Bamboo absorbs carbon dioxide, improves soil health and prevents erosion.

To fully harness these benefits, institutions such as India's Forest Research Centre for Bamboo & Rattan (FRCBR), established in Aizawl, Mizoram, in 2004, are leading crucial research into sustainable cultivation. Promoting bamboo is not just an ecological choice; it is an economic necessity for a truly greener tomorrow.

M PRADYU | KANNUR

Celebrating service through action

Prime Minister Narendra Modi's birthday on September 17 has been accompanied by several programmes centred on public service and social welfare. Across the country, activities related to cleanliness, health, voluntary service and community participation are being organised. Such initiatives provide an opportunity to draw attention to issues that directly affect everyday life.

The observance also coincides with the nationwide Swachhata Hi Seva campaign, which seeks to encourage citizens to participate in cleanliness drives and improve public spaces. Special attention to sanitation workers is another important aspect of the programme. Clean surroundings require regular public participation and cannot be achieved through government efforts alone.

Service-oriented activities such as blood-donation drives and community programmes can encourage citizens, particularly young people, to contribute to society. Participation by students, voluntary organisations and local communities can also strengthen awareness of civic duties and social responsibility.

Their impact should extend beyond the celebrations. Sustained attention to cleanliness, public health and community service can give greater meaning to public service.

RUKMA SHARMA | JALANDHAR

Youth campaign takes aim at UP

"Uttar Pradesh, once known for its culture, struggle and unity, has today become identified with hatred and bulldozers," AISA president Neha Bora said in a speech in Lucknow on Wednesday, September 16, launching a fresh attack on the Yogi Adityanath government as her 'Gen Z Rising' campaign drew a large gathering of young people. Bora's remarks came at a programme at Gandhi Bhawan, where the sizeable gathering raised slogans in her support. Her campaign, which began at Allahabad University last month, has travelled through several districts and is now seeking to build wider youth mobilisation across the state.

Bora has emerged as one of the more visible young voices directly challenging the state government through the campaign. The campaign is also attempting to move beyond campus politics by taking up wider issues concerning young people, including education, employment and governance.

Its progress through different districts is aimed at creating a network that can sustain the mobilisation beyond individual programmes. The campaign's focus on youth participation reflects an effort to bring education, employment and governance into broader public discussion.

BHAGWAN THADANI | MUMBAI

PICTALK



Priests perform 'abhishhek' during the Maha Kumbabhishekam ceremony, of the renowned Sri Meenakshi Sundareswarar Temple, in Madurai

PHOTO: PTI

Delhi’s unsafe buildings: Disaster is round the corner

Delhi’s recurring building collapses expose gaps in enforcement, emergency access and disaster preparedness. The article argues for identifying high-risk structures, strengthening safety regulations, using technology for monitoring, and training local communities so that disasters can be prevented rather than managed afterwards



SATENDRA SINGH

A building has collapsed in Satya Niketan, there have been casualties, and rescue operations are on in full swing. But soon enough, as always happens in such situations, debris will be cleared and media attention will shift to something else. However, what needs to be asked is: "Does the risk apply only to the collapsing building, or does it also involve all the other buildings which still stand strong?"

In case another building were to collapse, or in case another fire or earthquake were to occur in this area, would Delhi’s emergency services machinery be able to respond in time to save those caught inside? This is precisely what went through my mind when I visited Satya Niketan after the last incident. What I saw was very disturbing indeed: densely populated buildings, narrow pathways which appear to be obstructed, and no open ground where fire engines, ambulances or any other emergency vehicle can rush to the spot. The tragedy, thus, may not just be one of a collapsed building but much more than that.

Building collapses, fires and other disasters of the kind have been happening too frequently in our national capital. From our analysis of several such disasters in the past that took place in the Delhi/NCR region, we know that the same story keeps repeating itself — the lack of authorisation in construction, alterations in the structure, extra floors, poor-quality materials, overcrowding, lack of fire safety measures and, most importantly, the failure of enforcement. While each such incident brings about shock, statements from politicians, investigations and promises, the truth is that the risk does not stay confined to the particular structure.

The issue is not that there are not enough rules in Delhi. There are the Unified Building Bye-Laws, the Fire Safety Regulations, the Planning Provisions and the Disaster Management Act. There are municipal corporations, development authorities, fire services and other organisations charged with responsibility for the respective urban security issues. However, the frequent emergencies demonstrate a critical lack of correlation between the written laws and their enforcement. It may happen that a construction begins without appropriate permission, a building is given extra floors, a residence is turned into a business place, or structural modifications are done without the necessary technical assessment. Sometimes, complaints have been filed and notices have been sent, but there is no effective reaction. The outcome is a dangerous situation in which the private gain from hazardous construction is achieved by a few individuals, while the threat itself is faced by residents, students, neighbours, firefighters and the whole community.

The problem is much more acute in crowded areas. A building may look sturdy under ordinary circumstances, but could become highly susceptible under the effect of fire, rain, an earthquake or any such sudden impact. Narrow alleys or crowded roads could exacerbate the situation. An emergency vehicle such as a fire engine, an ambulance or heavy machinery would not be able to access the building in time. If there are no available exits, or stairways are insufficient or crowded, then even a minor incident could cause a catastrophe. The crucial minutes at the beginning are those that could be lost because of a lack of proper planning and preparation.

This is precisely why Delhi needs to shift gears from the reactive mode to the preventive mode. Emergency operations are required but should not be the primary means to address the problem of unsafe buildings. It is impossible to fix an unsafe building by conducting a better rescue operation once people get stuck inside. What needs to be done is to pinpoint the potential risk areas prior to any accident. High-risk buildings and clusters of high-risk populations need to be identified and tested for structural soundness and fire safety standards. Defective buildings will need to be either fixed, strengthened, modified or even demolished. These assessments should not degenerate into just another paperwork exercise. There has to be accountability and timeliness attached to



SATYA NIKETAN IS NOT MERELY AN EXAMPLE OF YET ANOTHER COLLAPSE; IT IS ALSO A REMINDER OF THE TYPE OF URBAN GROWTH WE ARE SEEING IN DELHI. THE CITY CANNOT AFFORD TO ACCEPT HAZARDOUS BUILDINGS AS A PART AND PARCEL OF URBAN GROWTH. ECONOMIC GROWTH AND SAFETY ARE TWO ENTIRELY DIFFERENT CONCERNS; IN TRUTH, THERE CAN NEVER BE ANY ECONOMIC DEVELOPMENT WITHOUT STRUCTURAL AND FIRE SAFETY MEASURES

The writer is Former Executive Director, National Institute of Disaster Management, Government of India

them. These processes can become more streamlined with the use of technology. Plans and permissions granted for construction must be digitised and easily verifiable. Any construction that violates the approved plan must attract an immediate inspection. Where negligence can be proven, liability must extend beyond the owner of the property to include the approving agencies, among others. Enforcement cannot be selective or based on the level of media interest after an accident.

But there is one more aspect that cannot be neglected - the community. In every disaster situation, local residents become the first responders. Before the arrival of fire services, policemen, ambulances or any rescue team, local residents may be involved in rescuing people, giving first aid, informing the services about the situation and finding out who could still be trapped. Their reaction in the initial minutes of a disaster can determine whether people will survive. But the preparations of communities to respond to disaster situations in most vulnerable localities remain mostly informal and disorganised.

Thus, Delhi needs to build the capacities of community-based organisations, local residents, volunteers, market associations and other local networks in disaster-prone areas. They do not need much equipment in the beginning. What they require is some basic training in evacuation, first aid, dealing with fires, emergency communications, identification of vulnerable people and coordination with services such as policemen, firemen and health professionals. They should practise emergency drills in schools, markets, residential colonies and other crowded places. Volunteers should be aware of the emergency numbers, access roads and safe assembly points in their area. This is a relatively inexpensive but effective measure.

The government should not only focus on individual buildings but also consider neighbourhood risks. In cases where new high-density developments and activities need to take place, the local authorities should consider some very basic questions: Can emergency vehicles reach the building? Are there any safe means of evacuation? Can firefighters go up the floors in case of an emergency? Are the buildings strong enough to withstand the stress? What will happen if more than one building is affected in the event of an earthquake or fire?

Satya Niketan is not merely an example of yet another collapse; it is also a reminder of the type of urban growth we are seeing in Delhi. The city cannot afford to accept hazardous buildings as a part and parcel of urban growth. Economic growth and safety are two entirely different concerns; in truth, there can never be any economic development without structural and fire safety measures.

Disaster readiness is not about how quickly we manage to rescue people from a collapsed building; it is about preventing a disaster before the collapse. Satya Niketan should not end up being another entry on Delhi’s list of tragic stories. It should be a lesson that results in change. The next building should not collapse before we find out its dangerous condition.

India’s energy transition: Managing redistribution



JAY GANESH PANDEY

GOPAL K SARANGI

India’s energy transition discourse is often portrayed as a singular shift away from a fossil-centric energy regime towards a low-carbon energy system. In reality, it is a far more complex transformation, dynamically unfolding across resources, technologies, industries, markets and regulations. Coal is being gradually replaced (and often supplemented) by solar and wind; internal combustion engines are giving way to electric mobility; centralised electricity systems are evolving towards distributed,

decentralised energy systems; industries are adopting cleaner and more efficient production processes; and governance is shifting from state-led planning towards competitive markets, private finance and carbon-based investment mechanisms.

Policy instruments for renewable energy have also undergone a profound transformation, from historical incentive structures such as accelerated depreciation (AD) and generation-based incentives (GBI) to feed-in tariffs and, more recently, market-determined reverse auctions. However, these transition pathways are disruptive in nature, often dismantling existing fossil-based supply-chain architectures and forging new supply-chain linkages. For instance, India’s existing energy regime is slowly and systematically becoming disconnected from fossil-heavy energy pathways, shifting towards low-carbon options such as moving from coal to renewables, from traditional cooking fuels to modern cooking options, and from diesel-based irrigation facilities to solar PV-based irrigation systems. At the same time, new linkages are being established in many distinct ways, such as through the electrification of transport systems using electric vehicles (EVs), sourcing critical minerals for batteries, and forging new resource linkages for green hydrogen systems.

Each of these transition pathways, while generating new opportunities for economic growth and climate action, also disrupts socio-economic structures and functions by redistributing costs, risks and benefits across workers, communities, firms and regions. These effects appear in the form of both first-order and second-order impacts, often conceptualised as implementation risks and consequential risks.

Effects of the transition

The first-order effects of India’s energy transition are relatively visible, direct and immediate. They arise directly from changes in resources, technologies, policies and markets. When coal production declines, miners, contract workers, transporters, coal-bearing districts and state governments dependent on mining royalties face immediate socio-economic losses. Around 13 million workers are tied to the coal value chain in India and are expected to bear the brunt eventually. In the same vein, such a shift in resources from fuels to metals could generate stranded assets. Estimates suggest that close to 10 per cent of new coal units in India will remain unused by 2030. Conversely, renewable energy developers, equipment manufacturers, financial institutions, technology providers and regions endowed with high solar and wind potential become the primary beneficiaries of new investment flows. The more consequential risks often emerge as second-order effects that unfold over time. The loss of coal-based livelihoods can weaken local economies, reduce public revenues and trigger migration, potentially disturbing existing local economic structures. Meanwhile, renewable investments may generate jobs in different regions and require entirely different skill sets, potentially widening regional inequalities. Battery energy storage systems require adequate supplies of scarce critical minerals, which are largely imported by India. This could aggravate supply-security risks for a country like India. The production of green hydrogen is contingent upon a continuous supply of green energy, adequate supplies of pure water and other associated resources, which are again either inadequate or scarce. Competing demands for such resources could generate negative spillover effects for India if not managed well.



Managing the redistribution

As the energy transition is fundamentally a redistribution of economic value, policy must focus beyond carbon accounting towards distributional governance. The redistribution is not limited to income; it encompasses employment, investment, public revenues, assets, economic opportunities and transition risks. These are likely to shift across sectors, regions and communities. A robust institutional framework is therefore required to assess not only the aggregate impacts of the transition, but also their magnitude, distribution and incidence. Given that coal still accounts for around 70 per cent of India’s electricity generation, it is also important to mainstream distributional impact assessments into energy policymaking, ensuring that the economic winners and losers of major energy reforms are identified before implementation. Coal also makes significant contributions to the government’s exchequer. In 2024-25, coal mining generated around ₹1.10 lakh crore in royalties, DMF, NMET, GST, coal cess and other payments. A transition benefit-sharing framework needs to be developed that channels a part of clean-energy dividends into coal-dependent regions through investments in economic diversification, skills, social protection and local infrastructure.

Equally important is investing in people rather than just projects by supporting reskilling, local enterprises and regional supply chains so that transition benefits remain embedded within affected communities.

History reminds us that no great economic transformation has ever been neutral. When factories replaced farms during the Industrial Revolution, prosperity grew, but so did inequalities. When India liberalised its economy in 1991, new industries flourished, cities expanded and millions found opportunities, while others struggled to adapt to a rapidly changing marketplace. India’s clean-energy transition is writing the next chapter of that story. It promises cleaner air, energy security and new economic opportunities. Its success will ultimately be measured not only in gigawatts installed or tonnes of carbon avoided, but also by whether the prosperity it creates is as widely shared as the climate benefits it delivers.

Jay Ganesh Pandey is Research Associate, TERI and Gopal Krishna Sarangi is Associate Professor, Department of Policy and Management Studies, TERI School of Advanced Studies

BRICS Summit success reflects India’s rising global leadership



RAJESH KUMAR SINGH

The successful conclusion of the 18th BRICS Summit in New Delhi has once again demonstrated India’s growing influence in shaping the global conversation. More importantly, the summit reflected the vision, diplomatic maturity and decisive leadership of Prime Minister Narendra Modi, under whose guidance India has increasingly emerged as a confident and constructive voice on the world stage.

Held under the theme “Building for Resilience, Innovation, Cooperation and Sustainability”, the summit brought together leaders of the expanded BRICS grouping at a time when the world is facing geopolitical tensions, economic uncertainty, technological disruption and growing challenges to multilateral cooperation. The adoption of the New Delhi Declaration by consensus was one of the most significant outcomes of the summit and a strong endorsement of India’s leadership. The success becomes even more significant considering the diversity of the expanded BRICS grouping. Its members have different political systems, economic structures, strategic interests and regional priorities. Bringing such a diverse group together around a common agenda requires sustained dialogue, mutual respect and the ability

to build consensus. India demonstrated precisely these qualities during its chairship. Prime Minister Modi has consistently advocated a foreign policy based on dialogue, cooperation and strategic autonomy. This approach was clearly visible during the BRICS Summit. Rather than allowing differences among member countries to overshadow areas of common interest, India focused on practical cooperation in areas that directly affect the lives and livelihoods of people.

The scale of India’s BRICS chairship itself underlines the seriousness with which the country approached the responsibility. More than 400 meetings and engagements were held across 30 cities, involving ministers, parliamentarians, officials, experts, businesses and civil society representatives. The wide geographical spread of these engagements helped take BRICS beyond a leaders-only platform and brought different sections of society into the process.

A particularly important aspect of India’s leadership was its emphasis on the Global South. India has repeatedly argued that developing and emerging economies must have a stronger voice in institutions of global governance. The New Delhi Declaration reaffirmed the BRICS commitment to greater representation of emerging markets and developing countries in global decision-making structures. It also called for reforms in institutions such as the United Nations, the IMF, the World Bank and the WTO.

This is consistent with Prime Minister Modi’s



broader vision of India as a bridge between developed and developing nations. India’s own development experience gives it credibility when it speaks about digital inclusion, financial inclusion, technology, sustainable development and affordable solutions for developing societies.

Economic cooperation was a major pillar of the summit. Under India’s chairship, BRICS advanced work on the Economic Partnership Strategy 2030, resilient global value chains and greater economic cooperation. Discussions on cross-border payments and local currencies also continued.

India’s emphasis on innovation was equally significant. Technology and science are increasingly important to economic competitiveness and social development. The summit placed innovation, science and technology at the heart of BRICS cooperation, including emerging technologies and knowledge sharing.

The summit also focused on sustainable development, climate action, healthcare, urban development, women-led development and youth cooperation, highlighting BRICS as a platform for cooperation on issues directly affecting ordinary citizens. India’s chairship also highlighted the importance of people-to-people relations. Business, youth, women, academic, parliamentary and civil society forums formed an important part of the year-long engagement. Such initiatives can help BRICS evolve from an intergovernmental platform into a broader partnership among societies.

Prime Minister Modi’s leadership has been particularly important in maintaining India’s ability to engage simultaneously with countries that may have competing interests. India’s approach has been to keep channels of dialogue open, protect national interests and seek areas where cooperation is possible. This balanced diplomacy has enhanced India’s credibility as an independent and reliable partner.

The New Delhi Summit therefore represents more than the successful hosting of an international event. It is a reflection of India’s changing place in the world. The fact that BRICS leaders specifically commended India’s 2026 chairship and expressed gratitude to the Government and people of India for hosting the summit is an important recognition of the country’s stewardship.

The summit has also strengthened the idea that the Global South need not remain merely an observer in the making of the international

order. India has increasingly sought to ensure that developing nations have a meaningful voice in discussions on global finance, trade, technology, climate change, development and international security. For Prime Minister Modi, the successful BRICS Summit is another milestone in India’s continuing diplomatic journey. His emphasis on consensus, cooperation, innovation and inclusive development has helped India project itself as a country willing to shoulder greater responsibility in global affairs. The message from New Delhi is clear: India is no longer simply responding to changes in the international system; it is increasingly helping shape the conversation about its future.

The successful conclusion of the BRICS Summit, the unanimous adoption of the New Delhi Declaration, the extensive programme conducted during India’s chairship and the broad agenda covering economic growth, technology, sustainable development and Global South cooperation together make the summit a significant achievement. It is, above all, a testament to India’s growing diplomatic confidence and Prime Minister Narendra Modi’s leadership at a time when the world needs greater dialogue, cooperation and trust.

The New Delhi Summit has strengthened India’s position as a key voice of the Global South and as an important force in building a more balanced, inclusive and cooperative global order.

The writer is a political analyst

Warsh on the job

Global uncertainty and interest rates may remain elevated

The Federal Open Market Committee (FOMC) of the United States (US) Federal Reserve on Wednesday increased the target range for the federal-fund rate by a quarter of a percentage point to 3.75-4 per cent. Given that financial markets had priced in about a 90 per cent chance of a rate increase, the decision hardly surprised anyone. Although the FOMC's decision was unanimous, it can be seen as another step in establishing Fed Chairman Kevin Warsh's independence in leading the most important central bank in the world. Many had raised doubts a few months ago over his appointment, questioning whether he would follow President Donald Trump's line on interest rates. Mr Trump has long argued for lower interest rates. Although he did not really criticise the decision this time, his comments are unlikely to make life any easier for Mr Warsh. Mr Trump said he told Mr Warsh that he might vote with the board because it would not matter, and that the board was very hostile.

The case for a rate hike was building for quite some time. The outlook on inflation has worsened with increased uncertainties in West Asia and higher energy prices. In any case, the US inflation rate has been running above the 2 per cent target for over five years, and the Fed is expected to raise the policy interest rate further. It is worth noting that a Fed rate adjustment doesn't usually end with one increase. Interestingly, Mr Warsh said in the post-policy news conference that the Fed had removed a "dose of accommodation". However, he did not answer whether the rate was now close to "neutral" and noted that it was an academic matter. A neutral rate is the real interest rate that is neither accommodative nor restrictive. The Fed board members' economic projections, also released on Wednesday, showed that they expected another rate increase this year, and the inflation rate was expected to remain above target even next year. Although the US inflation problem predates the crisis in West Asia, future rate action will, to an extent, depend on what happens in the region. It is also worth noting that the Fed is not alone in this fight against inflation. Last week, the European Central Bank raised interest rates for the second time this year. The Bank of Japan (BoJ) is expected to follow on Friday. There is considerable pressure on the yen, and thus, the BoJ's decision will be keenly followed across the world.

An environment of increasing global interest rates tends to create macroeconomic management difficulties in emerging market economies that depend on foreign capital to supplement domestic savings. A higher cost of funds in advanced economies, particularly the US, affects capital flows and tightens global financial conditions. Even before the Fed action, market interest rates had moved considerably. The yield on the 10-year US government bond has increased by about a percentage point since the beginning of the West Asia crisis, and higher inflation is not the only factor driving it. Higher demand for funds by both the government and the private sector, particularly companies in artificial intelligence-related businesses, is pushing up yields. All this has put considerable pressure on the rupee. Faced with the prospect of another year of a deficit in the balance of payments, India mobilised funds under a concessional swap scheme. The response has been encouraging, but the Reserve Bank of India would do well to use this buffer judiciously. Global uncertainty and interest rates may remain elevated for some time. Inflation projections also demand monetary tightening in India, which could help improve the yield differential, though it may not be sufficient to attract adequate capital flows given the global circumstances.

Dorms to degrees

India needs a well-regulated student-housing market

The recent collapse of a building in Delhi's Satya Niketan, killing seven people, including students, has brought the question of student accommodation into focus. Organised housing for students remains small in India. An industry assessment estimated that professionally managed student accommodation serves less than 0.5 per cent of those enrolled, compared with 13-15 per cent in the United States (US) and 17-19 per cent in the United Kingdom (UK) in 2023-24. This points to a growing need for suitable housing as more students move away from home to education hubs such as Delhi. An industry study estimated 9.08 million migrant students nationally in 2018-19. It also found that 50 per cent of Delhi-National Capital Region's 745,000 higher-education students were from outside the region, suggesting demand for an additional 250,000 professionally managed beds. While these figures are dated, they underline the need for a more systematic assessment of student-housing demand.

The problem is not only the shortage of hostels. It reflects inadequate institutional capacity, pushing students towards expensive, overcrowded and unregulated private accommodation, raising safety concerns. Clearly, universities need to accept greater responsibility — conducting an annual housing-demand audit, recording the number of outstation students, hostel applications and rejections, and the number of students dependent on rented accommodation. Such data would help identify where shortages are most acute and enable institutions to plan capacity based on actual demand.

Thus, the supply response needs to begin with universities. The issue is particularly visible at Delhi University (DU), where recent reports suggest there are only about 7,000 hostel beds for roughly 250,000 students. The Delhi government's plan to build hostels for 10,000 students will be a useful addition, but it means little if sanctioned projects continue to face long delays. At DU, for instance, a hostel project had already been delayed by 31 months before construction began. Universities, therefore, need to fast-track sanctioned hostel projects and make more efficient use of underutilised institutional land. Where building hostels is financially or physically difficult, institutions could partner accredited private student-housing operators and maintain verified lists of safe off-campus accommodation. International practice provides useful examples. In Australia, providers of higher education have a formal duty of care for the accommodation they own, operate, manage or are affiliated with. In the UK, the 2025 Accommodation Code covers safety, security, sustainability, and student wellbeing.

The government, meanwhile, also needs to regulate the private market. The Delhi government's draft Paying Guest (PG) Accommodation Regulation and Safety Bill, 2026, which seeks to bring PG establishments within a regulatory framework, is, therefore, a step in the right direction. The draft Bill, according to reports, seeks to establish common standards for PGs, covering fire and structural safety, sanitation, caps on maximum occupancy and rent, along with a grievance redress mechanism. Registration should also be linked to periodic inspections to ensure continued compliance. Delhi's proposed GovPG portal, which envisages registration, occupancy and rent information, safety documents, and grievance mechanisms, could provide a useful model. Ultimately, student housing must become part of educational infrastructure. Better-quality data, institutional accountability, and credible regulation can make the expansion of higher education safe and inclusive.

The economics of a 'strong rupee'

Our currency policy is costly for people and generates small benefits for a subset



ILLUSTRATION: BINAY SINHA

Another column on the dollar-rupee! Isn't everything hunky-dory, after \$136 billion of inflows? Not really.

Perhaps there was more of a rationale for doing such things in the past. But things have changed. The Reserve Bank of India (RBI) has gone up the escalatory ladder from spot market intervention to intervention in the currency derivatives market to complex financial engineering. Opacity is going up, costs are going up, and the chances of a big mess are going up.

From September, 1, 2023 to December 16, 2024, macroeconomic policy operated as a closely managed dollar-rupee (USD/INR) exchange rate. This phase was not formally announced by the RBI, but the pattern is visible in the data. The USD/INR volatility dropped to near-zero levels. But running an exchange rate policy involves economic tradeoffs. No country can simultaneously maintain an open capital account, a managed exchange rate, and an independent monetary policy. When the currency is managed, the central bank loses control over domestic interest rates. Administrative choices on the currency thus affect the broader macroeconomic system and the pursuit of domestic objectives.

In a market economy, an exchange rate is a relative price. It links the purchasing power of two currencies across time and geography, reflecting the economic realities of both jurisdictions. Since 2015, India has operated under a legislatively mandated inflation-targeting framework with a target of 4 per cent. Advanced economies generally target an inflation rate of 2 per cent. A structural depreciation of the nominal exchange rate of roughly 2 per cent a year should then generally arise.

The RBI tried to resist the rupee's depreciation using spot market intervention. It then moved to using inter-

vention in the forward market. But this became too hard and the central bank moved to financial engineering and an operation involving Foreign Currency Non-Resident (Bank) deposits. This, along with two other smaller schemes, generated a capital inflow of a little over \$136 billion. We can separate this operation into its fiscal dimension and its macroeconomic consequences.

The first part of the operation involves a state subsidy. The capital flow of \$136 billion is brought in by providing currency hedging to commercial banks at no cost. A forward guarantee on the exchange rate creates a contingent liability for the state. If macroeconomic fundamentals guide the exchange rate to ₹110 per dollar in three years, the RBI will pay ₹15 per dollar. This is a cost of approximately ₹2 trillion.

The central bank will invest the incoming \$136 billion in foreign assets and earn a return. The gap between the interest earned abroad and the losses on the promised hedging makes a net outcome. A central bank does not have its own independent money; its balance sheet is a consolidated part of the government finances. Financial losses on the central bank balance sheet reduce the transfer of seigniorage income to the government. This functions as a quasi-fiscal cost. A subsidy is extended to foreign capital providers, which alters the fiscal position. Parliament does not vote on this expenditure, yet there are large but less visible fiscal implications.

The second part of the operation relates to domestic monetary stability. When \$136 billion flows into the Indian economy, it increases the local supply of dollars. This generates pressure on the rupee to appreciate. An appreciating currency alters the competitiveness of the tradable sector. It affects exporters and domestic producers who compete with imported



AARTHIKAM
CHINTANAM
K P KRISHNAN

What the Himalayas need

The Himalayas are often called the third pole, since after the Arctic and Antarctic, they hold the largest store of snow and ice on the planet. This pole is inhabited: Roughly 50 million people across 13 states and Union Territories live in the region and depend on its glaciers and rivers. When such a system is destabilised, the damage arrives immediately, as Nepal learned last month when a glacier collapse unleashed catastrophic flooding along the Trishuli Valley. India's ambition for Viksit Bharat rests, in no small part, on the stability of this third pole.

The Himalayan states and Union Territories produce roughly 4.5 per cent of India's gross domestic product, but that does not capture their importance. Recent work by Systemiq, in partnership with the Integrated Mountain Initiative, estimates that more than 20 per cent of national output depends on the Himalayan ecosystem. This estimate includes the wheat and rice of the Indo-Gangetic plain irrigated by Himalayan rivers, the tea estates of Assam and Bengal, hydropower in the Northeast, and the pilgrimage economies downstream.

India has several agencies to safeguard the Himalayas. The National Mission for Sustaining the Himalayan Ecosystem runs climate cells in the Himalayan states. The NITI Aayog set up a Himalayan State Regional Council. The National Disaster Management Authority has a glacial lake committee and the Central Water Commission now monitors 2,843 glacial lakes and water bodies. Each of these entities is responsible only for its own area. No institution tracks — or is accountable for — the resilience and prosperity of the Himalayan system as a whole.

The benefits of a new road, a hydropower project, or a tourism corridor are local and immediate. The risks they add to a slope or a river basin are delayed and shared downstream, often in another state. That is a

structural gap. Conservation, resilience, and growth across the Himalayan ecosystem must, therefore, be managed in an integrated manner, with the cost of unsafe choices visible to those who make them.

Conservation protects the glaciers, springs, forests, and watersheds on which water, food, and energy security downstream depend. Resilience anticipates risks that can no longer be avoided and reduces them through better intelligence, risk-based planning, and early action. Regenerative growth builds economic activity that works with the mountains, from high-value tourism to nature-positive infrastructure. Systemiq identifies 10 such transitions, from spring restoration to artificial intelligence-driven disaster intelligence, and estimates roughly ₹8 of adjusted return for every rupee invested.

The idea of an integrating institution has a long lineage. An expert group chaired by S Z Qasim recommended a Himalayan Development Authority and a dedicated Himalayan fund in 1993. In 2018, NITI Aayog called for a Himalayan Authority for coordinated development and set up the Regional Council in response. India has understood this need for three decades, but we have not yet built an institution with the incentives, information, and financial leverage to make integration real. An empowered Himalayan Development Authority (HDA) can be that institution: Accountable for the resilience of the whole system, with a professional secretariat, deep scientific capability, and predictable funding.

The HDA should have a dedicated multi-year funding channel, combining budgetary support, user charges, payments for ecosystem services, and dedicated levies. Its financing should be conditional on projects meeting common Himalayan risk standards. Land use, forests, water, and transport infrastructure sit across state, concurrent and Union jurisdictions, while



ARUSHI CHOPRA &
JAYANT SINHA

goods. To limit this appreciation, the central bank buys the incoming foreign exchange.

This ricochets into monetary policy. When the central bank purchases dollars, it injects rupee liquidity into the domestic financial system. An increase in liquidity pushes short-term interest rates down. The Indian economy currently faces inflationary pressures. These conditions normally require tight monetary policy. The exchange rate intervention, however, adds liquidity to the market, which influences interest rates. The objective of exchange rate management therefore directly conflicts with the primary mandate of the 4 per cent inflation target.

Such tricks have been done before. India Development Bonds 1991 raised an estimated 0.6 per cent of gross domestic product. Resurgent India Bonds of 1998 raised 1 per cent, and India Millennium Deposits 2000 raised 1.2 per cent of GDP. The 2013 FCNR(B) exercise raised 1.4 per cent of GDP. The 2026 FCNR(B) raised 3.5 per cent of GDP. The scale, the opacity, the complexity have gone up.

John Maynard Keynes suggested that economists could be "humble, competent people, on a level with dentists". The organising concept of central banking in successful economies is harmonious, predictable behaviour. The market should understand the reaction function of the authorities, as happens in a simple inflation-targeting system. The central bank ideally should never make headlines, it should quietly ensure macroeconomic stability.

The RBI has escalated through spot market to forward market trading to more fancy footwork of gifting currency protection to banks. We are struggling to artificially remove the local monetary impact of an artificial capital inflow. But would all this deliver the goods? It is doubtful. None of these tricks change anything about the state of the Indian economy. The economic forces of the world economy are large, as was pointed out in a recent column by Ajay Shah. The daily inflow and outflow across India's borders is \$11 billion. The global daily trading volume on the rupee is \$140 billion. Throwing just \$2 billion a day at the problem for 250 days will burn through \$500 billion.

We should instead take one step back and ask the foundational question: All this drama is in return for what? Recent research by Hande *et al.* (2026, <https://bit.ly/4dXP5d>) indicates that the natural annualised volatility of the USD/INR exchange rate, without intervention, is approximately 7.5 per cent a year. The apparatus of intervention generates a realised volatility of roughly 5 per cent a year. We suffer fiscal risk, distorted monetary policy, instability, and constraints on financial development, which impact the people through inferior economic growth. In return, we get a 2.5 percentage point reduction in currency volatility, which benefits a small set of business users.

The fiscal cost of FCNR(B) reflects the cost that policymakers force the Indian people to pay for delaying the perception problems that they will face when INR hits a century.

Time to revisit and reconsider the policy.

The writer is an honorary senior fellow at the Isaac Centre for Public Policy, and a former civil servant

parts of the Northeast have Constitutionally protected tribal institutions; the HDA would override none of them. Its value would come from common risk standards, capital allocation, and system-wide information.

The HDA must work across borders, because the Himalayan system does. Glaciers, rivers, and disaster risk flow between India, Nepal, and Bhutan, and the wider Hindu Kush Himalaya spans eight countries. Cooperation with Nepal and Bhutan is deepest, so joint action on water, glacial monitoring, and early warning should begin there, while scientific cooperation and data sharing with all eight countries should continue through the International Centre for Integrated Mountain Development, an intergovernmental organisation working on sustainable mountain development.

The government cannot protect the Himalayas by itself. Those who conserve a forest or a watershed in the hills are not paid for the water and flood protection they provide to the plains. We propose a Himalayan Catalyst, outside the government, to fix this: It would design payments for stewardship and blend public, philanthropic, and private capital behind them. On tourism, for instance, it could bring states, communities, operators, and investors together around a model that raises local jobs while directing more visitor revenue to the landscapes visitors come to see.

The Himalayas are one ecological system needing differentiated solutions: Ladakh, Uttarakhand, and Sikkim share a mountain system but have profoundly different ecologies, economies, and institutions. What they can share is an institution accountable for the whole. Governments, businesses, and philanthropy should build it now, before the next disaster makes the case. Viksit Bharat cannot be built on a foundation that is melting.

The writers are, respectively, senior director at Systemiq; and president, Everstone Group, and visiting professor in practice at the London School of Economics

Hard calculations on Tiktok's soft power



GUNJAN SINGH

In recent years, Tiktok has been the focus of geopolitical manoeuvring. During his second presidential term, US President Donald Trump pushed for a change in the ownership citing concerns over data and privacy because of Bytedance's ownership and its closeness to the Chinese Communist Party (CCP). In 2024, Washington had approved a law that banned the app unless the ownership moved out of Chinese control. The app faced restrictions between January 2025 and January

2026. The ban was lifted after the majority ownership (80.1 per cent) moved to American investors. Tiktok was one of the 59 Chinese apps to be banned by India as a response to Chinese aggression during the Galwan clashes in 2020, and remains proscribed even today.

Given this backdrop, Shaoyu Yuan's book *Reframing China: TikTok, Soft Power, and the Battle for Global Narratives* is an interesting read. The central argument rests on how Beijing exploits Tiktok's popularity to push its political and socio-cultural narratives. The book argues that, "... in order to implement its ideological strategy, China employs three primary channels: international organizations, education, and media, each serving a distinct purpose while contributing to the broader objective of redefining the global order".

In addition to Tiktok, the book also analyses Confucius Institutes and the

Chinese media's global presence. The author elaborates this with the help of the Power Transition Theory while arguing that, "China is utilizing Tiktok as a powerful instrument to challenge the United States' cultural and ideological dominance". One of the central themes of the book is to provide an insight into the role of soft power as an essential tool in today's geopolitical rivalry.

Though the book offers a detailed analysis of the way Tiktok works as an important soft power tool for Beijing, it gets stuck in the loop of its own preconceived conclusion. Another drawback is that the book is quite repetitive even though the author engages with a range of arguments and numerous examples. However, his conclusion and the analysis remain the same: Tiktok's primary task and goal is to engage in extending and propagating Chinese government's agenda and pro-China narrative build-

ing. He writes, "... Tiktok represents one of the most successful and efficient instruments China has ever deployed in its quest to reshape global perceptions."

This is not to say the author's methodology and research are weak, but the subjective bias is hard to ignore. In two detailed chapters, Yuan provides a nuanced comparison of the quality and type of videos related to China that are regularly uploaded on Tiktok, Youtube, and Google Trends. The topics chosen for this study are Xinjiang, Xi Jinping, and Hanfu. The major challenge with such an analysis is that Youtube and Google Trends are banned/blocked in mainland China. The author indicates that he employs content analysis and artificial intelligence-assisted sentiment analysis to study the popularity of videos and topics related to China, especially in the United States. He concludes that Tiktok tends to highlight videos with a pro-

China message, building a narrative of a benign, developed and culturally-rich nation.

The author does acknowledge that the reason Tiktok is a geopolitical and security issue is about the ownership and security of the user data. The idea of internet sovereignty, which is being pushed by Xi Jinping, links the ownership of the data to the state storing it. The author asserts that the Chinese state, "... effectively transforms the app into a subtle, yet strategic tool in its broader endeavour to challenge the existing power balance".

The author also discusses how Tiktok and its reach and influence among younger Americans can become a tool in the hands of the Chinese state to manipulate the elections, undermining one of the major tenets of a liberal democratic order. "The platform is able to easily facilitate the creation and propa-



Reframing China:
TikTok, Soft Power,
and the Battle for Global
Narratives
by Shaoyu Yuan
Published by Palgrave
Macmillan
103 pages ₹4,426

gation of succinct, easily digestible political messages that can gain significant traction rapidly, thereby molding public sentiment and potentially influencing electoral outcomes," he writes.

The author's arguments about Tiktok's security and soft power agendas are valid, and the author explores various policy recommendations to mitigate this challenge. The censorship employed by Beijing is real, both domestic and global. However, a genuine soft power culture is yet to develop in China. For China to enjoy the fruits of soft power, the party will need to give it space to thrive. A command and control outlook makes it easy for

the world to see through the CCP's agenda and counter it.

The reviewer is associate professor, OP Jindal Global University

The Tribune

ESTABLISHED IN 1881

Social security

EPFO widens its protective net

THE Union Cabinet’s decision to raise the mandatory EPFO wage ceiling from Rs 15,000 to Rs 25,000 is a structural shift in the labour welfare landscape. Marking the first revision since 2014, this correction bridges a 12-year gap shaped by relentless inflation and rising baseline wages. By expanding the net, the government is bringing over 51 lakh additional workers into the formal social security fold, a vital step for a nation navigating an expanding workforce with minimal universal safety nets.

From a long-term retirement perspective, the policy is highly beneficial. The parallel boost to the Employees’ Pension Scheme (EPS) cap guarantees a more dignified retirement corpus for lower- and middle-income groups. Furthermore, the massive influx of locked-in domestic savings offers a stable pool of capital for national infrastructure development. However, the policy is a double-edged sword that introduces immediate economic friction. In India’s dominant cost-to-company (CTC) ecosystem, higher employer matching contributions mean a reduction in immediate take-home pay for the newly included segment. At a time when everyday living costs are high, forcing workers to trade current liquidity for future security will pinch household budgets. Simultaneously, the shock will hit MSMEs and small businesses operating on thin margins. The sudden bump in compliance costs per employee could trigger entry-level hiring freezes or aggressive salary restructuring.

Ultimately, while the policy is a progressive leap towards a robust social safety net, its success hinges on execution. The EPFO must urgently upgrade its notoriously glitch-prone digital infrastructure to handle millions of new accounts. EPFO members routinely struggle with timely settlement of claims, transparent records, responsive grievance redress and accessible information. Otherwise, this well-intentioned pro-worker mandate risks choking in its own bureaucratic bottlenecks.

Disability pension

Veterans forced to fight avoidable battles

THE Supreme Court has dismissed 271 appeals filed by the Centre against disability pension orders that were issued in favour of ex-servicemen. The question arises: why are disabled ex-soldiers being compelled to fight prolonged legal battles? The cases concerned retired personnel whose disabilities had been classified by the Release Medical Board as “neither attributable to nor aggravated by military service”; subsequently, the Armed Forces Tribunal or High Courts granted them relief. The apex court’s intervention has clarified the legal position under the Entitlement Rules, while also questioning why litigation that the government had itself recommended be withdrawn continues to burden disabled veterans.

The Court’s reference to the 2015 Defence Ministry report is particularly significant. That report had noted that disabled soldiers were being denied benefits on hyper-technical grounds and had recommended the immediate withdrawal of such appeals. Yet, as the SC Bench observed, the recommendation was not faithfully implemented. The burden of establishing that a disability is neither attributable to nor aggravated by service continues to rest on the employer. At the same time, the SC has stressed that the medical board’s opinion deserves due weight and must be examined carefully rather than routinely overridden by judicial views.

What should now follow is administrative reform, not another cycle of litigation. The Court has rightly emphasised the need for rules governing pension benefits to be transparent and unambiguous. Such clarity is essential not merely for legal consistency but also for the confidence of serving and retired personnel. A soldier who leaves service with a disability should not have to spend years for an entitlement. The government must ensure that the 2015 recommendation does not remain another well-intentioned reform confined to official files. Respect for veterans is best demonstrated by a pension system that is consistent and fair.

ON THIS DAY...100 YEARS AGO

The Tribune.

LAHORE, SATURDAY, SEPTEMBER 18, 1926

Motilal Nehru explains

IF Pandit Motilal Nehru thought that the publication of the terms offered by him to Pandit Malaviya would improve his position, he was clearly mistaken. So far from improving his position, it undoubtedly makes it worse. That those terms went considerably beyond the Sabarmati Pact, even a child can see. What is his explanation of that simple fact? There is no attempt at explaining it in the long statement issued by him, except in one single sentence; and that sentence palpably fails to explain it. “It will be clear to the public,” he says, “that after the unfortunate differences which arose as to the true interpretation of the pact, the position I took with regard to the publication of the conditions of taking office was the only reasonable one.” If this means anything, it means that at the conversations that recently took place between the two leaders, Nehru’s sole anxiety was to have the conditions of accepting office reduced to writing and published/broadcast, so that there might be no room for subsequent misunderstanding, or prevarication, or backing out. Were this really the case, we for our part should go a long way with him in this matter. We do agree with Nehru that at least the main conditions contemplated in the pact should be both specified in the pact itself and made available to the public instead of being left to be specified by members of the party in the legislature concerned or even a Central Committee. Only a cursory glance at the statement, however, shows that he wanted a great deal more than this specification of the conditions of accepting office as contemplated in the pact.

OPINION

Power shift ails science agencies

This trend could lead to the hollowing out of expertise and talent in public-funded R&D bodies



DINESH C SHARMA
SCIENCE COMMENTATOR

A recent statement by Pawan Goenka, chairperson of IN-SPACe (Indian National Space Promotion and Authorisation Centre), about the future of India’s space programme caused a controversy. In an unprecedented move, associations of Indian Space Research Organisation (ISRO) scientists expressed their concerns. Though both Goenka and ISRO promptly clarified the statement and denied any plans for privatisation of the space agency, the episode points to critical policy gaps. It has deep implications not just for ISRO but for all scientific agencies and the overall direction of research and development (R&D) in India.

IN-SPACe is an anachronism created by the Central government without taking into confidence the scientific leadership and community, as is evident from the letter written by nine staff unions on September 4. IN-SPACe was set up about five years ago, but its role is still unclear and not backed by any statutory provisions. The government and ISRO leaders have repeatedly described it as “an enabler and a regulator”. While its enabling role as a single-window point for startups is obvious, calling it a regulator is misleading.

The government pushed private sector entry without a legally binding regulatory framework. Space activities involve a plethora of international obligations and regulations, ranging from allocation of orbital slots for satellites to liability and insurance in the case of accidents on Earth or in orbit. A proper regulatory system, therefore, is a must. ISRO first proposed a space law in 2015, and while deliberations were ongoing, the government announced a new space policy in



FACILITATOR : ISRO and its commercial arms have been interfacing with the private sector for decades. PTI

2023, forming IN-SPACe. The space Bill was finally ready in 2025, to provide for “a comprehensive legal framework for regulating private space activities”.

There are other issues with IN-SPACe. It is categorised as an autonomous centre working under the Department of Space (DoS), which is also the administrative ministry for ISRO. If IN-SPACe is to act as a regulator, there is an inherent conflict of interest here because the ISRO chairperson is also the DoS Secretary. Suppose IN-SPACe gets legal authority under the proposed space law to be a regulator, can it continue to be a facilitator and enabler too (as it does now)?

It is a cardinal principle that regulation and facilitation cannot go hand in hand. That’s why regulatory functions of the Department of Telecommunications (DoT) were taken away, and a statutory Telecom Regulatory Authority of India (TRAI) was formed when private players were allowed to operate in the 1990s.

While creating IN-SPACe, the government placed it on a par with ISRO in a way. It is headed by a chairperson, just like ISRO, while other autonomous bodies of DoS are helmed by directors. The result is two power centres,

The Department of Science & Technology, which was the nodal agency for scientific research, has lost its primacy with the setting up of the Anusandhan national foundation.

both headed by chairpersons, at least in public perception. The IN-SPACe chairperson’s statements relating to broader space policy and direction should be seen in this context. This anachronism was generated through hurried policy changes. Such changes undermined a time-tested multi-tiered policy-making framework that existed

since the inception of ISRO. At the top is the policymaking body, the Space Commission, then DoS as the administrative ministry and ISRO as the scientific and implementation agency.

If private sector facilitation is all that IN-SPACe is doing, then ISRO and its two commercial arms — Antrix Corporation and New Space India Limited — were better placed to do that with their cumulative experience of interfacing with the private sector, gained over the past four decades. Private sector engagement and technology transfer are functions that the three agencies have handled internally all along. This mandate could have been easily expanded to include organising private access to ISRO facilities. Even now, all that IN-SPACe is handling is the front-end of this facilitation; the execution is done by ISRO.

Other scientific agencies are witnessing a power shift similar to that seen in ISRO. The Department of Science and Technology (DST), which was the nodal agency for scientific research and funded projects through the Science and Engineering Research Board, has lost its primacy with the setting up of a new body, the Anusandhan National

Research Foundation (ANRF), whose Governing Council is chaired by the Prime Minister.

The ANRF has been given massive outlays — Rs 50,000 crore over five years for public-funded research and Rs 1 lakh crore over six years for the Research, Development and Innovation (RDI) Fund exclusively for the private sector. The DST will have a nominal role in deciding how this money is spent or in steering the course of R&D.

The Executive Council of the ANRF provides overall direction for the RDI scheme, with the DST merely being an implementation agency. The power to make changes in the scope or selection of sectors or type of projects lies with the Empowered Group of Secretaries chaired by the Cabinet Secretary. A generalist administrator would thus decide the course of R&D, sidelining the expertise of a scientific and technical agency (DST). In fact, the website of the RDI fund describes DST as an “Independent Business Unit of ANRF”. Its job is only to get the funds from the government and funnel them to the ANRF.

A similar move is underway to undermine the powers of the Indian Council of Medical Research (ICMR). Instead of medical scientists and public health specialists guiding health research, the national health research agenda will now be set by a centralised National Health Research Stewardship Committee headed by the Principal Scientific Adviser (PSA) and having bureaucrats as members. The Department of Health Research will act as the implementing agency, and the ICMR will be at the last tier as the in-charge of “scientific and technical execution.”

All these instances of a power shift are highly disturbing. They place decision-making powers in the hands of non-technical people, centralise decision-making and undermine the autonomy of scientific agencies. All this could eventually lead to the hollowing out of expertise and talent in public-funded R&D bodies. The ISRO scientists’ letter is a wake-up call for all such institutions.

THOUGHT FOR THE DAY

That government is best which governs least. — Henry David Thoreau

Much ado about my heartbeat

LJ SINGH

MOST of my company’s ships used to have a long stay in Calcutta for cargo loading, maintenance and repairs before sailing overseas. On one such ship, where I was the Chief Engineer, a routine medical check-up of the officers and crew was carried out a few days before departure.

The company-appointed medical officer became concerned when he sensed that my heart was skipping a beat. He asked me whether I had experienced it before. I told him that I had no idea as it was the doctor’s job, not mine, to monitor my heartbeat. He smiled at my reply, but still looked worried.

Although I apparently had no health problems, the doctor advised me to undergo a thorough medical examination at a hospital. On his recommendation, I signed off the ship and was admitted to a hospital for tests and observation. Meanwhile, the Second Engineer was asked to “hold the fort” until I was declared medically fit to sail. The ship was scheduled to leave shortly for a voyage to the US.

At the hospital, one test after another was conducted. To complicate matters further, my wife had been allowed — at my request — to accompany me on the upcoming trip. She was scheduled to travel from Amritsar by train. I called her up and asked her to cancel the reservation, as there was uncertainty over whether I would be declared fit before the ship set sail.

Another problem soon emerged: finding a Chief Engineer to replace me at short notice. Fortunately, the medical officer gave me some hope. Since nothing abnormal had been detected in the tests completed so far, he felt that I would likely be fit to rejoin the ship within a week.

Our Bombay head office was informed, and the ship’s departure was delayed. Some additional cargo was loaded for another port on the same route. Eventually, it was established that my heartbeat was simply weak, and I was declared fit to sail.

The Calcutta office then helped arrange for my wife to fly from Amritsar. When the ship finally left Calcutta and began transiting the Hooghly river towards the sandheads, where the river meets the sea, my wife wondered how a Chief Engineer’s “missing heartbeat” could delay an entire ship. The joke was repeated several times during the long voyage. In fact, she began checking my pulse every day, probably worrying less about my heartbeat and more about the possibility of the ship being sent back to its last port of call.

The writer is a retired Chief Engineer, Merchant Navy

LETTERS TO THE EDITOR

All India judicial services needed

Refer to ‘Collegium system plagued by nepotism’; judiciary’s independence revolves primarily around the tenure and emoluments enjoyed by judges. In the US, the appointment and removal of SC judges is subject to confirmation by the Senate. In Switzerland, judges are elected by the legislature. In Britain, judges hold office on the basis of good conduct. Executive arbitrariness and legislative imprudence are rarely heard of. Institutionalised judiciary tends to delay justice which is tantamount to denial of justice. Judges are no Red Queens of *Alice in Wonderland* series. An All India Judicial Services is a viable solution.

ANIL BHATIA, HISAR

Judicial appointment panel viable

There is a selection process for appointments in the lower judiciary. It’s the selection at higher levels, which is a cause of heartburn for many talented knowledgeable bearers of law. The system of hand-picking judges in the name of judicial independence is inherently flawed. Anyone, who is not within the arc light or has no networking at the top, does not stand a chance to reach the higher echelons of the system. Even the appointment of the CJI is not above suspicion. A well-defined transparent body like a judicial appointments commission can go a long way in ruling out inadequacies.

DEEPAK TAAK, PANCHKULA

Strengthen collegium system

Refer to the ‘Judicial Appointments’ Two Views segment; the debate on ensuring fair, merit-based appointments of judges and restructuring the apex court deserves prominence. An independent, efficient and accessible judiciary is essential not only for safeguarding the Constitution but also for ensuring a robust justice delivery system. Instead of getting rid of the collegium system, it must be strengthened by introducing greater transparency, wider consideration of merit and integrity and appropriate institutional safeguards against any perception of favouritism or nepotism.

SHUBHAM MAHAJAN, BILASPUR

No licence for profiteering

Refer to ‘Price shock’; a hospital charging patients Rs 325 for an intravenous infusion set purchased for just Rs 11 is shocking. This is not an isolated case; medicines are routinely sold at prices far exceeding their procurement costs. Even at Rs 11, the manufacturing company must be earning a profit. The enormous difference between purchase and selling prices is evidently perpetuated across the supply chain, while the helpless patient bears the brunt. The government must urgently intervene, rationalise medicine MRPs and ensure that the changes reasonably reflect in manufacturing costs, distribution expenses and legitimate margins. Healthcare must not become a licence for profiteering.

BS KAKKAR, JALANDHAR

Give party workers a chance

Apropos of ‘Cong must strengthen its grassroots organisation’; the party does not necessarily have to abandon the Gandhi family, but it must demonstrate that the family is no longer the gateway to political advancement. The real test is whether an ordinary party worker can rise from booth to block, district to Assembly, Parliament and eventually national leadership through merit, performance and public acceptance. Healthy competition, transparent advancement and a credible confidence of party workers should be considered.

COL SS CHAUHAN (RETD), ZIRAKPUR

Farm incentives help

Refer to ‘First soil-carbon payments reach 2,550 farmers’; this step is a practical shift from policy discussions to tangible farm-level incentives for sustainable farming. For years, Punjab and Haryana farmers have been criticised for stubble burning and groundwater depletion. The Grow Indigo programme, guided by ICAR, provides the motivation. By awarding Rs 2.9 crore to 2,500 farmers for adopting technologies like Direct Seeded Rice (DSR), reduced tillage and proper crop residue management shows that ecological services have economic value. This initiative will partly tackle Delhi-NCR’s winter pollution.

ASHOK AGGARWAL, KURUKSHETRA

Agnipath's rural Haryana fallout



MANISH KUMAR
PRINCIPAL INVESTIGATOR, DEPT OF
DEFENCE AND STRATEGIC STUDIES, MDU

WITH the introduction of the Agnipath scheme in June 2022, the armed forces replaced their regular recruitment models for the other ranks (ORs — sepoy and equivalent) with Agniveers (AGVs). The first batch is completing its four-year contract in December this year, with 25% being absorbed and the remaining 75% set to be released into civil life.

The way it has been implemented lacks validation through a pilot study and proper consideration of its socio-economic implications on military employment-dependent societies like Haryana. This leads to a decrease in financial security and a decline in the social prestige of military service in the state, which results in a decline in recruitment.

While analysing the recruitment of the past six years, a comparison of three years each pre-Agnipath launch (2017-20) and post-Agnipath (2022-25) was made. The publicly available data suggests that recruitment in Haryana was 11,941 and 6,153, respectively, suggesting a decline of 48.47%. Rural Haryana is considered a nursery for producing military personnel. As government data suggest, every seventh OR in the Army is from this state.

The financial constraints of the scheme are related to salary, allowances, service benefits, etc. that are significantly less attractive than those available to regular soldiers. A regular soldier is entitled to allowances such as military service pay, transportation allowance, dearness allowance, maintenance and hygiene allowance, rum and cigarette and house rental allowance.



ADVANTAGE : The state's villages are considered a nursery for producing military personnel. ANI

An AGV is paid Rs 2.69 lakh per annum less than a sepoy.

The AGVs are also not entitled to a pension (including disability pension). While an AGV is entitled to treatment in military hospitals during service, he is not entitled to disability pension and is not permitted to join the ECHS or get the canteen facility after release, unlike the lifetime entitlement enjoyed by regular soldiers. Importantly, the ECHS cover is extended to the AGV and not to his family, unlike regular soldiers.

Should an AGV be killed or injured, neither he nor his family is entitled to the ex gratia payments and benefits that a regular soldier or his family would receive. They are not given benefits entitled to martyrs. This is despite the Parliamentary Standing Committee on Defence in 2024 recommending that these benefits should be extended to AGVs and their dependents. There should be no discrimination in awarding benefits based on recruitment categories within the same organisation.

While aspiring candidates feel they are made to go through the same selection procedures as those before Agnipath was introduced, the output is significantly different.

Retention is also an issue. With the provision of only 25% retention, the affected ones have sought that it be increased to at least 60-75%, if not full absorption. Although the forces

The social impact can be witnessed in villages, where the fittest people are not opting for Agnipath due to uncertainty, lack of financial benefits, etc.

have proposed to increase the retention to 50% each in the Army and the Air Force and 75% in the Navy, there has been no change in the political stance on this issue.

Soldiering has long been a mark of social prestige in rural Haryana. Under Agnipath, this has changed:

the number of aspirants has declined, social respect for AGVs has diminished in villages.

The social impact can be witnessed in rural Haryana, where the fittest people are not opting for Agnipath due to uncertainty, lack of financial benefits, lower social respect, etc. Restrictions, such as the prohibition on marriage during the four-year tenure and the sanction of only 30 days of leave per year (compared with 90 days for regular soldiers), have further disturbed the AGVs as they are less available to their families.

Moreover, in their units and villages, they are perceived as low-grade contract soldiers, which undermines their social security. These factors leave AGVs and their families in a state of socio-economic uncertainty that is in need of urgent attention from stakeholders.

While looking for remedies, people concerned refer to this scheme as "exploitation of youth", "discouraging", "less candidates are interested to opt", "reduced recruitment", etc.

They gave recommendations that range from scrapping Agnipath and reverting to the old scheme, to major reforms, including raising retention to a minimum of 60-75%, improving salary and allowances, increasing leave entitlement, extending lifetime ECHS and CSD benefits, and ensuring the same ex gratia provisions for families in cases of death or injury as those of regular soldiers.

Glacial lakes and looming risks



AANCHAL SETH
PHD RESEARCHER, DEPT OF POL
SCIENCE, PANJAB UNIVERSITY

INDIA does not need to wait for a disaster like the one that hit Nepal on August 26 in Nepal to understand the warning. The Himalayas are being watched more closely than ever before. Satellites track expanding glacial lakes, scientists study changes in snow and ice, and governments work on early warning systems for floods and avalanches. Yet, at the same time, the same mountains are being opened up to tunnels, barrages, hydropower projects and river diversions.

On May 10, Union Home Minister Amit Shah directed that 60 lakes be included in a plan to develop early warning systems for 30 high-risk glacial lakes across J&K, Ladakh, Uttarakhand, Himachal Pradesh, Arunachal Pradesh and Sikkim. But warning people about danger is only one part of the question. We must also ask what is being built in the path of that danger.

ISRO examined 2,431 glacial lakes of more than 10 hectares across Himalayan river basins and found that 676 had expanded significantly. Of these, 601 had more than doubled in size. Ghepang Ghat, a glacial lake in Himachal Pradesh's Lahaul and Spiti district, grew from 36.49 hectares in 1989 to 101.30 hectares in 2022. It lies at about 4,068 metres in the Indus basin.

The location matters. Ghepang Ghat is not an isolated scientific site. Sissu lies about 11 km downstream and 1,000m below the lake. A National Remote Sensing Centre assessment has examined the possible consequences of a glacial lake outburst along this corridor. The question, therefore, is also who and what lies below it.

Lahaul Spiti is also a lived landscape. Its tribal communities depend on roads, agriculture, tourism, water and season-

al access through difficult terrain. When a bridge is washed away, or a road is cut off, the loss can interrupt access to markets, schools, hospitals and supplies.

The National Mission for Sustaining the Himalayan Ecosystem (NMSHE) was created to strengthen scientific understanding of the Himalayan environment and support responses to ecological change. Yet the Centre told Parliament in August 2025 that it has no separate allocation for the mission, even though Rs 111.63 crore has been sanctioned under NMSHE since July 2018. For Himachal Pradesh, the figures show sanctions of Rs 1.91 crore in 2018-19, Rs 0.80 crore in 2019-20, Rs 2.81 crore in 2020-21 and Rs 1.12 crore in 2021-22, followed by no recorded state-wise sanction in 2022-23, 2023-24 or 2024-25.

Monitoring cannot become an exercise that becomes urgent after every disaster and quiet in between.

These figures raise a serious policy question. Why should a state at the frontline of glacier change, landslides and extreme rainfall not have sustained support for understanding and protecting its mountain environment? Monitoring cannot become an exercise that becomes urgent after every disaster and quiet in between.

The contradiction becomes sharper at Koksar, in the same broad Lahaul-Spiti landscape. The proposed Chenab Beas Link Project envisages a 19 metre concrete barrage near Koksar on the Chandra river, at an altitude of about 3,140 metres. An 8.7-km tunnel through the Pir Panjal would divert water towards the upper Beas basin around Dhundi, Palchan or Solang near Manali. The proposed project cost is Rs 2,352 crore. The NHPC's tender documents cover the barrage, river diversion arrangements, power intake structures and the water diversion tunnel.

The juxtaposition is difficult to miss.

The lesson from Nepal is not that India needs fewer satellites or fewer warning systems. It needs both. But it also needs to ask what happens after the warning is received.

Original sin catching up with Gurugram 'monster' city



MG DEVASAHAYAM
EX-CHIEF ADMINISTRATOR,
HUDA

A DECADE ago, I had written in *The Tribune* a piece titled 'Millennium City: Minimal planning, maximum chaos'. It was written in the context of a traffic jam so long and so bad that it had earned Gurugram nee Gurgaon the epithet 'Gurujam'.

A full 10 years later, the picture seems to be getting worse as could be seen from the chaos created by the recent rains. Such chaos has become an annual feature. Roads turn into rivers, vehicles stall and commuters are forced to wade through water. The recurring problem has raised questions over the effectiveness of the city's drainage infrastructure.

The Gurugram Police and the District Disaster Management Authority had issued a work-from-home advisory for corporate offices and private establishments. The advisory reduced vehicle movement on flooded roads, allowing civic agencies to manage waterlogging and repair damaged infrastructure even as office attendance was disrupted and the business continuity affected.

The Industrial Development Colony (IDC) in Sector 16 was waterlogged, causing rainwater to enter factory floors and warehouses. Production had come to a near-complete halt across the belt, translating into significant financial losses for the area that houses roughly 250 industrial units and employs thousands of workers.

The horror extended to schoolchildren, who were trapped inside school buses for hours. Subhash Chowk emerged as one of the worst-affected stretches, with several school buses unable to move through the waterlogged roads. Parents who tried to reach the buses to escort their

children home had to wade through 3.5 feet of water for several hundred metres.

This is in a city hailed as an economic powerhouse. Gurugram is India's second-richest district, with a per capita GDP of roughly Rs 9 lakh. It contributes 20% of Haryana's GDP, 70% of its revenue and 65% of its income tax. More than 250 global and Indian Fortune 500 companies call it home. But a single spell of heavy rain — anything over 75 mm in an hour or two — is enough to bring the city to a standstill and chaos.

Gurugram's annual monsoon floods cost the city and its residents hundreds of crores of rupees in lost productivity, damaged vehicles, private emergency repairs and soaring transport surge pricing. Alongside, over Rs 1,400 crore have been spent by public authorities on drainage infrastructure over the past decade.

A recent research report from a group of engineers has this to say: "An empirical study of Gurugram in Haryana, India, has clearly revealed that urban floods

The conclusion on Gurgaon was simple — the area had no natural drainage and very poor water resources, thereby making it unfit for any major city development, particularly of the 'high-rise, high-density' type.

have become a common phenomenon each year.

Analysis of the topographical data reflects that no due diligence has been paid to the contours of the city and the

drainage network of the city is unpalatably planned and designed. It also highlights that no comprehensive evaluation of land use planning from flood risk point of view has been made."

Why is this happening? To understand this, we have to go back to the 1980s when DLF, possessing 3,000 acres of agricultural land in the sleepy village of Gurgaon, bought at very cheap rates, wanted to develop a 'private urban colony'.

As the then Haryana's Director, Town and Country Planning (DTCP)-cum-Chief Administrator, Haryana Urban Development Authority (HUDA), I studied the proposal. Since Gurgaon and Faridabad were hotspots for urbanisation, I had already made an assessment of these outlying towns of the capital, New Delhi.

The conclusion on Gurgaon was simple — the area had no natural drainage and very poor water resources, thereby making it unfit for any major city development, particularly of the 'high-rise, high-density' type.

In the event, the Haryana government had no intention of allowing private 'colonisation' since HUDA was capable of managing the 'low-rise-low-density' development in Gurgaon.

I had advised the Minister, Brig Ran Singh (ret'd), and Chief Minister Bhajan Lal accordingly and they had agreed. But then the political chemistry in Haryana changed, with Indira Gandhi returning to power in 1980. She took up the cause of DLF to make Gurgaon into a 'world-class super-city'. The pressure was so much that sometime in mid-1980, I was eased out of the job and posted as State Transport Controller.

Soon thereafter, in 1981, the first 'private' licence was given and the "DLF City" came up. In 1985, DLF started plotted development. Other realtors joined in and there was no stopping Gurgaon from 'developing' into a 'conclave of colonies' without integrated city/infrastructure planning, drainage system or water resource. This is the 'Original Sin'.

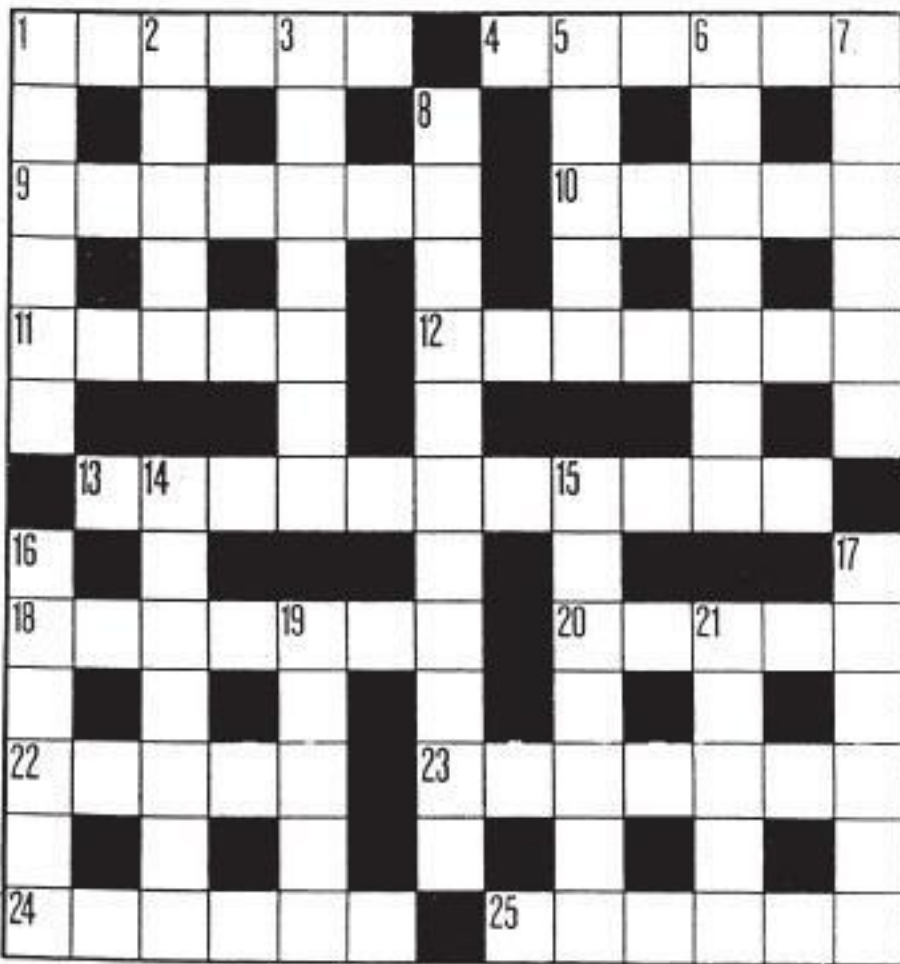
Coming to recent times, it is

worthwhile to note that the city is being governed by a 'triple engine sarkar', i.e. the BJP controlling the Central and state governments as well as the Municipal Corporation of Gurugram (MCG). It is said the MCG has spent more than Rs 550 crore on drainage in the last few years.

The Gurugram Metropolitan Development Authority is executing projects worth around Rs 119.31 crore for the master stormwater drainage system in Sectors 76 to 80. But stormwater drains, that at best absorb 20-25% of rainwater, cannot substitute for natural drainage, like in Chandigarh, where rainwater drains out fast. Hence, the heavy floods and chaos in the 'Millennium City'.

It looks as if the Original Sin is catching up. Added to this is the unsustainable way Gurugram has 'developed'. The 'monster city' with 2,000 high-rise buildings, 16 underpasses and 25 commercial centres is the antithesis of urban development. The 'Original Sin', coupled with real estate greed, could be the undoing of this Millennium showpiece.

QUICK CROSSWORD



ACROSS

- 1 Faded and worn (6)
- 4 Start shooting (4,2)
- 9 Sweet pepper (7)
- 10 Promontory (5)
- 11 Kingdom of Croesus (5)
- 12 Fresh start (3,4)
- 13 Supported from below (11)
- 18 Country of southern Africa (7)
- 20 A slacker (5)
- 22 Enjoyment in doing something (5)
- 23 Perform (7)
- 24 Take up (6)
- 25 Go around (6)

Yesterday's Solution

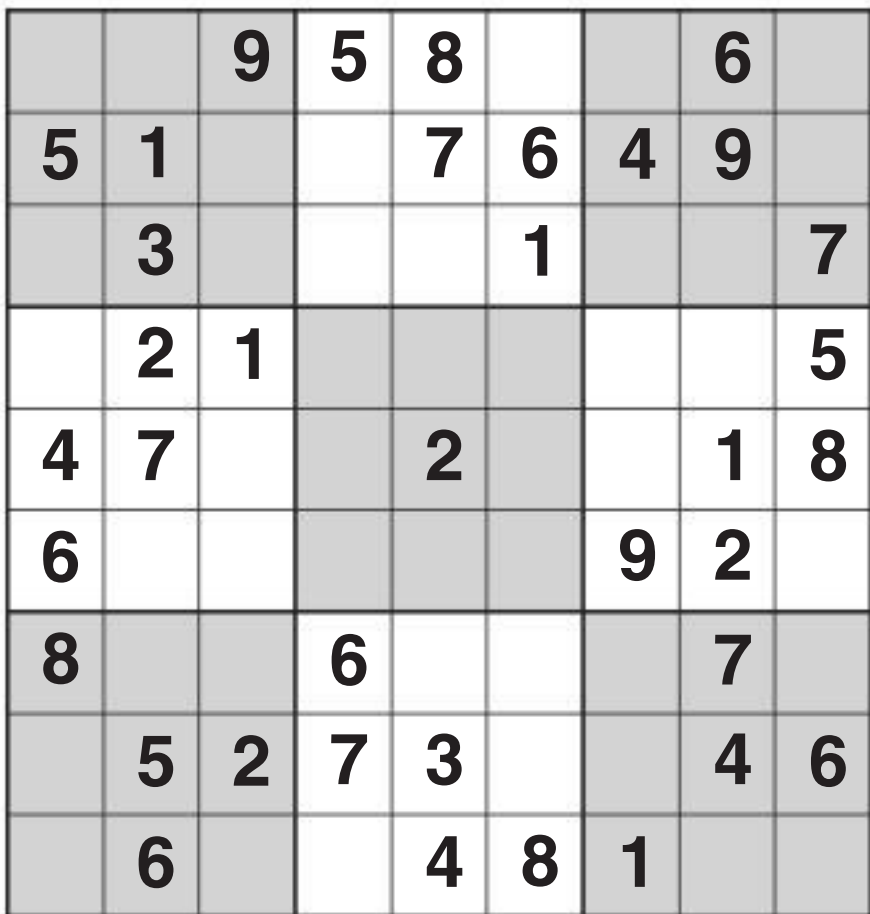
Across: 1 Blossom, 5 Ditto, 8 Sit on the fence, 9 Defer, 10 Unequal, 11 Fracas, 12 Scrimp, 15 Unmasks, 17 Niche, 19 Powerlessness, 20 Style, 21 Slacken.

Down: 1 Based, 2 Out of harm's way, 3 Sangria, 4 Mahout, 5 Defoe, 6 Tongue in cheek, 7 Overlap, 11 Faux pas, 13 Canasta, 14 Ushers, 16 Scree, 18 Essen.

DOWN

- 1 Lithe (6)
- 2 Intended (5)
- 3 Serfdom (7)
- 5 A tropical fruit (5)
- 6 Artlessness (7)
- 7 Defer (3,3)
- 8 On the way to success (5,6)
- 14 Rival who cannot be beaten (7)
- 15 Artlessness (7)
- 16 Mystery (6)
- 17 Cooked leaf vegetables (6)
- 19 To flower (5)
- 21 Group of monastic cells (5)

SU DO KU



V. EASY

YESTERDAY'S SOLUTION

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

CALENDAR

SEPTEMBER 18, 2026, FRIDAY

■ Shaka Samvat	1948
■ Bhadrabad Shaka	27
■ Ashwin Parvishite	2
■ Hijari	1448
■ Shukla Paksha Tithi 7, up to 1:02 pm	
■ Priti Yoga up to 1:35 pm	
■ Jyeshtha Nakshatra up to 10:45 pm	
■ Moon enters Sagittarius sign 10:45 pm	

FORECAST

SUNSET:	FRIDAY	18:24 HRS
SUNRISE:	SATURDAY	06:09 HRS
CITY	MAX	MIN
Chandigarh	35	22
New Delhi	34	24
Amritsar	30	22
Bathinda	35	20
Jalandhar	30	23
Ludhiana	33	21
Bhiwani	36	24
Hisar	34	23
Sirsa	34	22
Dharamsala	28	16
Manali	24	13
Shimla	23	14
Srinagar	24	13
Jammu	31	22
Kargil	28	11
Leh	24	10
Dehradun	29	21
Mussoorie	21	14

TEMPERATURE IN °C

Lifetime Free Newspapers Access

Editorials PDF

- English Editorials PDF with International Newspapers Editorials [35-40 pages]
- Hindi Editorials PDF
- Daily Vocabulary PDF

Magazine Channel

National & International
[General & Exam related]

International Newspapers

Newspapers around world.
Asian, European & American

Hindi Newspapers

- 1) दैनिक जागरण
- 2) जनसत्ता
- 3) हरिभूमि
- 4) हिंदुस्तान

Indian Newspapers Channel

1. The Indian Express

2. The Hindu

3. Business Line

4. Financial Express

5. Times of India

6. Hindustan Times

7. Economic Times

8. Live Mint

9. Business Standard





Editor's
TAKE

Modi at 76: From longevity to legacy

As the BJP begins a month-long celebration of Modi's 25 years in power, the milestone invites a larger reckoning: what has his tenure changed, and at what cost?

Narendra Modi turned 76 on September 17th, and the BJP has converted the date into a month-long liturgy. The Seva Sankalp Abhiyan, launched on the birthday and running to October 17, pairs blood donation camps and cleanliness drives with bike yatras linking Vadnagar, his birthplace, to Varanasi, his constituency. The arithmetic behind the campaign is real: on October 7, he completes 25 years as a head of government - Gandhinagar from 2001, New Delhi since 2014. An unbroken quarter-century in executive office is rare in any democracy. Rarer still is the scale on which one man has rewritten the terms of a nation's politics. The ledger has substantial entries. Bank accounts, cooking gas, toilets, piped water and houses reached households that had waited three generations for the state to notice them. Digital public infrastructure - Aadhaar, UPI, direct benefit transfer - turned welfare from patronage into plumbing, and is now studied from Lagos to Lima.

Highways, ports and airports were built at a pace the licence-permit republic could not imagine. Article 370, the Ram temple, Chandrayaan-3, the G20 presidency and Operation Sindoor supplied the emotional grammar of a self-assured India. The economy grew 7.8 per cent in April-June, the fastest of any major economy, through a tariff war that was supposed to break it. In May, the BJP took West Bengal and a third term in Assam.

However, there have been gaps as well. Growth has not translated into work: unemployment among graduates under 25 runs near 40 per cent, and a quarter of India's youth are neither studying, training nor employed. Parliament legislates with less debate than it did in 1952. Investigative agencies move with a partisanship the opposition calls persecution, and the Election Commission's roll revisions have drawn charges the ECI has failed to convincingly answer. Federalism has shrunk to an argument over transfers.

Polarisation has been an instrument rather than an accident, and minorities have been at the receiving end. Demonetisation remains the costliest experiment no one has been held accountable for. Then came June. A satirical outfit calling itself the Cockroach Janta Party turned an exam-leak scandal into the largest youth mobilisation in decades, and a government famous for never conceding, conceded - a minister resigned, demands were met, a task force was announced. It was the first genuine retreat since the farm laws. It exposed the single constituency that remains defiant: young Indians who have known no other prime minister and cannot find a job.

But then such challenges are part of the deal. What occupies him now? Viksit Bharat 2047 is the stated horizon. The nearer list is harder - closing the American trade agreement without surrendering agriculture; the 2027 census and the delimitation that follows, which risks setting a growing North against an already resentful South; and the succession he refuses to discuss, the seventy-five rule he once applied to Advani having quietly lapsed for himself. Longevity is not legacy. The question at 76 is whether the coming years are spent consolidating what he built, or making it survivable without him.

The NE borders need eyes in the sky

The Northeast's borders cannot always be secured with fences. Shifting rivers, porous terrain and difficult frontiers demand something more agile: space-based surveillance that can turn satellite data into timely, actionable and legally usable intelligence. Assam's experience shows why the next frontier of border security is not more fencing, but faster information



BHASKAR
JYOTI
MAHANTA

In a riverine char (sandbar) of the Dhubri sector, perhaps 400 families might live in one season, but by the next season, it could be completely obliterated. The Brahmaputra creates and destroys land at its own will. When the char disappears, the families move away, and with them, the border too changes. This is the actual functional reality of approximately 61 kilometres of Assam's border with Bangladesh, where electronic surveillance has to be adopted instead of fencing, because there is no hard soil there to erect a fence. You cannot put a fence in water. You can only monitor it.

I was reminded of this while chairing a recent discussion organised by SIA-India in Guwahati on 'Space Technology for National Security and Border Protection'. This panel included a former Army Commander of the Eastern Theatre, a senior telecom administrator and scientist, a national security expert, and representatives of two new Indian satellite-manufacturing enterprises - institutions that did not exist a decade ago.

Assam has approximately 263 kilometres of border with Bangladesh, a large portion of which is riverine. To our east, we have a 1,643-kilometre border with Myanmar, where governmental authority has largely collapsed, and the resulting drug economy fuels insurgency. To our north, we have a neighbouring country that refuses to recognise Arunachal Pradesh as Indian and has established 628 border villages near the Line of Actual Control (LAC), the majority of which are located opposite Arunachal. And this country plans to construct a dam on a river upon which 70 million Indian people depend.

Three borders, three distinct problems. Our difficulty is not a lack of military strength. Our primary problem is 'latency' - that is, the time gap between an event occurring on the ground and the right person becoming aware of it. This is where aerospace or space technology becomes necessary.

What would remain if space-based communications, navigation and imaging technologies were disrupted for 72 hours in the Eastern Theatre? If the adversary is using state-of-the-art satellite systems and we revert to older methods in an eventuality, the enemy won't even need to defeat us; rather, we ourselves would be handing them the initiative.

Satellite-derived information today is neither intelligence nor evidence for a police officer. In the sense an operational officer understands it, it is not intelligence, because intelligence must arrive in a timely manner and have someone



ASSAM HAS APPROXIMATELY 263 KILOMETRES OF BORDER WITH BANGLADESH, A LARGE PORTION OF WHICH IS RIVERINE. TO OUR EAST, WE HAVE A 1,643-KILOMETRE BORDER WITH MYANMAR, WHERE GOVERNMENTAL AUTHORITY HAS LARGELY COLLAPSED, AND THE RESULTING DRUG ECONOMY FUELS INSURGENCY

The writer is a former DGP of Assam

operational domain. The Indian Space Policy of 2023 and IN-SPaCe opened this sector to private-sector capabilities, and 52 satellite surveillance programmes are currently underway. A decade ago, none of this was clear. But for reaching the 'last mile', the robust management of institutional rules and procedures is essential. Two mishaps this year make this clear:

In January, due to a launch failure, a DRDO Earth observation system was lost.

Two months after entering orbit, a historic Indian private satellite (the world's first to combine radar and optical sensors) was destroyed due to a geomagnetic storm.

Self-reliance is not just the ability to build a satellite once; it is the ability to rapidly replace new satellites, coupled with indigenous launch speed, domestic hardware and procurement processes completed in 90 days instead of 90 weeks.

What should this region do?

The Northeastern states should issue a standing order by allocating budgets for all-weather radar coverage of rivers and flood-prone areas from Indian satellites. For this necessary platform for geo-stationary satellites/constellations must be put in place. Demand builds an industrial base, and at the state level, 'self-reliance' begins with a purchase order for satellite products.

Leverage Existing Infrastructure: Instead of building a new centre from scratch, work upon the existing mechanism. The North Eastern Space Applications Centre (NESAC), based in Umiam, is already serving these eight states; provide it with a border-and-disaster wing operated jointly by the state police, border security forces and disaster management teams.

Build a Geospatial Cadre: Develop our own analysts and commentators through a geospatial cadre trained in our own institutions, because sovereignty depends equally on people as it does on hardware. Enforce Sovereign Contracts: Incorporate sovereignty conditions into contracts; there should be no 'shutter control', no geographical restrictions, or any such conditions that give a foreign supplier the authority to dictate what and when we see.

The satellite surveillance system that exposes illegal infiltration or crossing can also reveal the condition of river embankments and the likelihood of breaches. The same imagery that serves border agencies in January can assist District Commissioners (DCs) in August. In a state where floods render more people homeless every year than any enemy attack could, this is not a minor facility to be mentioned in passing. The necessity of satellites in the Northeast should not only be proven in a 'war room'; it should also be considered an integral part of wartime preparations to be undertaken during the monsoon season.

Daiv Vani

WISDOM FOR A MEANINGFUL LIFE

The Boy Who Won by Staying Home

Once, Ganesha and his brother Kartikeya were challenged to a race around the world, with the prize going to whoever completed the circuit first. Kartikeya immediately set off on his peacock, eager to cover every continent and ocean.

Ganesha, instead, simply walked around his parents, Shiva and Parvati, seated together, and declared himself finished, explaining that they represented the entire universe to him, making a literal journey around the world unnecessary. His parents, moved by the depth of his understanding, declared him the winner.

We often equate achievement with distance covered, hours logged, or effort visibly displayed, mistaking motion for meaning. Ganesha's wisdom lay in recognizing that some truths do not require circling the globe to be understood, only clarity about what truly matters.

We chase external milestones, promotions, recognition, achievements, believing they will bring us closer to fulfilment, while overlooking the people and truths already within our reach.

Today, pause and ask whether what you're chasing is truly necessary, or whether what matters most is already present, closer than you think.

-DAIV

When community ends at the gate



SANJAY
CHANDRA

2ND OPINION

We recently attended a few Ganesh Chaturthi celebrations at the homes of friends in our condominium complex. Tower lobbies were buzzing with people in their best ethnic wear, carrying offerings for Lord Ganesh. At one home, our host had invited a flautist friend, who rendered a few bhajans on his flute. These intimate gatherings also allowed guests to mingle. Such gatherings at home are, of course, nothing new. What made me think was something else. The larger community celebration itself appears to be changing. Increasingly, in our urban centres, it seems to be moving from the wider neighbourhood into gated residential complexes. I remember that the only large community celebration during my childhood was the Ram Leela, held on whichever was the biggest available ground in the neighbourhood. Much later, I witnessed the Durga Puja

pandals in the east, Ganesh Chaturthi celebrations in the west and Dussehra festivities in the south. Beyond their religious and cultural significance, they performed another function. Minor acquaintances, or even strangers, bumped into each other. Conversations began. Some developed into lifelong relationships. There were no gates defining who belonged to that community.

Urban living has changed since then. High-rise condominium complexes have created neighbourhoods of their own, comprising hundreds or thousands of families. Almost everything we need is available within the boundaries. Groceries and meals arrive at our doors. There are shops, clubs, gyms and play areas. We want entertainment within the complex and, increasingly, even religious places and festivities within walking distance of our homes.

Convenience is undoubtedly a part of this change. Security is another. After a tiring day, few of us want to travel across the city for something that can be found downstairs. But I sometimes wonder whether, without consciously intending it, we are also shrinking the boundaries of what we consider our community. The neighbourhood once extended beyond the people we knew. A festival took us into public spaces where we encountered people from different backgrounds and circumstances. Today, the gates of a condominium can quietly determine whom we meet, whom our children play with and, increasingly, whom we celebrate with.

Digital technology may be reinforcing this tendency in another way. Residential groups allow us to communicate

instantly and have made community management far easier. But they have also given everyone the ability to critique virtually every decision immediately. Resident welfare associations can consequently find themselves trying to accommodate every demand and appease every section, forgetting that this is rarely possible. The discussion then becomes increasingly about what should or should not happen inside our gates.

None of this means that condominium communities are undesirable. They provide companionship, security and a sense of familiarity that is valuable in increasingly impersonal cities. Nor is there anything wrong with celebrating festivals within them. The issue is whether these communities are becoming substitutes for the wider neighbourhood rather than a part of it. Perhaps the change is subtle enough for us not to notice. The neighbourhood becomes the condominium, the condominium becomes the tower, and gradually our social world begins to end at the gate.

I enjoyed those intimate Ganesh Chaturthi evenings immensely. Yet they left me with a question quite unrelated to the celebrations themselves. Are the gates around our homes also slowly becoming gates around our idea of community? And if everything we need - social, cultural, recreational and even religious - must increasingly come within those gates, are we developing an exclusivity without even recognising it?

The writer is a founder of Kala - Crazy About Literature And Arts, and is an author, speaker, coach, arbitrator and strategy consultant

LETTERS TO THE EDITOR

Bamboo can build a greener future

As we approach World Bamboo Day on September 18, it is time to recognise a remarkable plant that holds immense cultural and ecological value. Known variously as 'green gold' and 'poor man's timber', bamboo is an environmental powerhouse, with over 1,500 species capable of thriving across diverse climates.

Globally, bamboo is deeply woven into human traditions, symbolising uprightness in China, friendship in India, prosperity in Japan, and standing proudly as the national plant of St Lucia.

Economically, China leads global production, closely followed by India. Beyond traditional uses such as construction, paper and furniture, bamboo serves as food, medicine, musical instruments, martial arts equipment and even a medium for seawater desalination. More importantly, it is a vital ally in combating climate change. Bamboo absorbs carbon dioxide, improves soil health and prevents erosion.

To fully harness these benefits, institutions such as India's Forest Research Centre for Bamboo & Rattan (FRCBR), established in Aizawl, Mizoram, in 2004, are leading crucial research into sustainable cultivation. Promoting bamboo is not just an ecological choice; it is an economic necessity for a truly greener tomorrow.

M PRADYU | KANNUR

Celebrating service through action

Prime Minister Narendra Modi's birthday on September 17 has been accompanied by several programmes centred on public service and social welfare. Across the country, activities related to cleanliness, health, voluntary service and community participation are being organised. Such initiatives provide an opportunity to draw attention to issues that directly affect everyday life.

The observance also coincides with the nationwide Swachhata Hi Seva campaign, which seeks to encourage citizens to participate in cleanliness drives and improve public spaces. Special attention to sanitation workers is another important aspect of the programme. Clean surroundings require regular public participation and cannot be achieved through government efforts alone.

Service-oriented activities such as blood-donation drives and community programmes can encourage citizens, particularly young people, to contribute to society. Participation by students, voluntary organisations and local communities can also strengthen awareness of civic duties and social responsibility.

Their impact should extend beyond the celebrations. Sustained attention to cleanliness, public health and community service can give greater meaning to public service.

RUKMA SHARMA | JALANDHAR

Youth campaign takes aim at UP

"Uttar Pradesh, once known for its culture, struggle and unity, has today become identified with hatred and bulldozers," AISA president Neha Bora said in a speech in Lucknow on Wednesday, September 16, launching a fresh attack on the Yogi Adityanath government as her 'Gen Z Rising' campaign drew a large gathering of young people. Bora's remarks came at a programme at Gandhi Bhawan, where the sizeable gathering raised slogans in her support. Her campaign, which began at Allahabad University last month, has travelled through several districts and is now seeking to build wider youth mobilisation across the state.

Bora has emerged as one of the more visible young voices directly challenging the state government through the campaign. The campaign is also attempting to move beyond campus politics by taking up wider issues concerning young people, including education, employment and governance.

Its progress through different districts is aimed at creating a network that can sustain the mobilisation beyond individual programmes. The campaign's focus on youth participation reflects an effort to bring education, employment and governance into broader public discussion.

BHAGWAN THADANI | MUMBAI



Priests perform 'abhishhek' during the Maha Kumbabhishekam ceremony, of the renowned Sri Meenakshi Sundareswarar Temple, in Madurai

PHOTO: PTI

Delhi’s unsafe buildings: Disaster is round the corner

Delhi’s recurring building collapses expose gaps in enforcement, emergency access and disaster preparedness. The article argues for identifying high-risk structures, strengthening safety regulations, using technology for monitoring, and training local communities so that disasters can be prevented rather than managed afterwards



SATENDRA SINGH

A building has collapsed in Satya Niketan, there have been casualties, and rescue operations are on in full swing. But soon enough, as always happens in such situations, debris will be cleared and media attention will shift to something else. However, what needs to be asked is: "Does the risk apply only to the collapsing building, or does it also involve all the other buildings which still stand strong?"

In case another building were to collapse, or in case another fire or earthquake were to occur in this area, would Delhi’s emergency services machinery be able to respond in time to save those caught inside? This is precisely what went through my mind when I visited Satya Niketan after the last incident. What I saw was very disturbing indeed: densely populated buildings, narrow pathways which appear to be obstructed, and no open ground where fire engines, ambulances or any other emergency vehicle can rush to the spot. The tragedy, thus, may not just be one of a collapsed building but much more than that.

Building collapses, fires and other disasters of the kind have been happening too frequently in our national capital. From our analysis of several such disasters in the past that took place in the Delhi/NCR region, we know that the same story keeps repeating itself — the lack of authorisation in construction, alterations in the structure, extra floors, poor-quality materials, overcrowding, lack of fire safety measures and, most importantly, the failure of enforcement. While each such incident brings about shock, statements from politicians, investigations and promises, the truth is that the risk does not stay confined to the particular structure.

The issue is not that there are not enough rules in Delhi. There are the Unified Building Bye-Laws, the Fire Safety Regulations, the Planning Provisions and the Disaster Management Act. There are municipal corporations, development authorities, fire services and other organisations charged with responsibility for the respective urban security issues. However, the frequent emergencies demonstrate a critical lack of correlation between the written laws and their enforcement. It may happen that a construction begins without appropriate permission, a building is given extra floors, a residence is turned into a business place, or structural modifications are done without the necessary technical assessment. Sometimes, complaints have been filed and notices have been sent, but there is no effective reaction. The outcome is a dangerous situation in which the private gain from hazardous construction is achieved by a few individuals, while the threat itself is faced by residents, students, neighbours, firefighters and the whole community.

The problem is much more acute in crowded areas. A building may look sturdy under ordinary circumstances, but could become highly susceptible under the effect of fire, rain, an earthquake or any such sudden impact. Narrow alleys or crowded roads could exacerbate the situation. An emergency vehicle such as a fire engine, an ambulance or heavy machinery would not be able to access the building in time. If there are no available exits, or stairways are insufficient or crowded, then even a minor incident could cause a catastrophe. The crucial minutes at the beginning are those that could be lost because of a lack of proper planning and preparation.

This is precisely why Delhi needs to shift gears from the reactive mode to the preventive mode. Emergency operations are required but should not be the primary means to address the problem of unsafe buildings. It is impossible to fix an unsafe building by conducting a better rescue operation once people get stuck inside. What needs to be done is to pinpoint the potential risk areas prior to any accident. High-risk buildings and clusters of high-risk populations need to be identified and tested for structural soundness and fire safety standards. Defective buildings will need to be either fixed, strengthened, modified or even demolished. These assessments should not degenerate into just another paperwork exercise. There has to be accountability and timeliness attached to



SATYA NIKETAN IS NOT MERELY AN EXAMPLE OF YET ANOTHER COLLAPSE; IT IS ALSO A REMINDER OF THE TYPE OF URBAN GROWTH WE ARE SEEING IN DELHI. THE CITY CANNOT AFFORD TO ACCEPT HAZARDOUS BUILDINGS AS A PART AND PARCEL OF URBAN GROWTH. ECONOMIC GROWTH AND SAFETY ARE TWO ENTIRELY DIFFERENT CONCERNS; IN TRUTH, THERE CAN NEVER BE ANY ECONOMIC DEVELOPMENT WITHOUT STRUCTURAL AND FIRE SAFETY MEASURES

The writer is Former Executive Director, National Institute of Disaster Management, Government of India

them. These processes can become more streamlined with the use of technology. Plans and permissions granted for construction must be digitised and easily verifiable. Any construction that violates the approved plan must attract an immediate inspection. Where negligence can be proven, liability must extend beyond the owner of the property to include the approving agencies, among others. Enforcement cannot be selective or based on the level of media interest after an accident.

But there is one more aspect that cannot be neglected - the community. In every disaster situation, local residents become the first responders. Before the arrival of fire services, policemen, ambulances or any rescue team, local residents may be involved in rescuing people, giving first aid, informing the services about the situation and finding out who could still be trapped. Their reaction in the initial minutes of a disaster can determine whether people will survive. But the preparations of communities to respond to disaster situations in most vulnerable localities remain mostly informal and disorganised.

Thus, Delhi needs to build the capacities of community-based organisations, local residents, volunteers, market associations and other local networks in disaster-prone areas. They do not need much equipment in the beginning. What they require is some basic training in evacuation, first aid, dealing with fires, emergency communications, identification of vulnerable people and coordination with services such as policemen, firemen and health professionals. They should practise emergency drills in schools, markets, residential colonies and other crowded places. Volunteers should be aware of the emergency numbers, access roads and safe assembly points in their area. This is a relatively inexpensive but effective measure.

The government should not only focus on individual buildings but also consider neighbourhood risks. In cases where new high-density developments and activities need to take place, the local authorities should consider some very basic questions: Can emergency vehicles reach the building? Are there any safe means of evacuation? Can firefighters go up the floors in case of an emergency? Are the buildings strong enough to withstand the stress? What will happen if more than one building is affected in the event of an earthquake or fire?

Satya Niketan is not merely an example of yet another collapse; it is also a reminder of the type of urban growth we are seeing in Delhi. The city cannot afford to accept hazardous buildings as a part and parcel of urban growth. Economic growth and safety are two entirely different concerns; in truth, there can never be any economic development without structural and fire safety measures.

Disaster readiness is not about how quickly we manage to rescue people from a collapsed building; it is about preventing a disaster before the collapse. Satya Niketan should not end up being another entry on Delhi’s list of tragic stories. It should be a lesson that results in change. The next building should not collapse before we find out its dangerous condition.

India’s energy transition: Managing redistribution



JAY GANESH PANDEY

GOPAL K SARANGI

India’s energy transition discourse is often portrayed as a singular shift away from a fossil-centric energy regime towards a low-carbon energy system. In reality, it is a far more complex transformation, dynamically unfolding across resources, technologies, industries, markets and regulations. Coal is being gradually replaced (and often supplemented) by solar and wind; internal combustion engines are giving way to electric mobility; centralised electricity systems are evolving towards distributed,

decentralised energy systems; industries are adopting cleaner and more efficient production processes; and governance is shifting from state-led planning towards competitive markets, private finance and carbon-based investment mechanisms.

Policy instruments for renewable energy have also undergone a profound transformation, from historical incentive structures such as accelerated depreciation (AD) and generation-based incentives (GBI) to feed-in tariffs and, more recently, market-determined reverse auctions. However, these transition pathways are disruptive in nature, often dismantling existing fossil-based supply-chain architectures and forging new supply-chain linkages. For instance, India’s existing energy regime is slowly and systematically becoming disconnected from fossil-heavy energy pathways, shifting towards low-carbon options such as moving from coal to renewables, from traditional cooking fuels to modern cooking options, and from diesel-based irrigation facilities to solar PV-based irrigation systems. At the same time, new linkages are being established in many distinct ways, such as through the electrification of transport systems using electric vehicles (EVs), sourcing critical minerals for batteries, and forging new resource linkages for green hydrogen systems.

Each of these transition pathways, while generating new opportunities for economic growth and climate action, also disrupts socio-economic structures and functions by redistributing costs, risks and benefits across workers, communities, firms and regions. These effects appear in the form of both first-order and second-order impacts, often conceptualised as implementation risks and consequential risks.

Effects of the transition

The first-order effects of India’s energy transition are relatively visible, direct and immediate. They arise directly from changes in resources, technologies, policies and markets. When coal production declines, miners, contract workers, transporters, coal-bearing districts and state governments dependent on mining royalties face immediate socio-economic losses. Around 13 million workers are tied to the coal value chain in India and are expected to bear the brunt eventually. In the same vein, such a shift in resources from fuels to metals could generate stranded assets. Estimates suggest that close to 10 per cent of new coal units in India will remain unused by 2030. Conversely, renewable energy developers, equipment manufacturers, financial institutions, technology providers and regions endowed with high solar and wind potential become the primary beneficiaries of new investment flows. The more consequential risks often emerge as second-order effects that unfold over time. The loss of coal-based livelihoods can weaken local economies, reduce public revenues and trigger migration, potentially disturbing existing local economic structures. Meanwhile, renewable investments may generate jobs in different regions and require entirely different skill sets, potentially widening regional inequalities. Battery energy storage systems require adequate supplies of scarce critical minerals, which are largely imported by India. This could aggravate supply-security risks for a country like India. The production of green hydrogen is contingent upon a continuous supply of green energy, adequate supplies of pure water and other associated resources, which are again either inadequate or scarce. Competing demands for such resources could generate negative spillover effects for India if not managed well.



Managing the redistribution

As the energy transition is fundamentally a redistribution of economic value, policy must focus beyond carbon accounting towards distributional governance. The redistribution is not limited to income; it encompasses employment, investment, public revenues, assets, economic opportunities and transition risks. These are likely to shift across sectors, regions and communities. A robust institutional framework is therefore required to assess not only the aggregate impacts of the transition, but also their magnitude, distribution and incidence. Given that coal still accounts for around 70 per cent of India’s electricity generation, it is also important to mainstream distributional impact assessments into energy policymaking, ensuring that the economic winners and losers of major energy reforms are identified before implementation. Coal also makes significant contributions to the government’s exchequer. In 2024-25, coal mining generated around ₹1.10 lakh crore in royalties, DMF, NMET, GST, coal cess and other payments. A transition benefit-sharing framework needs to be developed that channels a part of clean-energy dividends into coal-dependent regions through investments in economic diversification, skills, social protection and local infrastructure.

Equally important is investing in people rather than just projects by supporting reskilling, local enterprises and regional supply chains so that transition benefits remain embedded within affected communities.

History reminds us that no great economic transformation has ever been neutral. When factories replaced farms during the Industrial Revolution, prosperity grew, but so did inequalities. When India liberalised its economy in 1991, new industries flourished, cities expanded and millions found opportunities, while others struggled to adapt to a rapidly changing marketplace. India’s clean-energy transition is writing the next chapter of that story. It promises cleaner air, energy security and new economic opportunities. Its success will ultimately be measured not only in gigawatts installed or tonnes of carbon avoided, but also by whether the prosperity it creates is as widely shared as the climate benefits it delivers.

Jay Ganesh Pandey is Research Associate, TERI and Gopal Krishna Sarangi is Associate Professor, Department of Policy and Management Studies, TERI School of Advanced Studies

BRICS Summit success reflects India’s rising global leadership



RAJESH KUMAR SINGH

The successful conclusion of the 18th BRICS Summit in New Delhi has once again demonstrated India’s growing influence in shaping the global conversation. More importantly, the summit reflected the vision, diplomatic maturity and decisive leadership of Prime Minister Narendra Modi, under whose guidance India has increasingly emerged as a confident and constructive voice on the world stage.

Held under the theme “Building for Resilience, Innovation, Cooperation and Sustainability”, the summit brought together leaders of the expanded BRICS grouping at a time when the world is facing geopolitical tensions, economic uncertainty, technological disruption and growing challenges to multilateral cooperation. The adoption of the New Delhi Declaration by consensus was one of the most significant outcomes of the summit and a strong endorsement of India’s leadership. The success becomes even more significant considering the diversity of the expanded BRICS grouping. Its members have different political systems, economic structures, strategic interests and regional priorities. Bringing such a diverse group together around a common agenda requires sustained dialogue, mutual respect and the ability

to build consensus. India demonstrated precisely these qualities during its chairship. Prime Minister Modi has consistently advocated a foreign policy based on dialogue, cooperation and strategic autonomy. This approach was clearly visible during the BRICS Summit. Rather than allowing differences among member countries to overshadow areas of common interest, India focused on practical cooperation in areas that directly affect the lives and livelihoods of people.

The scale of India’s BRICS chairship itself underlines the seriousness with which the country approached the responsibility. More than 400 meetings and engagements were held across 30 cities, involving ministers, parliamentarians, officials, experts, businesses and civil society representatives. The wide geographical spread of these engagements helped take BRICS beyond a leaders-only platform and brought different sections of society into the process.

A particularly important aspect of India’s leadership was its emphasis on the Global South. India has repeatedly argued that developing and emerging economies must have a stronger voice in institutions of global governance. The New Delhi Declaration reaffirmed the BRICS commitment to greater representation of emerging markets and developing countries in global decision-making structures. It also called for reforms in institutions such as the United Nations, the IMF, the World Bank and the WTO.

This is consistent with Prime Minister Modi’s



broader vision of India as a bridge between developed and developing nations. India’s own development experience gives it credibility when it speaks about digital inclusion, financial inclusion, technology, sustainable development and affordable solutions for developing societies.

Economic cooperation was a major pillar of the summit. Under India’s chairship, BRICS advanced work on the Economic Partnership Strategy 2030, resilient global value chains and greater economic cooperation. Discussions on cross-border payments and local currencies also continued.

India’s emphasis on innovation was equally significant. Technology and science are increasingly important to economic competitiveness and social development. The summit placed innovation, science and technology at the heart of BRICS cooperation, including emerging technologies and knowledge sharing.

The summit also focused on sustainable development, climate action, healthcare, urban development, women-led development and youth cooperation, highlighting BRICS as a platform for cooperation on issues directly affecting ordinary citizens. India’s chairship also highlighted the importance of people-to-people relations. Business, youth, women, academic, parliamentary and civil society forums formed an important part of the year-long engagement. Such initiatives can help BRICS evolve from an intergovernmental platform into a broader partnership among societies.

Prime Minister Modi’s leadership has been particularly important in maintaining India’s ability to engage simultaneously with countries that may have competing interests. India’s approach has been to keep channels of dialogue open, protect national interests and seek areas where cooperation is possible. This balanced diplomacy has enhanced India’s credibility as an independent and reliable partner.

The New Delhi Summit therefore represents more than the successful hosting of an international event. It is a reflection of India’s changing place in the world. The fact that BRICS leaders specifically commended India’s 2026 chairship and expressed gratitude to the Government and people of India for hosting the summit is an important recognition of the country’s stewardship.

The summit has also strengthened the idea that the Global South need not remain merely an observer in the making of the international

order. India has increasingly sought to ensure that developing nations have a meaningful voice in discussions on global finance, trade, technology, climate change, development and international security. For Prime Minister Modi, the successful BRICS Summit is another milestone in India’s continuing diplomatic journey. His emphasis on consensus, cooperation, innovation and inclusive development has helped India project itself as a country willing to shoulder greater responsibility in global affairs. The message from New Delhi is clear: India is no longer simply responding to changes in the international system; it is increasingly helping shape the conversation about its future.

The successful conclusion of the BRICS Summit, the unanimous adoption of the New Delhi Declaration, the extensive programme conducted during India’s chairship and the broad agenda covering economic growth, technology, sustainable development and Global South cooperation together make the summit a significant achievement. It is, above all, a testament to India’s growing diplomatic confidence and Prime Minister Narendra Modi’s leadership at a time when the world needs greater dialogue, cooperation and trust.

The New Delhi Summit has strengthened India’s position as a key voice of the Global South and as an important force in building a more balanced, inclusive and cooperative global order.

The writer is a political analyst

INTERNATIONAL EDITORIALS



OPINION

The Zero-Risk Society Has Arrived



UNRULY REPUBLIC
By *Barton Swaim*

Evidence abounds that most college-educated Americans have lost the ability to assess risk. An exaggeration, maybe, but that thought has haunted me since the pandemic years of 2020-21, when otherwise sane people embraced draconian interventions of minimal benefit while showing no interest in costs. The very few advocates of shutdowns and school closings willing to acknowledge those policies as misjudgments mostly excuse themselves by noting how little we knew of the virus in its early days. Well, sure—although some of us knew folly when we saw it. Anyway, the maniacal demand for a clinically neat solution to the pandemic, and the concomitant failure to acknowledge cost-benefit trade-offs, suggests a cultural pathology predating Covid-era safetyism. In fact, its roots go back nearly a century, as Manhattan Institute economist Allison Schrager makes clear in “Worth the Risk,” to be published next week by Yale. America’s global economic dominance, achieved in the 1950s and enduring still, is largely thanks to the young country’s risk-welcoming ethos. The few provisions that shielded economic actors from ruin in the 19th century—bankruptcy protections, limited-liability laws—didn’t deter risk-taking but encouraged it. Then came the New Deal’s

dramatic expansion of the welfare state. Social Security, unemployment insurance and an assortment of jobs programs aimed to make economic life less risky and more predictable. Three decades later, beginning with the Great Society and its attendant War on Poverty—Medicare, Medicaid, expanded food stamps, school lunch programs, housing vouchers—the federal government tried to abolish risk for the working class: the class, that is, from which the country’s boldest entrepreneurial risk-takers had always sprung. The trend continued when consumer-protection and product-liability laws made America a more litigious society and forced companies and public institutions to think constantly about safety and risk-avoidance. After the 2008-09 financial crisis and the shutdowns of 2020-21, wealthy democracies all over the world, including the U.S., expanded their role as citizens’ primary insurer. “Regulatory policy changed to restrain banks from lending and taking on risk, and industrial policy, tariffs, and reshoring efforts were billed as ‘de-risking the economy,’” Ms. Schrager writes. Rather than insuring against a specific risk that went badly in the past, “the government started heading off opportunities for risk altogether, explicitly forfeiting growth in exchange for safety.” The aversion to risk pervading American life in the 2020s creates problems of its own. At the top, the Federal Reserve has long assigned itself the task of navigating the economy

away from busts. But recessions rid economies of the inefficiencies and excesses that stop them from achieving robust growth postrecovery. At the bottom, few public playgrounds these days feature seesaws or monkey bars. Ms. Schrager debunks several myths that she says keep Americans of all ages and stations from taking healthy chances. Among those myths:

The U.S. achieved dominance by taking big chances. Where has that ethos gone?

the belief on the progressive left and populist right that U.S. workers face more economic risk than they did two or three generations ago. The odds of being laid off, for example, haven’t changed appreciably since the 1950s. Or this: “Conventional wisdom says that Millennials don’t have the cash to buy a home because, unlike their parents’ generation, they have too much student loan debt. But there is actually a positive correlation with student debt and homeownership, since people with more student debt tend to earn more.” And bear in mind, Ms. Schrager says, the reason millennials carry that debt in the first place: because politicians starting in the ’80s presented college as a risk-free road to financial security. Federal and state governments made loans easy, borrowers felt less price sensitivity and colleges re-

sponded rationally by bumping up tuition. “When college is touted as a ticket to a certain lifestyle,” she writes, “it seems smart to agree to almost any price tag and any amount of debt.” Read U.S. politics through the lens of Ms. Schrager’s book and some things make more sense. The terrorized response to the pandemic six years ago has normalized alarm, with the consequence that U.S. politics now goes from one moral panic to another. Yesterday, the Omicron variant; today, data centers and the AI apocalypse. I don’t pretend to know the motivations of Anthropic’s Dario Amodei and other tech titans who last weekend announced their view that the development of artificial intelligence requires government oversight to avert global catastrophe. Probably they reason that panic always leads to regulation and want to appear reasonable and well-intentioned to their eventual regulators. But I’m not sure they counted on some politicians’ talent for stoking and capitalizing on irrational fear. A poll published Wednesday by Politico finds that 46% of Americans think there’s a moderate or significant risk that “AI will destroy humanity.” Another 17% think it’s all but certain. This is, to use a technical term, bananas. In technological innovation as in financial markets—and in everyday life—excessive fear of risk comes at the cost of growth. Mr. Amodei et al. would do themselves and the country a service by explaining that commonplace principle to Washington.

Why I’m Voting for a Texas Democrat

By **Karl Rove**

It was a moment every student in Darrell K. Royal–Texas Memorial Stadium will remember for life. Forty-one seconds into the final quarter on Saturday, No. 4 ranked University of Texas at Austin was down 23-3 against No. 1 ranked Ohio State. Quarterback Arch Manning brought the Longhorns alive with a 91-yard drive that ended with a touchdown pass to wide receiver Ryan Wingo. That cut the margin to 13. And the Longhorns weren’t done. Mr. Manning picked apart Ohio State’s defense with a 72-yard drive followed by a 73-yard drive, each ending with running back Hollywood Smothers scoring. Texas went up 24-23. The Buckeyes had 25 seconds on the clock, time enough for their explosive offense. But Texas held, leaving Ohio one second to try for a miracle with a long bomb. That’s when Longhorn defensive back Graceson Littleton made the interception, the clock ran out, the cannon boomed, and the stadium went wild. So how did Bo French—a UT grad and Republican statewide candidate for Texas Railroad Commission, which regulates the oil and gas industry—mark this special moment? He posted a picture of screaming, joyous, celebrating burnt-orange-clad students. Referring to students who appeared to be South Asian or Hispanic in the photo’s fore-

ground, he declared, “I heard UT graduation this year looked like this. I didn’t believe it. The problem is now obviously far worse than anyone imagined.” Mr. French’s not-so-subtle claim that UT has too many Hispanics and South Asians—he later said his issue is too many “foreigners”—is raw, uncut bigotry. UT admissions are based on merit, not race, and 90% of each class comes from Texas. Some Republican leaders immediately denounced Mr. French. U.S. Sen. John Cornyn condemned his “intolerance and racism,” warning “this is how great political parties self-destruct.” State House Speaker Dustin Burrows said Mr. French’s post “crossed the line” by “demeaning people because of their race or ethnicity.” Other GOP state legislators called the post “racism, plain and simple,” “disgusting” and “well below the standard set by Christ.” One said it made him “sick.” A few Republicans defended Mr. French. One lawmaker reposted an X post asserting that “anyone telling you to stay home or pull support from Bo is an enemy who supports gay race communism.” Another said Republicans criticizing Mr. French were “contemptible.” This isn’t the first time Mr. French has made bigoted comments. When the wife of an Asian-American Democratic state representative posted on X a picture of herself and their children visiting him on the

floor of the House chamber, Mr. French responded, “Families deported together stay together.” Mr. French also has problems with non-Christians. In 2025, as Tarrant County Republican chairman, he posted a poll on X: “Who is a bigger threat to America?” The choices were “Jews” or “Muslims.” Lt. Gov. Dan Patrick called for his “immediate resignation,” and the Republican mayor of Fort Worth, the county’s biggest city, lamented there are “too many

Bo French’s bigoted tweet after a football game is part of a long and ugly pattern.

examples” of Mr. French’s “bigotry and hate.” Mr. French also has issues with women. When Kamala Harris posted a 2024 campaign plea on X to “trust” women “to make decisions about their own body, health care, and future,” he responded, “There are just some things where you can’t trust women.” He has also opined that “no one hates themselves more than educated white women. This hatred drives them to hate everything else too.” When I came to Texas in December 1976, the state was so blue that you could almost hold a GOP state convention in a phone booth. After elections that year, there were 18 Repub-

licans in the 150-seat House and three in the 31-seat Senate. We’d gone over a century without electing a Republican governor. Republicans turned Texas red by fielding candidates who understood the strength of our state’s diverse population and welcomed voters who shared our conservative values. The GOP has a growing number of Bo Frenches—and not only in Texas. Conservatism and the party it dominates have an increasing number of bigoted advocates of a “heritage America” composed of white descendants of the original European settlers. There are “just asking questions” Jew-haters, misogynists who worship hypermasculinity, conspiracy nuts seeking clicks for profit, and religious bigots who won’t differentiate between Muslim terrorists and Muslim American patriots. These people are diminishing the Republican Party, not building it. I’ll have no part of it. This November, I’ll vote for only the second Democrat in my life. The first was Lt. Gov. Bob Bullock in 1994, because I thought he would work with Republicans. The second will be Mr. French’s opponent, Jon Rosenthal. The GOP’s stables need a cleaning. This is a good place to start. *Mr. Rove was senior adviser and deputy chief of staff for President George W. Bush and is author of “The Triumph of William McKinley” (Simon & Schuster, 2015).*

By **Jack Butler**

When I proposed to my then-girlfriend, I was delighted she said yes. But as wedding planning began, I followed up her yes with a no: No wedding cake for me. Not since Marie Antoinette had cake caused such controversy. The fault was entirely mine. At age 13, I swore off pop, junk food and, most relevant for my nuptials, dessert. Nary a bar of chocolate, a spoonful of ice cream, nor a piece of cake had (knowingly) crossed my lips in the 20 years since. My resolution derived from a desire to give myself every possible advantage as a cross-country runner. The competition, the course, the weather: All are out of a harrier’s hands. But his diet he can control. Unlike most decisions I made as a teenager, this one stuck. You could say I was MAHA before MAHA. You could also say I was deranged. Plenty of

Let Others Eat Cake

people live healthily while occasionally treating themselves to a brownie or tiramisu. But for me, moderation in pursuit of health was no virtue, and extremism in rejecting junk was no vice. My future betrothed noticed this quirk early. It was mostly upside for her. Striving for chivalry on I’d sworn off sweets. But my wedding posed a dilemma. those early dinner dates, I’d pay for our meals and a dessert only she would eat. A healthy diet and continued running regimen were signs of a disciplined character. My stubbornness supplied an early test case for negotiating marital disagreement. Marriage compels us, men especially, to mature—to become worthy of the occasion, the institution and our spouses. But

I didn’t want to compromise. Against what I considered a powerful case, the woman I had asked to be my wife reasoned skillfully that a forkful of dessert wouldn’t kill me, but the absence of cake altogether or my not eating any would unnecessarily deprive our wedding reception of an essential and fun ritual. Back and forth we went, I in persistent eccentricity, she with tremendous patience. Would a fruit tart do? No. A pie? No. The Catholic priest who conducted our marriage preparation mentioned that the purpose of the wedding-cake cutting was to inaugurate the domestic life of the new couple. So I suggested lasagna, a dish I’d prepared throughout our relationship. Think of it as a layer cake of meat and cheese, I said. Nope. She likes my lasagna but wouldn’t accept it there. As the wedding approached, the cake lingered as an unresolved item. I realized I was to

blame. I was being weird; she was being normal. I thought I’d sworn off self-indulgence, but here I was asking my soon-to-be-wife to indulge me. So I suggested a solution: Get whatever cake you want, but make sure there’s a piece on the top. I’ll give you a fruit of cake, and you can give me some fruit. No one, not even family and friends in attendance, would be the wiser. Having had the same idea, my fiancée agreed and selected a delectable strawberry-topped confection. I learned an important lesson from this before my veiled bride even walked down the aisle: when, and how, to compromise. I’ll never know whether that strawberry she fed me had some whipped cream on it. But if it did, I think I’ll live—till death do us part. *Mr. Butler is deputy editor of WSJ Opinion’s Free Expression newsletter.*

BOOKSHELF | By Andrew Stark

Successful Circumstances

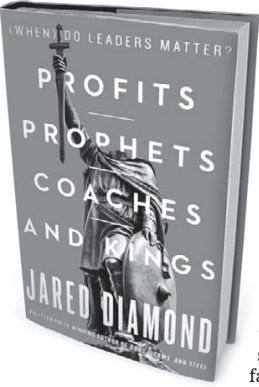
Profits, Prophets, Coaches, and Kings

By **Jared Diamond**
Mariner, 288 pages, \$32

I wish Stanley Baldwin no ill,” Winston Churchill declared in 1947, “but it would have been much better had he never lived.” Baldwin, one of Churchill’s predecessors as British prime minister, had slow-walked the country’s rearmament during the 1930s while Nazi Germany was building up, leaving Britain unprepared when World War II broke out. No wonder that Churchill, who had been asked to send a greeting for Baldwin’s 80th birthday, offered his terse judgment instead. In “Profits, Prophets, Coaches, and Kings,” Jared Diamond tackles the question of how much individual leaders matter to the course of events. Mr. Diamond is best known for his 1997 book, “Guns, Germs, and Steel,” which argued that accidents of environment and geography, not any kind of innate superiority, explained why Eurasian powers colonized the peoples of Africa and America. His latest book examines leaders in government, business and other fields to determine how the interplay of personal talent and historical circumstance shapes success or failure. Seretse Khama, the hereditary chief of Botswana’s largest tribe, became the country’s first president in 1966. By voluntarily transferring ownership of all diamond mines on his tribe’s lands to the government, Khama convinced the smaller tribes to do the same, thus providing the state with revenue to build roads, schools and hospitals. For several decades, Botswana boasted the world’s fastest-growing economy. No one besides Khama, Mr. Diamond argues, could have achieved that success, because no one else was the chief of the largest tribe. Leaders matter in religion too. “Why, among all those competing Jewish sects in the first century,” Mr. Diamond asks, “were Christians the ones to found a world religion?” The answer starts with Jesus, but much of the credit belongs to St. Paul, who dispensed with Jewish dietary law, circumcision requirements and prohibitions against intermarriage, thus broadening the appeal of early Christianity. While leaders with unique strengths sometimes make a difference no one else could have, Mr. Diamond says that many others often would have had similar achievements under the same circumstances. Consider the business giants of our time. Jeff Bezos, the founder of Amazon, is a skilled strategic planner with a keen attention to detail. He’s a risk-taker, a hard-driving boss and a tireless worker. Yet those qualities are shared by many Americans. It is likely that had Mr. Bezos never lived, another visionary would have created an online “everything store” once the internet arrived. Mr. Diamond revisits the conquests of Genghis Khan, the leader of the Mongol empire from 1206 to 1227. The decades of Genghis’s rise, the author tells us, were Central Asia’s rainiest in 2,000 years. That meant “more grass for grazing animals, hence more sheep and goats to eat, more mares’ milk to drink, more horses to ride into battle, and more Mongol babies to rear to adulthood and to ride those horses. While Genghis may have been the most skilled chief among his Mongol contemporaries, his skills would have been wasted if he had been born 20 years earlier, or 200 miles to the south.”

Favorable weather aided Genghis Khan’s conquests. Bill Belichick won six Super Bowls with the Patriots but also had Tom Brady.

Switching to sports coaches, Mr. Diamond tells us that their effect on outcomes, while significant, is “not overwhelming.” Other factors—such as whether their teams have great players or the financial resources of the front office—matter as much if not more. Bill Belichick, the coach of the New England Patriots from 2000 to 2023, won six Super Bowls with Tom Brady at quarterback. When Mr. Brady left the team in 2020, he quickly won another Super Bowl with the Tampa Bay Buccaneers as the Patriots struggled. Much of Mr. Belichick’s success may derive from the fortuitous circumstance of having coached the game’s best quarterback. Mr. Diamond’s book would have benefited from a breakdown of leadership into various traits—humility, arrogance, decisiveness—and a discussion of their bearing on success or failure. The author looks at such characteristics in his individual profiles, but he doesn’t report any studies that examine them across many cases, possibly because they don’t lend themselves to social-scientific measurement. Take “ego,” a word that is strangely absent from Mr. Diamond’s book but is an important factor in determining some of the most consequential actions of leaders. Mr. Diamond’s emphasis on common benchmarks for success—a country’s economic growth, a corporation’s profits—leaves unexplored the possibility that each unique leader might harbor his or her own criterion of achievement. Some chief executives, for example, might not view earnings as the most important thing. They might care more about technological innovation, employee welfare or even winning an award from their peers. Or think of religion, where Mr. Diamond’s criterion of success—widespread devotion by millions—is hardly the only point. “Profits, Prophets, Coaches, and Kings” demonstrates how individual leaders have succeeded in meeting challenges, from preparing for war to winning games. If we apply such criteria to Stanley Baldwin, we might judge him a failure. Yet scholars deem Baldwin to have displayed many admirable leadership qualities—magnanimity, political astuteness, trustworthiness—and he was successful by his own lights, having passed reforms in housing and pensions. Appearing in public for the final time in 1947, the year of Churchill’s cutting comment, Baldwin noticed an animated throng reacting to his arrival. By now long since deaf, he asked if they were booing him. In fact they were cheering. *Mr. Stark is the author of “The Consolations of Mortality” and “Conflict of Interest in American Public Life.”*



OPINION

REVIEW & OUTLOOK

Kevin Warsh Is an Inflation Hawk

Has Elizabeth Warren sent her apology yet? We mean the letter to Kevin Warsh saying she was wrong to say the new Federal Reserve Chairman wouldn't be independent. After Wednesday's decision by the Federal Open Market Committee (FOMC) to raise interest rates a quarter point, she isn't the only one who should be offering mea culpas.

The herd of independent minds in the Fed press corps spent the summer hyping a supposed staring contest between Mr. Warsh and President Trump, with the Fed's credibility as the stakes. Mr. Trump famously prefers lower rates, as does any elected politician if we're honest. The FOMC's decisions to stand pat at Mr. Warsh's first two meetings as its leader became supposed evidence that Fed credibility was in doubt.

It was a silly argument, and it obscured much more consequential developments at the Fed. Mr. Warsh is the most hawkish chairman since Paul Volcker, with a long record in our pages and elsewhere of explaining his views. One suspects the real challenge for him has been to bring on board all those FOMC participants who dovishly supported former Chairman Jerome Powell's rate cuts in 2024 and 2025 despite persistent inflation.

In this light, a conspicuous feature of this week's decision to raise the fed funds rate to 3.75%-4% is that it was 12-0. In the three months since Mr. Warsh's first meeting, he has persuaded committee members who in June voted unanimously to stand pat into the opposite conclusion.

What changed? Mr. Warsh was clear at his wonderfully brief press conference that the inflation evidence has moved in the wrong direction. The main inflation indicators are still higher than 3% after five years above the Fed's 2% inflation target. Mr. Warsh also cited rising commodity prices as an important price signal, a welcome note not heard at the Fed since its glory days of the 1990s. He is paying attention to prices in the real economy.

This is continuing evidence of the broader reform project Mr. Warsh is launching at the Fed. The most visible instances are the five task forces he's established on matters such as the central bank's balance sheet and its inflation models, and his refusal to provide forward guidance about future policy moves.

The press corps and Wall Street still don't get the new Fed Chair.

The changes are already showing up in monetary policy. An important element on display at this meeting and in Mr. Warsh's speech last month at Jackson Hole, Wyo., is his conviction that inflation is always the Fed's problem. His Fed is less likely to cling to excuses such as supply-chain shocks as reasons to "look through" inflation above its 2% target. Wednesday's rate increase is consistent with this view.

Mr. Warsh also rejects the old Phillips Curve theory that monetary policy requires a trade-off between inflation and unemployment. In explaining Wednesday's rate decision, he said flatly that he doesn't believe he must harm the current good labor market to get inflation down.

No doubt Wall Street and the press will have trouble dropping their speculation about Mr. Warsh's relationship with Mr. Trump. The Fed chairman rightly declined to answer several questions about this at his press conference. The recent climb in longer bond yields, particularly the 10-year Treasury, is creating political heartburn across Washington as the government grapples with an all-but-certain \$1 trillion interest bill for the year and politicians fret about mortgage rates.

Many of the factors causing those rate increases are outside the Fed's control—particularly expectations about future economic growth, competition for capital from booming artificial-intelligence investment, and worries about the Iran war. Mr. Warsh is wise not to try to guide those markets overtly.

But note that long rates stayed mostly flat after the Fed's policy move Wednesday. The 30-year yield stayed nearly the same, while the 10-year moved up modestly. Had the Fed failed to raise rates, the risk is that there would have been much sharper moves upward.

A White House official called the increase "rather unfortunate"—a mild protest. But Mr. Trump ought to be reassured by Mr. Warsh's view that the economy is strengthening. Retail sales for August came in strong Wednesday, rebounding from July. The Atlanta Fed's GDPNow growth estimate for the third quarter was revised up Wednesday to 5.1%.

Mr. Trump inherited stubborn inflation from Joe Biden, and the Powell Fed let it stay too high for too long. Kevin Warsh seems determined to get it down faster, and that will mean faster real wage gains sooner for the American people.

Kathy Hochul's 'Energy Rebate Checks'

New York Gov. Kathy Hochul had a biting reaction to President Trump's bonkers promise last week of \$5,000 "dividend" checks if the GOP holds Congress in the November midterms. She called this a "campaign bribe." hilariously, Ms. Hochul is now telling New Yorkers to watch the mailbox for state "energy rebate checks" that will start going out next week to 8.2 million households.

"What we've done working with the Legislature is invest \$1 billion—a billion dollars—going out to New Yorkers all across the state, so we can put that money back into your pockets," Ms. Hochul said at an event Monday. "Checks up to \$200 to help families keep pace with the rising cost of energy. And you know what? You don't have to do a thing. No application, no paperwork, no hoops to jump through. If you're eligible, the check is coming to you."

Have we mentioned Ms. Hochul is on the ballot, seeking re-election to a second full term?

The polls show her leading the Republican nominee, Nassau County executive Bruce Blakeman, yet the campaign could always tighten as voters begin to tune in seriously, and Ms. Hochul isn't exactly a dynamo, as the rest of her press conference showed.

She blamed Mr. Trump's war in Iran for raising gas prices and made sure to bring up "Lake Ontario," which she said while leaning into the microphone for effect. That's the body of water Mr. Trump now calls Lake America. She also attacked utility companies and data centers. "Since I've taken office, we've provided over \$6.6 billion in direct utility-bill relief," she said. The Governor offered few words about why New York's power prices are high to begin with, such as ill-conceived climate policies.

Ms. Hochul attributed elevated costs to "limited energy sources." Gee, who might have already had five years in Albany to do something about that?

higher earnings reduced welfare. That's good. One caveat: President Trump's deportations may have inflated median incomes by reducing the number of lower-wage workers. The Census Bureau reported a 10.6% decline in the number of workers with no high school diploma—equal to about one million workers. No wonder restaurants can't find employees.

At the same time, the number of workers with a college degree or higher last year increased by 1.8 million, while their median earnings declined 1.1% By contrast, earnings for high school grads increased 5.5%. This seems to be more evidence that too many young people are going to college, and not enough are training for trades that pay well.

Even so, lower- and middle-income Americans have suffered the brunt of inflation. Since 2019, pre-tax inflation-adjusted incomes have increased by a mere 0.6% for the bottom 10th percentile (\$110), versus 3% (\$5,400) for those at the 80th percentile and 5.6% at the 95th percentile (\$18,700). The data doesn't include capital gains, which have mostly benefited higher earners who own assets as individuals rather than in tax-free retirement accounts.

These disparities are smaller after adjusting for income transfers and taxes. Americans in the 95th percentile paid on average \$85,700 in income and payroll tax, while those at the 10th percentile gained \$130 on net from tax credits. Adding the value of other transfer payments like Medicaid would further reduce the income differences.

Still, a large share of Americans have experienced stagnating real incomes since the pandemic. Joe Biden's inflation and its persistence is the biggest culprit, but the Federal Reserve is on that case (see nearby).

LETTERS TO THE EDITOR

New York Protects Unions at Teachers' Expense

Regarding your editorial "A New York Union Protection Trick" (Sept. 10): Some surveys have shown that most teachers don't know that they have the right to opt out of union membership.

The Supreme Court ruled in *Janus v. Afscme* (2018) that no public employee can be forced to join a union or pay any dues to a union. This right is rarely presented to teachers as an option.

Now that New York Gov. Kathy Hochul has signed legislation that silences outside organizations from sharing truthful information on this subject, many teachers will never truly understand their rights. This new law gives our politically motivated attorney general the power to investigate groups that want to in-

form public-school teachers in New York of union alternatives.

Strong organizations retain members through results, not by limiting information members receive. Voluntary membership, by an informed consumer, tests whether the product is worth the price. As New York teachers learn of their rights and options, thousands have chosen to leave and bring their hard-earned money with them. This law was designed to keep money in the unions' pockets and keep their members in the dark. If New York State United Teachers offers such a great product, why is the union so fearful of a mass exodus?

ERICA McDERMOTT
Public-school teacher
Fairport, N.Y.

Don't Blame Children for Education Failures

In her column "Yes, Children Really Are Getting Dumber" (Life Science, Sept. 14), Allysia Finley laments the decline in our education system. She writes: "Grade inflation has become so endemic that 44% of students who scored below 1000 on the SAT—roughly the bottom half—reported receiving all or mostly A's."

How much of this is due to teachers unions controlling our public-school system? When teachers are paid based on seniority rather than performance, incentives are skewed. Observe industries controlled by big unions—auto, steel and shipbuilding, to name a few. These industries have been hollowed out by restrictive union rules and poor management. Now, finally, we're awakening to the similar effects that unions have on students.

The push for equity has also contributed to the problem. The U.S. built the most successful, diverse and inclusive economy in the world by rewarding the best performers. But over time, the progressive mantra of "fair-

ness" has overwhelmed success. As a result, we are seeing the decline of the U.S. and our educational system.

CHARLES H. GESSNER
Marblehead, Mass.

Children aren't getting dumber. Testing only shows they aren't learning. Children are born with an inherent ability to learn. Their ability to succeed depends on what they are exposed to and who is teaching.

Ms. Finley writes that about "one-third of students on average in developed countries reported that noise and disorder disrupted lessons, with 29% saying classmates don't listen to teachers." In any type of leadership, it is necessary to firmly establish who is in charge—in this case, the student or the parent and teacher.

Are students really to blame? They aren't being taught by competent teachers and parents, and they aren't being held accountable.

B.J. KHALIFAH
Grosse Pointe Park, Mich.

Congress Can Restructure the Supreme Court

Regarding James Piereson's op-ed "Is Court Packing Constitutional? Don't Be So Sure" (Sept. 8): Members of Congress have fought bitterly over the composition, and even the number, of Supreme Court seats because everyone, however loath to admit it, understands that the court is an inherently political institution.

Mr. Piereson nevertheless argues that expanding it would be unconstitutional. As he recounts a century of congressional adjustments to the court's size, he objects to partisan expansion.

That makes motive the operative test, and it amounts to an unwritten rule under which courts may void an exercise of an enumerated power once they detect a political purpose behind the actions. No such doctrine exists. Article III says nothing about the number of justices, leaving the judiciary's structure entirely to Congress.

Such a doctrine would also devour itself. If partisan motive voids a change to the court's size, then the 1866 act shrinking the court to deny Andrew Johnson his appointments was void, and so was the 1869 act that undid it once it was clear to Republicans in Congress that a Republican president would be making the appointments. The nine-member court Mr. Piereson seems to hold sacrosanct

becomes, by his own doctrine, the residue of an unconstitutional statute.

Congressional Republicans appear to understand this, which perhaps is why they recently voted for a constitutional amendment fixing the court's size at nine. (It failed.) One doesn't amend the Constitution to forbid what the Constitution already forbids.

NICHOLAS CREEL
Assoc. prof. of business law
Georgia College and State University
Milledgeville, Ga.

Mamdani's Response to 9/11 Is an Unhelpful Distraction

As a first-hand beneficiary of the government response to 9/11, I wholeheartedly agree with the premise of your editorial "Zohran Mamdani's 9/11 Conspiracy" (Sept. 10). The health of the many thousands who worked in the city, including my co-workers, was responsibly addressed in a timely way.

The accusatory finger instead should be turned to one who fails to use the 25th anniversary of 9/11 to focus on the overarching threat of terrorism. Is the interesting timing of Mayor Mamdani's charge against the alleged failings of other leaders meant to be a distraction from the much larger threat of terrorism? For me, it certainly undermines Mr. Mamdani's credibility as a politician.

MICHAEL KAPLAN
Edison, N.J.

Nuclear-Era Lessons for AI

Regarding Paul Tudor Jones's op-ed "AI May Become the Third Superpower" (Sept. 10): Instead of trying to limit or ban AI—a fool's errand—perhaps the focus should be the same as it was during the development of nuclear weapons in the 20th century: mutual assured destruction. May the best AI win. Let's hope it's ours.

DAVID ROSS
San Diego

Pepper ... And Salt

THE WALL STREET JOURNAL



"That ad will sell a ton of hot dogs. I just don't think we're required to list all the possible side effects."

JONATHAN LIGHT
Laguna Niguel, Calif.

Letters intended for publication should be emailed to wsj.letters@wsj.com. Please include your city, state and telephone number. All letters are subject to editing, and unpublished letters cannot be acknowledged.

OPINION

DOGE Works. Let’s Keep It Going

By Tyler Hassen

Early on Jan. 23, 2025, I left a Washington hotel for my first day leading the Department of Government Efficiency team at the Interior Department. I had no idea what lay ahead. I didn't know how hard it would be to change our national government, especially in a vast department.

The Interior Department manages more than 500 million acres of federal land, the national parks, Indian affairs, federal water systems, our fish and wildlife, and more than 2 billion acres offshore. For many Americans, the department is vital. That January, it was the most ineff-

A cadre of gifted, creative and patriotic thinkers can uncover wasteful spending and reduce federal debt.

ficiently run organization I had ever seen.

My DOGE colleagues and I found that Interior had 50 human-resources offices with more than 2,000 HR staffers for about 65,000 full-time employees. There were 18 different chief information officers and more than 2,000 IT staffers across the department. There were more than 1,000 contract officers for roughly 10,000 active contracts.

What we found was disheartening

but also motivating. For example, a \$4.2 million contract to assess the groundwater in the Islamic Republic of Mauritania, in Africa, and a request for \$830 million to spend on customer surveys so simple a grade-schooler could have created them.

When I graduated from college in 2005, the national debt was about \$8 trillion. It recently passed \$40 trillion and is on pace to surpass \$100 trillion by the time my 5-year-old daughter is in her mid-20s. Yet what are we doing about it as a country?

Not all lawmakers seem serious about solving this crisis. But I saw what can happen when talented people leave their private-sector lives for a mission to eliminate the deficit. Did we achieve it? Of course not. DOGE's inability to dent the debt materially has been written about. Striving for a balanced budget became a partisan phenomenon. Critics questioned whether every dollar of the \$215 billion on our public savings tracker was real. But by quibbling over line-item labels and the definition of “savings” while the debt compounded, they missed the point.

To address the debt, we need to recruit more creative thinkers, whether business leaders, analysts, entrepreneurs or builders. We need people who love our country so much that they are willing to accept the challenge—and the inevitable carping. That was DOGE. I was lucky to be among such a talented group of people working together this way. I had read books and articles about our leader, Elon Musk. My experi-



ence of him? He cares tremendously about humanity and understands that an insolvent U.S. can't solve our problems. I believe that's why he championed DOGE.

We didn't get everything right and we made some mistakes. But we put America's national debt—the biggest long-term threat the country faces—at the forefront of millions of minds, albeit briefly. We also inspired people like the journalist Nick Shirley, who has identified fraud in Minnesota and California, to continue the crusade against waste and abuse.

I found substantial waste at Interior, and our team worked to eliminate much of it. We canceled more than \$3 billion of wasteful contracts

and led Interior through the largest functional reorganization in recent government history.

To some, \$3 billion of waste isn't much compared with \$40 trillion in debt and entitlement programs growing every year. But what if we thought about this differently? What if we encouraged our most gifted entrepreneurs, engineers, lawyers and others to spend a year or two in public service at the federal and state levels?

What if it were a bipartisan privilege to be chosen for an elite group pressing DOGE's cause of asking government to “defend the spend”? The group would help pare a national deficit that eventually will crowd out much of what government should be doing.

An AI Antitrust Exemption Would Invite Collusion

By Madhavi Singh

Anthropic's Dario Amodei has called on the world's leading artificial-intelligence labs to slow down development and asked Washington to grant an antitrust exemption so they can coordinate on safety without being treated as a cartel. OpenAI's Sam Altman, SpaceXAI's Elon Musk and Google's Demis Hassabis were quick to support the slower pacing. But why do AI labs need an antitrust exemption?

When competitors agree on standards the rest of the industry is expected to meet, the law becomes suspicious. Responsible self-regulation can also be a way of deciding who gets to compete and on what terms.

Yet antitrust law doesn't treat every instance of coordination among competitors as suspicious. A sports league couldn't function without some coordination. Rival clubs must agree on rules, schedules and eligibility criteria; without them, there are no games and no league. Joint ventures, in which coordination among rivals creates a new technology or market that none could produce alone, are also allowed under antitrust law. Professional and industry associations that set standards to ensure quality rather than exclude competition also survive antitrust scrutiny.

In short, coordination is lawful when it creates value rather than excludes rivals or exploits consumers. If AI labs' coordination is needed to create value and isn't exclusionary or exploitative, they need not worry about antitrust liability.

So why demand an exemption? The labs appear to have in mind an agreement among competitors to restrict output and set a safety standard collectively rather than compete to produce the safest product. That is classic cartel conduct. The Federal Trade Commission has recently flagged advertiser coalitions for colluding to set “brand safety” standards. Similar concerns have been raised about social-media platforms and traditional media organizations acting as “truth cartels” and coordinating to set content-moderation standards.

AI labs' sudden concern about antitrust compliance also seems suspicious. Like most of Big Tech, they care about antitrust compliance about as much as social-media companies care about privacy. They have acquired rivals, cut off competitors' access to infrastructure, signed exclusive distribution agreements, and continued the platform-era monopolization playbook with little hesitation. Antitrust enforcement has become a cost of doing business rather than a meaningful deterrent. If these

firms have long viewed antitrust liability as a manageable risk, why do they need permission in advance?

An antitrust exemption would allow the leading AI labs to entrench their positions by setting the rules of the game and determining who gets to compete. As open-source and Chinese AI models close the quality gap,

coordinating over safety becomes an easy and time-tested way to exclude rivals. The Supreme Court has seen this strategy before. In *Allied Tube v. Indian Head* (1988) and *Radiant Burners v. Peoples Gas* (1961), incumbent firms were shown to have used the pretext of safety standards to exclude competing products. In concentrated markets, companies have every incentive to avoid competing aggressively because competition erodes margins. Collusion becomes the best way to milk customers for profit.

In a healthy market, companies compete on safety, quality and price. Carmakers compete on crash-test

ratings. Children's products, water filters and power tools also compete on safety. But once competitors agree on what is “safe enough,” safety ceases to function as a competitive metric. Courts have repeatedly emphasized that the Sherman Act reflects the view that competition lowers prices and produces better and safer products.

True, markets sometimes race to the bottom. Competition among social-media platforms hasn't produced stronger privacy protections. TikTok's competitive advantage over Facebook was engagement, not privacy. But AI seems different. Consumers value AI safety as they value the safety of cars. Nobody wants a system that goes rogue, deceives users, steals data or acts maliciously. A lab that can demonstrate its models are safer has every reason to compete on safety rather than coordinate around a common floor. If safety standards deserve protection from market pressure to prevent a race to the bottom, the more defensible solution is for governments, not competitors, to establish the safety floor.

The labs' apparent belief that competition will inevitably produce a race to the bottom is an awkward admission by OpenAI and Anthropic, both of which were founded to serve the public interest and premised on the idea that AI could be developed

safely. Anthropic in particular espoused that safety would be its competitive advantage against rivals. If these companies genuinely believe slower development serves the public interest, nothing prevents them from slowing down unilaterally.

The strongest counterargument asserts that a coordinated slowdown solves a collective-action problem: A lab that slows down alone risks losing market share to rivals willing to cut corners. But this is precisely the problem OpenAI's capped-profit structure and Anthropic's public-benefit charter were supposed to solve by insulating their public-interest missions from competitive pressure.

Why do these companies now claim they need an industrywide agreement to do what their own governance structures were designed to make possible? Blaming antitrust law rather than their own choices is at best a convenient excuse for abandoning the principles they were founded to uphold. At worst, the exemption is a Trojan horse: a vehicle to insulate incumbents from competition while doing far more than coordinate on safety.

Ms. Singh is deputy director of the Thurman Arnold Project and a resident fellow at the Information Society Project, both at Yale.

Can Military Morale Survive Smartphones?

By John Spencer

Before landing in Thailand for a brief respite early this month, the USS Abraham Lincoln had spent a record 9½ months at sea. Reports of mental health issues among its crew of 5,000 went viral. A few sailors reportedly tried to jump overboard. At a meeting with Navy leaders, one sailor's wife said her husband had texted from aboard the aircraft carrier that “he hopes he doesn't wake up tomorrow.”

Much of the reporting came from family members receiving messages from their deployed loved ones. Connectivity allowed those families to call their congressmen or contact media to sound the alarm. The reports should also prompt leaders to ask why fellow sailors didn't identify and address the danger sooner.

There is a misconception that greater connectivity with family and friends acts as a kind of salve

for longer deployments. I remember this vividly serving as a company commander in Iraq from 2008-09. Many of the 150 men and women serving under me had just completed back-to-back deployments lasting 12 to 15 months. No wonder they were stressed and exhausted. My bosses thought daily contact with loved ones would help protect my soldiers from mental-health duress or disruptions in unit cohesion. What I found is that greater connectivity can have the opposite effect.

Perversely, the constant link to the outside world often deepened feelings of isolation within a unit and led to poor teamwork, apathy toward standards, online personas (one soldier used Facebook to claim falsely that he killed Iraqis and was the victim of an IED attack) and an unwillingness to carry out missions because of mental-health problems. Leaders often had no idea what soldiers were feeling or thinking each day because many of those conver-

sations were happening online with people thousands of miles away, rather than with the fellow soldiers around them.

War is first and foremost a collective endeavor. It demands teamwork, whether aboard a nuclear-powered aircraft carrier or holed up in a bombed-out Iraqi city. Since Roman times soldiers have endured combat because of the bonds they form through shared hardship. They experience the ups and downs of combat together, along with its boredom, monotony and loneliness. This group becomes their family and support network in ways that even their loved ones at home can't, despite the reach of digital technology. Only the men and women directly beside them can offer immediate support. I saw this firsthand in all my tours.

Consider also the 2024-25 deployment of the USS Harry S. Truman, during which mental-health strain contributed to the loss of three F/A-18 Super Hornets and a

collision with a merchant vessel. A Navy investigation identified fatigue, stress, undermanning, training gaps and leadership failures among the ship's crew. But the report also uncovered something that had been overlooked: Many sailors spent their

The crisis on the USS Lincoln illustrates the dangers of connectivity for U.S. service members.

downtime on phones instead of studying for qualifications. “This lack of motivation,” investigators said, was also attributable to “Wi-Fi availability” on the ship.

No, technology didn't create all the problems aboard the Truman—just as it didn't aboard the Lincoln. There, the stress of the combat operations, repeated deployment extensions and uncertainty about

when they would return home all contributed to deteriorating standards, discipline and group norms. Families also reported intolerable living conditions and a lack of food and hygiene supplies. One sailor posted a video online that went viral showing filthy toilets.

Both cases show how too much connectivity left unchecked can foster a lack of cohesion, duty and discipline. No doubt parents of young children can relate.

The answer isn't to eliminate connectivity. It can provide a release valve and serve as critical support for service members and their families. At the same time, the U.S. military needs to acknowledge how technology has reshaped deployments and design ways to build and fortify the cohesion so critical to combat tours. That need will only accelerate with advances in artificial intelligence.

Leaders can take a first step by prohibiting technology during meals, fitness or other routines. Service members need time to decompress and come together without phones. After traumatic events, they also need to process what happened face to face before returning to screens. This will allow leaders to identify signs of isolation and withdrawal before they escalate into a major mental health crisis (or a damaging headline that emboldens our enemies).

The Lincoln's crew accomplished its mission under extreme conditions. Their experience is another wake-up call our military needs to answer.

Mr. Spencer is chairman of war studies at the Madison Policy Forum and author of “Connected Soldiers: Life, Leadership and Social Connections in Modern War.”

The FT View



Britain's unsustainable pensions lock

It would be better to link state retirement benefits to earnings growth

It seems paradoxical, to say the least, that UK pensioners living on the state pension should from next year – in theory – have to pay tax on part of it; the state would be giving benefits with one hand and taking some back with the other. In practice, even though the state pension will exceed the tax-free income threshold for the first time in April, the Burnham government has said people relying on the basic pension will not pay tax during this parliament. But the situation highlights how unsustainable it has become to maintain the overgenerous “triple lock” on pension increases when public finances are so tight and income tax thresholds frozen until 2031 – hitting working people above all.

Introduced in 2011, the triple lock – which ensures the state pension rises

annually by the highest of inflation, earnings growth or 2.5 per cent – was intended to address decades of relative decline in retiree incomes. Britain's state pension was also well below most OECD peers, though then, as now, it had more developed occupational and private pensions than many counterparts where state provision dominates.

The lock has partially achieved its aims. The state pension had dropped to about 16 per cent of mean earnings by 2010 but is about 26 per cent now, though still ungenerous by OECD standards. Pensioner poverty is well below 1990s levels, and below working-age poverty, though it has ticked up again in recent years. But the cost has been huge. State pension spending is £16bn a year higher than if there had been no triple lock, says the Institute for Fiscal Studies. At £154bn a year, pension costs roughly equal defence and education spending combined.

The triple lock also means that the second-largest line item in the UK

budget after health ratchets up inexorably even if earnings growth or inflation is low. Those increases compound over time. It has strained social cohesion, protecting state payouts for an expanding elderly cohort while the relatively shrinking working population who pay for them have faced ever-higher tax burdens.

But the political cost of ditching the lock has caused successive governments to balk. For the new Burnham government, it would mean breaking a Labour manifesto pledge from 2024. No government likes to do this, and every instance erodes trust in the political class. The previous Starmer government also discovered the perils of messing with benefits for the elderly, forced into a U-turn on its mishandled plan to means-test the winter fuel allowance.

Andy Burnham's government should not underestimate, though, the rumbling discontent among working people, especially the young, over the relative largesse towards pensioners. Linking

A totemic move to make rises in one of the government's biggest costs more affordable would send a strong message to investors

state pensions to earnings growth – potentially with an adjustment mechanism if inflation is high – would be fairer. It would better align growth in working-age and pensioner incomes, and tax revenues. About one in eight pensioners receives income only from the state pension and benefits, and campaign groups have warned that losing the triple lock could push more into poverty. But some of the savings could be funnelled into targeted support for the most needy.

While the total direct savings in this parliament may not be huge, a totemic move to make rises in one of the government's biggest costs more sustainable would send a strong message to investors. It would help ease pressure on bond yields and give the government more headroom to raise long-term investment in areas such as defence – as well as helping consumers, for example, through lower mortgage costs. The triple lock has become unsustainable, but it needs a bold politician to break it.

Opinion Economics

Where do new jobs come from?



Where do new jobs come from? The economist Joseph Schumpeter had an answer: waves of technology destroy old work, making way for the newer sort. Perhaps older readers remember punch-card operators and video rental shop managers, now made obsolete by the computer and digital revolutions. And maybe younger readers wonder whether they will live long enough for the only jobs left to be AI engineers.

Some 250 years ago, the economist Adam Smith emphasised a different source of new work: specialisation. Jobs are essentially bundles of tasks. Big markets allow people to unbundle those tasks, divide them up, and produce much more. Like his famous pin factory, which split manufacturing into parts (cutting wire, pointing it, etc), specialists vastly increased out-

A new study of the Swedish labour market takes a longer view, armed with detailed data on jobs between 1880 and 2019 – using AI to assign every occupation two scores out of five. The first is a “Smithian” score, indicating whether the job is the result of specialisation. (Wholesale traders and radiologists get high marks.) The second is a “Schumpeterian” score, to reflect how strongly the job is associated with a new technology. (Big numbers for computer programmers and electricians.)

With the caveat that the lines between technology and specialisation can be blurry, the researchers get some interesting results. Over time, jobs with both high Smithian and Schumpeterian scores have become more important as a share of the total. But the jobs associated with the division of labour have contributed the bulk of the change. Between 1990 and 2019, strongly Smithian jobs accounted for 60 per cent of employment, compared to just a third for strongly Schumpeterian ones.

Relatedly, Smithian jobs seem much more likely to last than their highly Schumpeterian counterparts. Tech jobs are important for the jobs elsewhere that they enable. But they seem relatively vulnerable to becoming obsolete. Those punch-card operators were at the cutting edge . . . until they got replaced. Although we might fret now about AI sweeping away jobs in a wave of creative destruction, thinking about how it will affect specialisation could be more instructive. The Sweden study's authors calculated that around 70 per cent of employment between 1990 and 2019 was in occupations that existed at the end of the 19th century. What matters now is which tasks stay bundled within jobs and which move elsewhere.

As Luis Garicano, an author of the book *Messy Jobs*, put it to me, some bundles of tasks are only weakly held together, and are therefore ripe for AI disruption. He also noted that past trends could reverse if AI makes specialist subjects so accessible that it becomes easier to bring them in-house, rather than suffer the cost of co-ordinating with other experts. (Think of an economics columnist deciding to build her own website rather than pay a freelancer.)

The toe-treading has already begun. Data from OpenAI suggests that of work-related messages, around 17 per cent are already about tasks associated with another occupation. If the division of labour reversed, “that would be an unusual feature of this revolution relative to all the previous progress in science”, Garicano told me. But a final message of the research is that technological revolutions do not tend to be alike.

soumaya.keynes@ft.com

Letters

Questions Anthropic needs to answer ahead of its IPO

Madhumita Murgia's outstanding report (“Anthropic's \$2tn IPO puts trustees in spotlight”, Report, September 9) revealed some of the secret workings of Anthropic's Long-Term Benefit Trust. We already knew that the trust is meant to balance Anthropic's purpose (“the long-term benefit of humanity”) with profit and that the trust's main power (on paper) is to appoint a majority of the board of directors.

It was Murgia's reporting that

revealed it currently takes 85 per cent of investors' voting power to fire a trustee. We also now know that the trust meets weekly and with Anthropic leadership as often as every other week.

For a company as risky to humanity's existence as Anthropic (“Anthropic scientist quits amid fears for humankind”, Report, September 10), many other questions remain about the rigour of its oversight body. Why are there no longer any trustees who

are experts in the attempt to align AI with human values? When (if ever) will the trust return to five members? Are the trust members working full-time in their role? How can conflicts of interest be managed when trustees can receive revolving-door employment at Anthropic? How exactly are new trustees selected or existing trustees renewed after their one-year term expires?

Presumably Anthropic will be asked to reveal more about the Long-Term

Benefit Trust when it releases an official prospectus prior to any IPO. If Anthropic wants to maintain credibility as the AI lab most serious about safety, transparency and accountability it ought to go much further than the requirements of the Securities and Exchange Commission in its disclosures about the trust.

Ewan Kingston
Assistant Professor, Management and Entrepreneurship Department,
Santa Clara University, San Jose, CA, US.

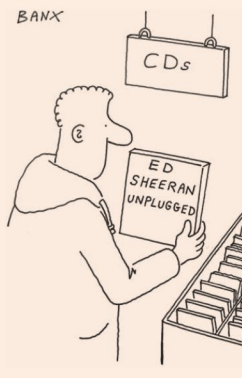
Closing infrastructure gap requires more than finance

The £258bn shortfall in Britain's infrastructure funding identified in a report by the Public Private Partnership Commission, chaired by Sir John Armitt, is a significant challenge (Report, September 15). But closing that gap will require more than securing additional finance.

First, certainty around long-term priorities and a credible and committed pipeline of projects that industry can plan around is key to enabling the private sector to invest in the skills, technology and capacity required to deliver at scale. If this could be backed by political consensus, so much the better.

Second, Britain's water, energy, transport and housing systems are closely connected, and investment needs to be planned accordingly. Homes and major developments can have funding and planning permission in place, but still be held back if the water, energy or transport capacity they depend on is not ready. So an integrated approach to planning infrastructure is critical.

The prize could be an infrastructure



network which delivers economic and social benefits and is resilient to climate change. The alternative is supporting declining infrastructure which is holding back vital growth in the UK.

Paula Walsh
Arup's MD for Europe, India, Middle East and Africa, London W1, UK

Poetic counterpoint to Trump's election 'dividend'

President Donald Trump's promise of a \$5,000 “dividend” for every adult citizen if his party retains Congress in November (September 11) recalls the penniless but unbowed voter in John Greenleaf Whittier's poem “The Poor Voter on Election Day”, who declares that “The wide world has not wealth to buy / The power in my right hand!”

How true, and how ironic. It is the self-styled chief executive and distributor of dividends, richest of men and master of tariffs, who now comes courting the seemingly lowly voter. In offering \$5,000 a head to buy an election he appears to believe is all but lost, he displays not his strength but his weakness and his need.

If voters are the shareholders in the American democratic enterprise, then the only dividend they are truly owed is the one Whittier long ago declared: “[their] palace is the people's hall / The ballot-box [their] throne”.

That is a dividend no tariff can fund, and no president, however rich, can buy.

John Gaffney
Newmarket, County Cork, Ireland

Masters in Marxist norms?

FT Business Education has ranked Shanghai Jiao Tong University's Antai school third worldwide among 100 masters in management courses (FT.com, September 7).

Nothing wrong with being Chinese in China, of course, but we are entitled to more on the school's “global” vocation. You report that 95 per cent of the faculty are Chinese, while the school's website suggests that the 10-person “Executive Team” and the 36-strong “Academic and Academic Degrees Committees” are 100 per cent Han Chinese.

It would be useful to know what proportion are members of the Chinese Communist Party, and perforce propagate the party's singular lines on economics, society and geopolitics. Antai ranks 21st for “ESG and net zero” teaching, the hours spent on “ethics, social and environmental issues and climate solutions”. Do these resemble what might be heard in most countries, or do they reframe the CCP's views, say on ethnicity and “Marxist” norms?

Matthew Olex-Szczytowski
MBA Insead (4th in the FT rankings),
Warsaw, Poland

Past trends could reverse if AI makes specialist subjects so accessible it is easier to do them in-house

put over artisanal pin makers doing everything on their own.

So . . . who is right? The answer is complicated by the two stories being hard to separate. Technology could enable specialisation, as when the computing revolution made it easier to co-ordinate between faraway factories. Advances in knowledge could push specialisation too, as it becomes unreasonable to expect one person to be an expert in everything.

Economic historians have tried to see through the fog, analysing past labour market revolutions to get a sense of which dynamics mattered. One group used court records to find evidence in favour of Smith, documenting how the job in Britain of “clock maker” in 1550 had fractured into tens of jobs including “watch engraver”, “watch gilder” and “watch spring maker” 200 years later. Over that period, bigger British markets saw more specialisation.

A recent study of the US labour market used a large language model to indicate whether jobs were “technology-related”. (A wind turbine erector would qualify, whereas a drama therapist would not.) Of the new employment introduced between 2011 and 2023, they calculated that the tech-related share was roughly a third. Substantial, though not a majority.

OUTLOOK BETHLEHEM

Bach choir is a rare symbol of unity in a US swing state



by Ilya Gridneff

On a Monday night in late August, Ryan Morrow joined 120 other members of the Bach Choir of Bethlehem to take solace in song and transcend a country filled with political discord.

“We all may sing a different voice part within the hymn but we still sing one hymn, right?” he says.

Morrow, a 40-year-old music teacher, can trace his family roots back to the early Moravian settlers who founded Bethlehem in 1741 after fleeing what is now part of Germany and the Czech Republic. But he is the first of his family to join the choir.

For more than 125 years, the Bach Choir of Bethlehem has made this small city famous for its voice. It is the oldest Bach choir in the US, championed by the industrial tycoon Charles Schwab, who was president of both the Bethlehem steel mill and the Bach choir in the early 20th century.

From Carnegie Hall to the BBC Proms to Bachfest in Leipzig, the volunteer ensemble has performed at some of the world's best-known venues and festivals. Closer to home, it has become a rare symbol of unity in a divided state.

Bethlehem is one of the key electoral battlegrounds in the US. Donald Trump won this post-industrial Pennsylvania city's district by three points in 2016, lost by less than a point in 2020 and then won again by three points in 2024.

In July, the president sought to galvanise support for Republican

Congressman Ryan Mackenzie with a rally in Macungie, a 30-minute drive south from Bethlehem, ahead of a tight race in November's midterms.

In the same month, Quinnipiac University, a non-partisan university pollster, found that 56 per cent of Pennsylvanian voters approved of Democrat Josh Shapiro's performance as governor (although this was a four-point dip from last year).

It does not take long for choir board member Anthony Thompson, an 80-something former attorney, to state that he voted for Trump in the past three elections. “Who else could you have voted for?” he says. “I did not want the alternatives,” he adds.

Even so, Thompson insists that all politics are left at the choir door. Fellow board member Harold Black says people are fed up with talking about Trump. “When you're singing in a choir, or listening, you're not fretting over existential problems,” he says. “You let the sound wash over you, to be free.”

Choir master Christopher Jackson agrees. He says the choir “transcends the blue and red divide”. Via outreach and school programmes it tries instead to be useful to the community. “It is a refuge,” he says. “It presents an opportunity for people to come together, to step away from the divisions.”

Unlike other rustbelt towns across the US, Bethlehem did not face dismal decline after the closure of its steel mill in 1995. This is partly due to the arrival of companies like B Braun,

Mack Trucks and Crayola. This month yoghurt-maker Chobani announced a five-year plan to invest \$1.2bn in the Lehigh Valley, creating 900 jobs.

But there is notable poverty here, with low home-ownership levels and nearly 16 per cent of people living with an income that is below their basic needs. Rising housing costs and inflation are concerns that could increase political divergence. Census data shows that Bethlehem is split between a non-Hispanic white majority and a growing Latino population, at 56.1 per cent and 28.7 per cent respectively. Hispanic working-class families are becoming the new political battleground.

Still, Morrow believes that there is a unity in the Moravian faith that he thinks underscores the town's politics. A Protestant denomination, it calls for “in essentials unity, in non-essentials liberty, in all things charity”.

This seems to chime with the choir's executive director Leela Breithaupt's claim that significant donor support “entrusts the Bach choir continues as a central part of the fabric of our community for generations to come”.

By Chip Dangelmaier, a 60-something small-business owner and choir board member, is more pragmatic about life in both Bethlehem and Trump's America. “I really don't care about red or blue,” he says, before leaning in with a joke: “I just want to see the green.”

ilya.gridneff@ft.com

Opinion

Apple's trust premium in the age of AI

COMPANIES

Robert Armstrong



The new folding-screen iPhone will set you back \$1,999 for the base model – new territory for an Apple handset. Apple's stock is even more expensive, though. Trading at 36 times the coming years' expected earnings, its valuation multiple is higher than it has been since the early days of the iPhone, when the company was growing like wildfire.

This summer, Apple has opened up a big, sustained valuation premium over Microsoft (25), Alphabet (26), Amazon (27), Nvidia (18) and Meta (21). Among the "Magnificent Seven" only Tesla has a richer price-to-earnings ratio – and only because it is inflated by low earnings.

Apple never approached the top spot on the valuation table, even briefly,

before late last year. For many years, its multiple was depressed by fears that its dominance in phones would prove fleeting, as Nokia's and BlackBerry's did. And then its growth rate was slow by big tech standards. That latter point remains true: the market expects Apple's earnings to grow at a high single-digit rate in the next few years, slower than its big peers. The company also faces new challenges, notably input cost inflation and slowing growth in its services business. And yet its valuation is pulling away. Why?

Explaining stock markets is more art than science, but here's an informed guess: Apple's valuation reflects investors' desire to own tech stocks that are not concentrated bet on AI. "Apple tends to be countercyclical from a risk appetite perspective," says David Vogt of UBS. A year or two ago, when enthusiasm for AI was running hot, there was no Apple premium to speak of. "What has changed is the view that doing billions in capex to support the AI model makers might not be the best investment," Apple is more or less sitting out the AI money fight.

Even before the latest wave of worries about the existential risk from self-improving frontier AI models, then, markets were signalling discomfort with the AI trade by giving Apple a premium. Having AI chief executives concede that they might lose control of their own technology, just as they are preparing for public listings, will not put anyone at ease. But there is more to the Apple pre-

Other tech businesses cannot even promise that their product will not go rogue and harm you

mium than the absence of AI risk in a market crammed with the stuff; Apple is selling trust in a world that is increasingly short of it.

Privacy is a cornerstone of Apple's sales pitch. Former boss Tim Cook almost never made a public presentation without hammering on Apple's promise to keep customers' data safe, even from Apple itself. The new CEO

John Ternus followed the pattern at the start of the new phone launch. "Apple Intelligence" – the AI tool that the company is building into its devices – runs locally where it can, and uses an encrypted "private cloud" when more computer power is required. Other companies "see [your] data as something to collect".

The pitch has worked brilliantly at keeping Apple customers loyal; iPhone users almost never switch to other brands. And trust is exactly what the AI companies are missing right now and will need to establish if they are to live up to Wall Street's dizzy expectations.

Trust is built on accountability, but the AI companies – from hyperscalers like Google to model builders like OpenAI and Anthropic – have been unable and unwilling to make themselves accountable. Apple, in the internet age, promised: "your data will be safe." The AI companies cannot even promise that their product will not go rogue and harm you. Instead, they have focused on what someone else – the industry as a whole, third-party monitors, the government – needs to do to

make sure their technology stays under control. Anthropic CEO Dario Amodei's letter calling for an industry "pause" is best read as an effort to socialise, rather than accept, accountability for product safety at his company. Until he and his company start making hard commitments, in the way Apple did with privacy, trust will remain beyond reach.

This is not to say that the Apple premium is safe in the age of AI. The company wants its devices to be the best host for AI services. In order to do that without spending hundreds of billions on its own AI infrastructure, its foundation models will run on Google's infrastructure. It remains to be seen whether this collaboration, and the attendant loss of complete control, can deliver a great experience while honouring the promise of privacy.

Apple is often described as a "walled garden" where the user experience is carefully cultivated. But AI does not like walls. So while AI companies should look to Apple's trust-building model, Apple's own model is going to have to change too.

robert.armstrong@ft.com

EU should not boost resilience at the expense of its partners

Kazutoshi Aikawa

Remember the Inflation Reduction Act? The Biden administration's objective then was clear: to accelerate the green transition and strengthen America's industrial resilience. Yet some of its provisions caused an outcry among US allies, particularly in Europe, because they risked disrupting investment and supply chains involving trusted partners.

The EU's proposed Industrial Accelerator Act appears to go further down the same path. It intends to strengthen European competitiveness and reduce strategic vulnerabilities. However, there are elements of the legislation that similarly risk creating unintended consequences for Europe's closest partners, including Japan.

Consider the proposed conditions in the IAA for financial support for corporate electric vehicles. Eligibility would depend on detailed EU content requirements, which are dubious in the light of WTO rules. Those overlook the reality of today's integrated supply chain ecosystem, inadvertently penalising trusted partners that are already deeply integrated into Europe's industrial base. Moreover, if EU-made components are sent outside the bloc and later return as finished products but are no longer treated as EU products, European companies themselves could also be affected.

An automobile is the product of years of research and development, which requires long-term capital investment and a network of suppliers across borders. A vehicle may be designed in one

An Industrial Accelerator Act would risk creating unintended consequences for allies, including Japan

country, contain components and technologies developed and produced in several others, and the whole be assembled somewhere else.

Japanese automobile companies have long invested in Europe. In 2025, they produced approximately 614,000 vehicles within the EU. They currently operate 13 manufacturing bases and 19 R&D centres with 160,000 European workers. In effect, they are contributing to Europe's industrial strength.

What is needed to enhance European competitiveness is to create a more reliable and secure supply-chain process encompassing trusted partners such as Japan – not simply focusing on the nationalities of car brands or where one part of the process, such as final assembly, takes place.

Today, competitiveness and economic security are increasingly two sides of the same coin. And Japan and the EU are showing how this works in practice.

Take critical minerals. France's Caremag rare earth refining project is being supported by Japan's Joggme and Iwatani. Japan and France are investing up to €206mn together and have secured a long-term supply agreement for heavy rare earths, while the project will also process recycled materials. This is precisely what resilient supply chains should be: European industrial capacity combined with trusted international investment, technology and long-term commitments.

Europe has every right to promote domestic investment and strengthen its industrial base. It is also not unreasonable for governments to attach conditions to public support in accordance with international rules. The question, however, is whether those conditions recognise the realities of today's cross-border supply chain ecosystem and the value of international partnerships.

The IAA should not – even inadvertently – penalise the companies of close partners, which have invested deeply in Europe and become part of its industrial networks simply because their headquarters happen to be elsewhere. Trusted international partners are part of Europe's industrial strength.

In today's increasingly challenging geopolitical and socioeconomic environment, Japan and the EU will be stronger together. We have repeatedly proven that challenges can be overcome through collaboration and co-operation, and should do the same this time around.

The writer is Japan's ambassador to the EU

The UK right's patriotism problem

POLITICS

Janan Ganesh



Sadiq Khan says it is time to defend London against hostile propaganda from the American right. No. Just brush it off. It is beneath the dignity of the best city on Earth to rebut hate videos that someone called RedPill3000 or whatever posts from a ghastly Sun Belt condo. (Or from Moscow.) Also, the hatred is a perverse compliment. Which other city, century after century, unhinges people like this? Which has got inside the heads of tsars and French officials and now Maga? I don't know but the interest is not reciprocated.

It is at least nice to see whose side Khan is on. Others in British politics, further to the right, leave some doubt. Nigel Farage is tongue-tied whenever Americans smear his nation. Perhaps the Reform UK leader doesn't want to contradict his friends. Perhaps he agrees with them.

This month, two of Farage's colleagues stepped down after a television sting. In the footage, each seems to propose ways around British electoral law in order to receive a donation from an American. Soon after, Reform UK accepted a total of £72mn from two

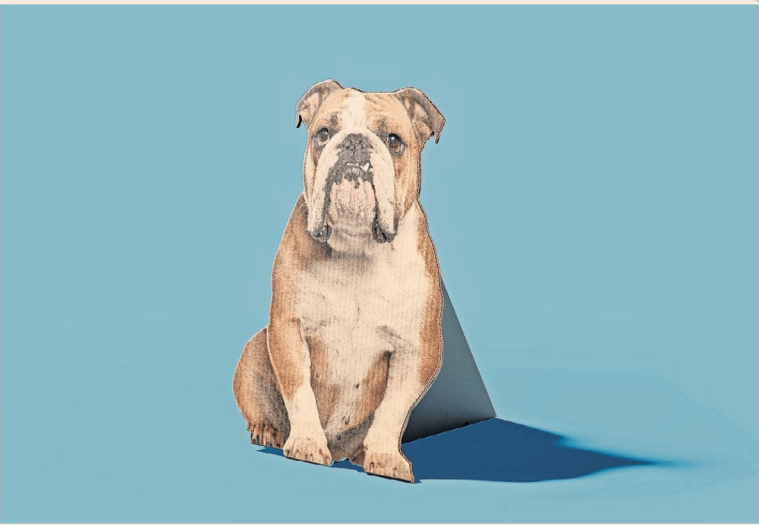
entrepreneurs who had until recently been living in Hong Kong and Thailand. As with Farage's silence about Maga's anglophobia, these gifts seem odd for a British nativist movement. This blessed plot, this earth, this realm, this Koh Samui.

The British right has a patriotism problem. Or would, if Andy Burnham chooses to make an issue of it. Whatever else is wrong with the Labour prime minister – a certain glibness, for example – he seems at ease in his own country.

So do most of his compatriots. Some 57 per cent of Britons are "fairly satisfied" with life. You have to add up those who are "not at all satisfied" and "not very satisfied" just to reach 31 per cent. That share could be enough to elect Farage, of course, given the fragmentation of politics, but he would need to mobilise quite a lot of it and hope the more-or-less content majority doesn't consolidate behind a cheerier party.

British voters, like American ones, are glum about their country in the abstract but not about their own lives. And so an opposition politician has to proceed with care. Bashing a vague "status quo" is fine. Cross into all-purpose negativity, however, and people start to ask questions. For example, if things are so irredeemable, what would be the point of a new government? Also, do I want to spend five years with this person?

If the right becomes what the left has stereotypically been – a drag to be around – it will lose. Ask yourself who was the last incoming elected prime



Carl Godfrey

minister who was a downer. Sir Keir Starmer became one in office and never recovered. The correct answer is perhaps Ted Heath in 1970, and even he just had a lugubrious personal manner rather than an apocalyptic view of Britain.

"Life is crap, vote for us" is a losing message. The first half is not true and, even if it were, the second does not follow. Farage, who built his career on studied bonhomie, used to know all this. Two things have changed since then. One is that he has grown morose with age. The other is that a movement of even bleaker people has grown around him: not just billionaires of a millenarian cast of mind but a voter base that likes very little about modern Britain. More Labour, Liberal

Bashing a vague 'status quo' is fine. Cross into overall negativity and people start to ask questions

Democrat and Green voters approve of King Charles than do Reform UK voters, whose view of other national institutions, and of their fellow citizens, is no sunnier.

If a socialist is someone who loves The People more than actual persons – the smiling Lenin being the classic case – a nationalist is not so different. An abstraction called Britain is dear to them, just not many currently existing three-dimensional elements of it. Even Kemi Badenoch can seem uncomfortable with the country as it is. According to the Conservative leader, Britain must never become "multicultural". First of all, too late. Second, if the alternative is "assimilation", as she suggests, where has it worked? France? She should state which of the following she regards as more harmonious, and less of a powder keg: London or Paris, Manchester or Marseille.

Years ago, some western conservatives got it into their heads that Russia, which has a lower fertility rate than Britain, was a fortress of Christian tradition. The constant need to believe that some-

where else has got things right is rather suspect. Oikophobia, the fear or rejection of one's own, is seen as a disease of the liberal left. Looking at Khan stick up for London, that seems unfair. Last year, Ed Miliband told Elon Musk to "butt out of our politics" while British conservatives stared at their shoes.

To run on patriotism from the left is audacious, but there are successful precedents. Mark Carney in Canada and Anthony Albanese in Australia did it, with some unwitting help from Donald Trump. Burnham is a more natural demagogue than either. He could stigmatise Reform as the plaything of Trump-smitten exiles and bitcoin bros whose first loyalty is to their purses. It is crude stuff and might arouse primal emotions among voters, but he is not going to win the next election with a flutter of those eyelashes alone. "Love it or leave it," jingoists used to say to critics of their country. We love it, you left it, Burnham can say to at least a few Reform donors.

janan.ganesh@ft.com

We need an observatory for the cooling north Atlantic

Ben Judah

We are standing on the threshold of pushing global temperatures up by 1.5°C, a level the Paris Agreement identifies as significant for the tipping points it could trigger in the climate system. And yet, ironically, one of the most alarming of those tipping points, and one we are least prepared for in the UK, has to do with making part of the north Atlantic Ocean colder.

A string of scientific studies has shown that the Atlantic Meridional Overturning Circulation, or Amoc, which brings vast amounts of warm water from the tropics to northern regions and makes them remarkably more habitable than they would otherwise be at such latitudes, is weakening. Today a growing body of scientists believes this system is at risk of collapse

if current warming continues through rising emissions.

Britain is particularly exposed. The science says that a collapse of the Amoc would lower London's average winter temperature to about 2°C, with once-a-decade extremes of -20°C. Across the country it could reduce the nation's share of arable land through severe drying from 32 per cent to just 7 per cent.

While we pursue net zero carbon emissions and are committed to Nato's target of spending 3.5 per cent of GDP by 2035 to guard against the threat of war with Russia, this long-term risk needs diplomatic attention. Such a risk is too great for north Atlantic states not to take seriously.

Consider the research. As it stands, this is currently scattered and often contradictory. There is no single gold-standard research centre that can be used as a reference point for such a debate. We need more than our existing array – we need a consortium to conduct the full range of analysis and measurements to understand them and provide governments with an early warning system. The issue is distinctly

lacking a political champion. This is an opportunity for Ed Miliband as foreign secretary to showcase effective climate diplomacy.

There is a diplomatic opening here that Britain should seize upon. Not just climate scientists but increasingly governments are alarmed. In 2025, the Icelandic National Security Council designated the collapse of Amoc a national security risk. Meanwhile, Norwegian experts have suggested doing the same while academics in Denmark have pushed for Amoc to be better included in IPCC research and the Nordic Council has published an official report on the risks of collapse.

The UK should convene a coalition of concerned north Atlantic states to establish an Amoc Observatory, with an

There is no gold-standard research centre that can be used as a reference point for such a debate

early warning system to be the global reference point on the issue. A highly respected, impartial reference body, regularly updating concerned nations, could do for Amoc what disease-surveillance networks already do for pandemics. The World Health Organization's Global Influenza Surveillance and Response System, running since 1952, flags dangerous new virus strains to governments long before they can spread unchecked. An Amoc Observatory could perform the same function for tipping-point risk, sustaining and building the case for action. The potential coalition would include Iceland, Denmark, including the autonomous government of Greenland, Norway, Sweden, Finland, Ireland, the Netherlands and Canada.

Establishing an Amoc Observatory would not mean starting from scratch. The UK is already investing £80mn in improving early warning methods and creating new technologies – such as constellations of low-cost ocean and ice sensors, data-gathering robots and drones – to monitor north Atlantic tipping points through Aria's Forecast-

ing Tipping Points programme.

Centres of excellence like Exeter University have a longstanding global leadership role in modelling in this area. Both Exeter and Aria work closely with Nordic scientific and academic partners. A new Amoc Observatory would bring together these existing projects. With the Foreign Office cutting budgets, this could be achieved primarily through leveraging existing resources.

Picture the foreign secretary, assembling his peers from across the north Atlantic in London to launch such an observatory. After a summer of shocking, unprecedented heatwaves, with many Labour voters still considering the Greens, such an occasion would enable the government to renew the case for net zero under assault from President Donald Trump and the climate-sceptic right. The UK government would not be pursuing action because of some vague global temperature but to avert a tipping point that risks making life in Britain colder, drier and harsher.

The writer is a visiting fellow at Chatham House and a former Labour special adviser

Burke's plan is what he should already be doing

Labor is playing politics, not leading on planned cuts to immigration

The big question that must be asked of Tony Burke in the wake of Labor's planned immigration changes announced on Thursday is: What has he been doing? While the issue of immigration has burned up the national conversation and helped to feed One Nation's popularity, net overseas migration in the three months to March jumped by almost 45,000 people from the previous quarter.

Finally, we are told, the selection criteria for skilled migrants will focus on the skills we actually need to build houses and grow the economy. And there will be a crackdown on students who study their way down the value chain simply to stay in the country, family in tow. More galling is the fact that, as Mr Burke made clear, visitors from safe, wealthy countries who do not want to leave can simply lodge a humanitarian claim safe in the knowledge it will allow them to stay for up to a decade as they wind their way through the system. The bureaucratic and judicial waste of resources is enormous.

It is not good enough for Labor to blame the Coalition for not being able to do something about it. Equally unsatisfying is the redefinition given by Mr Burke to the housing shortage. With Angus Taylor wanting to calibrate migrant numbers to housing availability, Mr Burke has said it is not migrants who are to blame but greedy homeowners who no longer want to share their space, with fewer people living per dwelling. What next, a bed tax for people to keep living in their own home with empty bedrooms? Or is it simply political misdirection because we are building more units that skew down the statistics on the number of people per dwelling?

Mr Burke is correct to say that debate over migrant numbers suffers from an acute form of NIMBYism in which people only want other people's migrants to be cut. This is why business owners, farmers and regional centres are all pushing back against

cuts that will impact them directly. He is also right to question the approach of One Nation to stop temporary work visa holders from bringing their families because it would discourage the skills we need. Mr Burke said half of the doctors and construction workers applying to come to Australia sought to come with their family, while two-thirds of nurses and aged-care workers come with family attached to their application.

But there is good reason to be more selective about who is allowed to come to Australia and the rules about how long they will be allowed to stay. A lot of the heavy lifting to allow Labor to meet its previously announced immigration target will come from cracking down on backpacker numbers in the second and third years of their stays via a ballot process. The number of people able to stay for a second year will be cut from 57,000 to 45,000, and those remaining for a third year will fall from 31,000 to just 5000.

To avoid the political flak this will bring from those using the skills they provide, Mr Burke said the government would end its go-slow on processing backpacker visas and add agriculture to a list of priorities for processing. The government will also use Ministerial Direction 119 to tweak the skilled migration processing system to encourage fast processing for workers in key sectors including healthcare, construction, education, law enforcement, defence, resources, agriculture, aquaculture and fishing.

This is where the focus must be. Australia has a housing problem and a skills shortage, both of which can be sheeted home to the government. Immigration is not the whole problem, and only part of the solution, but must be addressed. The fact it has been neglected to the point of community distress is a failing that will have long-term consequences for our future prosperity and sense of national self-belief.

IMF big squeeze demands action

Chalmers must heed the warnings of US rates and international fund

The big squeeze is here and the Albanese government must take seriously the warnings of the International Monetary Fund that we must get our economic house in order. The IMF's latest advice comes as Federal Reserve chairman Kevin Warsh has set an upward trajectory for rates in the US in the face of inflationary pressures and demanding financial markets. The lift comes as the Reserve Bank of Australia is grappling with the domestic inflation challenge, which markets predict sets the scene for consecutive rate rises here. As business editor-at-large Eric Johnston has noted, a rate hike by the US Federal Reserve, the world's most powerful central bank, does not automatically force Australia to follow. But he says the two central banks are grappling with the same underlying problem: inflation that's getting away, made worse by a Middle East-driven oil and commodity price shock, against a backdrop of resilient jobs markets.

These issues are compounded for Australia by the malaise in productivity growth, which reflects an overindulgence in the public sector. These failings are evident at both commonwealth and state level, and are not going unnoticed by ratings agencies and institutions such as the IMF. In its latest review of Australia, the IMF implored Jim Chalmers and state treasurers to tighten their fiscal positions, redouble efforts to lift productivity, and enact wider tax reform amid the highest costs of Australian government debt in 15 years. The debt

pressure is set to worsen as bond markets reprice the cost of money. The IMF expects Australia's GDP growth to slow in the second half of this year, bringing the annual rate to 1.9 per cent in 2026 and 1.6 per cent in 2027, with inflation to remain elevated this year. Without corrective action, Dr Chalmers is caught in a bind where even modest growth will feed into inflation, making the RBA's challenge more difficult. The remedy, as was again highlighted by the IMF, is to lift productivity growth. Necessary reforms include restoring workplace flexibility, tax reform to restore incentive, and reducing the size of bureaucracy.

The sobering fact is Dr Chalmers will deliver the worst decade of productivity since records began in 1960 at a time when financial markets are finally losing patience with debt. Uncertain energy markets due to the war in Iran are one factor in the current inflation challenge, but not the major one, particularly given Australia is a big exporter of energy. Just as the AI boom might be a positive for productivity growth in the future, as was identified by the IMF, deployment poses inflation risks given our challenged electricity networks.

Rather than point to difficulties, governments must heed the advice of the IMF and embrace a more ambitious reform strategy that cuts red tape, reduces taxes and restores productivity growth. As things stand, the indicators are all pointing in the wrong direction.

Not just a Piddington problem

Piddington, a quiet village of thatched-roofed houses in the bucolic Oxfordshire countryside 106km from London, home to 350 people, is an unlikely place for a political uprising. But that is what is being seen following Wednesday's "independence" referendum in which its people voted overwhelmingly – 285 to 26 – to "secede from the UK and pursue self-determination" in a protest against ill-conceived plans by Britain's Labour government to implant 1250 to 3000 male asylum-seekers from countries such as Afghanistan, Eritrea, Iran, Sudan and Somalia in their midst.

The vote by the "village that roared" may be largely symbolic and the ambition of residents to create an independent "Principality of Piddington" may be unrealistic. But that does not detract from the significance of the vote to Britain and to countries elsewhere amid signs of growing sentiment against asylum-seekers.

It would be hard to think of a sillier or potentially more catastrophic plan than to try to house hundreds of mainly young men (no women) in a disused military camp that, as Jacquelin Magnay reported, adjoins children's playing fields in a village where 130 of the residents are women. With the newcomers set to outnumber locals four to one, reports that women have been in the forefront of opposing the government's

plans, with many joining self-defence classes, are no surprise.

In the deepening crisis over unwanted migration, the irresolute British Labour government appears to be hoist by its own petard. Having dumped the previous Conservative government's plans to process asylum-seekers in Rwanda, and – incredibly – unable to staunch the flood of refugees arriving by boat across the English Channel from France, the government has been facing staggering bills amounting to billions of dollars to house unwanted migrants in hotels. Last year alone, housing them in hotels cost a staggering \$3.2bn.

Hence the attempt to place them in unused military camps such as Piddington's where, like all asylum-seekers stepping ashore in Britain, they will receive a weekly stipend of \$92 and have full access to the National Health Service and free education.

Tiny, picture-postcard Piddington's reaction to the prospect of hundreds of young men from different cultures, languages and religions being implanted in their midst is understandable. Britain's Labour government needs to urgently find a different way to stop the boats carrying unwanted migrants across the channel. If it doesn't, the likelihood is it will be confronted by many more Piddingtons and the only winner will be Nigel Farage's Reform party.

LETTERS

Indigenous kids need help now, not more red tape

Good on Indigenous elder Doris Eaton for challenging the bureaucratic inertia around rampant child neglect in Frisby Court, South Hedland ("Voice of reckoning", 16-17/9). In her view, this is due to timidity around creating another Stolen Generation. She's ready to call out parents and communities, and suggests another name be found for when children need to be removed.

The Lost Generation risks negating any future that can be salvaged for these children, and the Neglected Generation, while it puts the blame where it belongs, also risks attaching stigma to the child. I believe Eaton's plea for another name is a simple one: Children First. **Janette Sinclair**, Doonan, Qld

Following the latest revelations of neglect in Port Hedland, it is clear that Australians can expect more platitudes from Indigenous Affairs Minister Malarndirri McCarthy. It's what we got in the wake of the murder of Kumanjayi Little Baby a few short months ago ("Albanese must wake from post-voice torpor and act", 17/9).

It's a sad fact that these events are the product of the despair and

hopelessness that exist in many remote Aboriginal communities. The voice referendum was a marker that Australians of all backgrounds and ethnicity should be afforded equal opportunity. It can only happen in remote communities if school attendances increase exponentially.

Mainstream education should be the destination of almost every dollar spent on Indigenous affairs in an effort to break the nexus. **Kim Keogh**, Claremont, WA

"This is not another Stolen Generation – that was kids being taken away from good parents. We need to take kids away from bad parents." Wise words from Indigenous elder Doris Eaton. I hope the appropriate agencies take note. **Penni Seignior**, Mudgeeraba, Qld

Is Linda Burney seriously suggesting that if Anthony Albanese's voice referendum had been successful, then we would have experienced an improvement in outcomes for Indigenous people, particularly in outback settlements? It would appear that Burney's answer to the problems facing Indigenous folk in these settlements is to create more red

tape and administrative appointments. If that is the case, then she has misread the current crisis. Burney as a former senior member of the Labor government had ample opportunity to improve what was going on in the Outback. Unfortunately it would appear that she achieved very little. This is a case of not hearing anything substantial until the horse has bolted and the stable door well and truly closed. It is time to devote some very serious thought on this most serious crisis. **Peter Surkitt**, Sandringham, Vic

Geoff Chambers is spot-on to note that since the defeat of the voice referendum, Anthony Albanese has "lost his voice". Indeed failing to take responsibility for the outcome of the referendum, together with no plan B for its failure, Albanese has no policy agenda – aside from more funding – for the Indigenous Australians he supposedly was trying to help. This is unacceptable and lazy conduct, writ large. Jacinta Nampijinpa Price made the call during the referendum campaign, for which she arguably has a mandate. And that is to fix the structures that exist by "applying accountability to blat-

ed bureaucracies while they accept responsibility for failure". **Mandy Macmillan**, Launceston, Tas

Amber-Jade Sanderson, the West Australian minister responsible for the Pilbara, might be correct in saying "a considerable amount of time and money" would be required to address the problems of children in her region.

There has been a clear failure of extant and already-funded child protection authorities; surely those neglected, abandoned and abused kids living in places such as Frisby Court need urgent protection and care right now? They shouldn't be left to fend for themselves until Closing the Gap is achieved. With "more Indigenous peak bodies and commissions today than we've ever had" ("Abandoned kids and a missing Prime Minister", 17/9), it's so dis-appointing to find that advocates for the failed voice referendum, including Linda Burney and Thomas Mayo, still insist that yet another comfortable and well-paid representative Indigenous body, in remote Canberra, would have made any difference to this difficult situation. **Paul Prociw**, Mt Mellum, Qld

LAST POST

A simple solution to get Anthony Albanese more interested in Aboriginal affairs would be to hold the Australian Tennis Open at Port Hedland. **Paul Haegre**, Darling Point, NSW

Surely the child protection authorities in Western Australia must act now. When elders are pleading for help it is past time for the bureaucrats to get out of their comfortable offices and do their job. If these abandoned children were in any other place, or dare I say were white, action would have already been taken. **Don Paul**, Buderim, Qld

Things will never change in WA's Department of Child Protection while there are no consequences for poor performance by those being paid to help those least able to help themselves. Let the WA Premier send the message – sack the minister and reduce the grade of the Department secretary. **Roger Dace**, Greenway, ACT

In his biography of Lowitja O'Donoghue, Stuart Rintoul refers to her early role with the Board of Aboriginal Hostels, whose annual budget increased 15-fold to \$17m by 1986. In the 40 years since, multiple agencies acting on behalf of Indigenous Australians have spent that amount too many times over. So, perhaps the solution doesn't lie in Canberra? **John Mullavey**, Howrah, Tas

Tony Burke has flagged that there will be a restriction of family reunion visas for students. When our children studied overseas, they certainly didn't want us tagging along, and we didn't expect to. **Roseanne Schneider**, Toowoomba, Qld

To allow us to prepare, can the doomsayers tell us which will take us out first – climate change or AI? **Ian Morison**, Forrest, ACT

Call me outdated, but what can these horribly expensive AI data centres do that libraries and a chat with colleagues can't do. **Ed Turner**, Sinnamon Park, Qld

Brendan O'Neill nails it about moral grandstanding, so perhaps with so many artists moonlighting as activists, they should issue trigger warnings about their art. One suggested trigger warning: "The artist is liable to indulge in a rant about 'x' at any time during the performance and some people might be offended/distressed by this rant." **Peter McKenzie**, Gracemere, Qld

While AI is still in its developmental stage, it would make sense to establish an AI policing organisation. Fight fire with fire, or combat criminalised AI with Police AI. **Keith O'Dempsey**, Clontarf, Qld



The Australian's front page, Thursday, September 17

manitarianism. It has been exposed for what it is. **Lee Smith**, Kenmore, Qld

West Bank are for security – to stop rampant terrorism, not for any racial doctrine like apartheid. **Robbie Gore**, Brighton, Vic

Doctrine of distortion

Macklemore and his supporters, including the withdrawing support acts, have variously accused Israel of genocide, colonialism and apartheid. These allegations are demonstrably untrue. Genocide is the intent to destroy a group. Israel warned Gaza civilians of impending attacks and evacuated them to safe zones.

In more than two years of fighting terrorists embedded among civilians, Israel's powerful army is estimated to have killed roughly as many civilians as Iran's regime did in a week of suppressing protests. Israel is the Jewish homeland, where Jews are indigenous and have lived for thousands of years. It represents Jewish self-determination in their own land, not colonialism. All Israeli civilians, Jewish or Arab, have equal civil rights, and restrictions on Palestinians in the

'Gazaholics' silent

Brendan O'Neill exposes the antisemitism and pro-Hamas sympathies of activists obsessed with Gaza ("When do we get a break from the 'Gazaholics'?", 17/9). Their outrage whenever Palestinians suffer is understandable. But where was their outrage when Hamas slaughtered innocent Israelis on October 7, 2023? Where was their anger at the appalling antisemitic scenes outside the Sydney Opera House on October 9, while the bodies of Hamas's victims were still being recovered? Innocent women and children are being killed in Putin's barbaric war against Ukraine. The same voices are strangely muted. Where was their condemnation when the Iranian regime reportedly killed tens of thousands of its own citizens? Again, silence.

Enough of this selective hu-



Send letters to letters@theaustralian.com.au (no attachments); GPO Box 4162, Sydney, NSW, 2001; Fax 02 9288 3077. Emails and letters should bear a full postal address and day and night telephone numbers. Letters to the Editor of The Australian are submitted on condition that Nationwide News Pty Ltd as publisher of The Australian may edit and has the right to, and license third parties to, reproduce in electronic form and communicate these letters.

Letters online: Letters from this page are published on The Australian's website – and online readers have the opportunity to add their own comments. To join the debate go to www.theaustralian.com.au/letters

BOOKSHELF | LAURA LANDRO

'Sickle-cell warriors': the fight to cure a genetic horror

Patients with sickle-cell disease have described their pain as "stabbing, pulverising", as if "bones were being sawed by a rusty blade". It is, one said, "like being hit by a truck and struck by lightning at the same time".

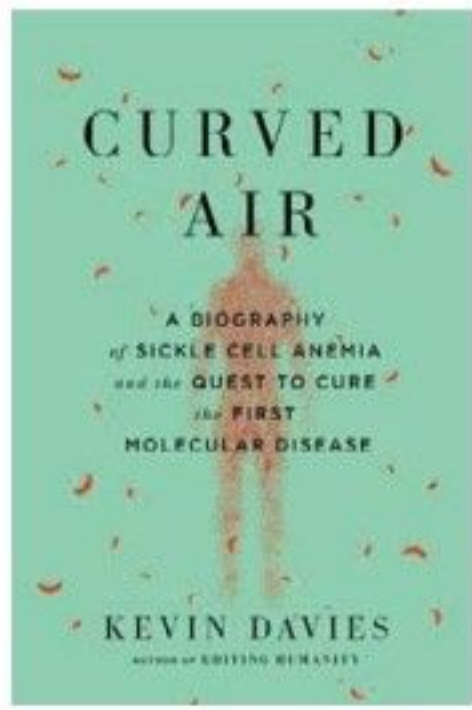
In *Curved Air*, Kevin Davies chronicles the remarkable history of one of medicine's most devastating inherited diseases. Its origins lie in a genetic mutation that arose thousands of years ago in regions of sub-Saharan Africa. Carrying a single copy of the mutation confers protection against severe malaria. But people who inherit two copies develop a disabling, life-threatening blood disorder. Sickle-cell disease, also called SCD, disproportionately appears in people of African ancestry.

Davies synthesises an enormous body of scientific literature and history in this book, placing SCD at the intersection of biotechnology, medicine, race and public policy. Little understood until the mid-20th century, the disease eventually became a catalyst for breakthroughs in molecular medicine. The book's title is a poetic reference to the crescent-shaped red blood cells that characterise the disease. In 1949, Linus Pauling, who would later be awarded the Nobel prize in chemistry, worked

with a group of colleagues to establish the molecular basis for SCD. They discovered that its cause is an abnormal form of haemoglobin, the oxygen-carrying protein inside red blood cells. The defective haemoglobin sticks to itself, causing normally flexible cells to stiffen into sickle shapes – a process sometimes called sickling – that block blood flow, damage organs and trigger excruciating pain.

Symptoms take time to emerge. Babies born with two copies of the sickle-cell mutation initially produce foetal haemoglobin, which does not stick together. This protects them during the first months of life. As foetal haemoglobin gives way to adult haemoglobin, however, the disease begins to exert its damaging effects. Many advances in SCD treatment have sought to prevent red blood cells from sickling by restoring protective haemoglobin. For decades, treatment focused on controlling painful crises, preventing infections and using blood transfusions to reduce complications such as stroke.

The work of advocacy organisations and civil rights groups led to stronger calls for a cure for SCD by the 1970s. US president Richard Nixon proposed increased federal funding for research into the disease in 1971 but was accused of



Curved Air
By Kevin Davies
Harvard University Press, 352pp, \$29.99

doing so only to win the black vote. The Black Panther Party mounted its own education campaign, "part of which was to undermine any trust the black community might have in a program designed by the white establishment", Davies writes.

In 1983, an eight-year-old girl with SCD and leukaemia received a bone-marrow transplant from her brother. Because the donor marrow produced normal red blood cells, her SCD was cured. Transplantation is now a potentially curative treatment for the disease, although it remains an intensive procedure with significant risks. Hydroxyurea, a drug that stimulates production of foetal haemoglobin, has been shown to reduce pain crises and other complications – but it isn't a cure.

Gene therapy has offered a more promising path. One strategy, born out of experiments in the 1990s and brought to fruition in 2014, uses a modified, disabled form of HIV as a delivery vehicle to insert an anti-sickling haemoglobin gene into the patient's own blood-making cells. A more transformative discovery came in 2008, when researchers identified the genetic switch that stops the production of protective foetal haemoglobin after birth. Using

CRISPR, a therapy called Casgevy was developed to target this switch and was approved by the US Food and Drug Administration in 2023. Davies offers valuable insights into the role played by biotech and pharmaceutical companies, such as Vertex Pharmaceuticals and Crispr Therapeutics, in opening doors to new treatments.

Radio interviews given by Victoria Gray, an SCD patient, were, Davies writes, an inspiration for this book. Diagnosed as an infant, Gray endured years of painful crises and repeated hospitalisations. She agreed in 2019 to take part in a pioneering CRISPR-based clinical trial led by Haydar Frangoul and was the first person with SCD to receive the treatment that would eventually become Casgevy.

Davies' formidable command of his subject is also the book's weakness: his ambition to encompass so much science sometimes overwhelms the narrative. At times, he indulges in the use of medical and scientific jargon likely to leave general readers behind. But *Curved Air* illuminates the trauma and triumphs of the "sickle-cell warriors", as some patients proudly refer to themselves, and the researchers who continue to search for a widely accessible cure. **THE WALL STREET JOURNAL**

REVIEW

More book reviews in **The Weekend Australian**

DAILY CARTOON | JOHANNES LEAK



HENRY ERGAS

Don't blame the curriculum for classroom mediocrity



In 2012, the Gillard government's white paper on Australia in the Asian Century declared, as National Objective 9, that "By 2025, Australia will be ranked as a top five country in the world for the performance of our students in reading, science and mathematics literacy".

Together with the Gonski report, that objective helped justify a spending splurge that, in inflation-adjusted terms, increased public expenditure per student by 24 per cent – 2½ times the increase in per capita GDP.

That the splurge benefited teachers, the teachers unions and our sprawling education bureaucracies is beyond doubt. But the results of PISA 2025 show that it failed miserably to boost Australian students into the uppermost ranks of the education ladder.

Not only did Australia miss the "top five" target in all three subjects; the distance between its scores in mathematics and science and those of the top five more than doubled. But it is not our absence from the medal podium that is truly worrying: it is the cata-

strophic deterioration in our performance over time.

Since 2015, the declines in our maths and reading scores are, on the OECD's calculations, each equivalent to losing a year of learning – as if one previously worthwhile year of school were now being entirely wasted. Compared to 2003, the loss is larger still: some two previously worthwhile years of schooling now produce no measurable gain in skills.

We are, moreover, equal opportunity education vandals: just as the performance of our best students fell by more than that of their counterparts across the OECD panel, so did that of our worst. Kneecapping the best students is bad enough; but what has happened to the laggards is surely unconscionable.

The OECD defines a baseline score corresponding to the minimum needed to take part meaningfully in a technologically advanced society. Only half of Australian 15-year-olds clear that very low bar in all three subjects – science, reading and mathematics – compared to nearly 80 per cent in

Singapore. Put slightly differently, one Australian 15-year-old in two lacks at least one core skill needed to be a productive member of society.

Predictably, the reaction to those results has been loud calls to reform the curriculum. That there is scope to do so is undeniable, but it is important to be realistic.

For Australia to reach fifth place in the rankings, the scores of Australia's 15-year-olds would need to improve by about 48 points. However, very few studies of educational reforms find improvements exceeding 20 points, with gains of that magnitude depending on the reforms reaching every child and their effects lasting through to age 15. But even were those gains achievable, most would be spent standing still: the 20 points would merely offset our trend decline of about 16 points a decade in mathematics.

Nor should we assume that the curriculum explains the difference between Australian students and their better-performing counterparts. Japanese secondary students, for example, greatly outperformed Australian students in every international test administered in the late 1960s and early 1970s – a time when rote learning was still a central part of the Japanese curriculum.

The contrast in parental expectations is a crucial part of the explanation. Japanese parents, research conducted in that period showed, were far more demanding than parents in the Anglosphere. Thus, one study found that 40 per cent of American parents thought their children were performing satisfactorily, compared to only 5 per cent of parents in Japan. And unlike American parents, Japanese parents placed twice as much weight on effort as on ability, insisting that their children could and should do better by trying harder.

Still today, those differences in the emphasis on achievement are

reflected in the investment East Asian parents make in after-hours tutoring. Participation in tutoring is close to universal, covering somewhere between 80 and 90 per cent of students in Korea, Taiwan and Hong Kong.

What participation buys is, in effect, a second school system: by the age at which Korean students sit PISA, they will have spent the equivalent of about 4½ school years being tutored. Moreover, because there is intense competition between tutoring schools, the quality of that instruction is likely to be high.

It is conventional to claim that the greater focus on education in East Asia reflects the legacy of Confucianism. But while that has an element of truth, the far more important factor is that so much is at stake.

To take just one example, in Singapore, an employee in the top 15 per cent of the skill distribution earns 2.6 times as much over a working life as one in the bottom 15 per cent; and that takes no account of better working conditions, greater job security and much higher social standing. In Australia, by contrast, those in the skill ranking's top 15 per cent earn just 1.5 times as much over a working life as those in the bottom 15 per cent.

Differences in growth rates compound the effects of those differences in the skill premium. Ultimately, an earnings premium is a percentage: its value depends on the earnings to which it applies. Faster growth makes a given percentage premium worth more in dollars; and because acquiring skills requires an outlay now, faster growth lifts the future income stream without altering the upfront cost – which means the investment becomes markedly more attractive.

The effect is anything but trivial: had earnings in Australia kept rising at reform-era rates, the extra

lifetime earnings from moving to the top sixth in the skill distribution from the middle of the pack would be about 50 per cent greater than they are today.

That is not to suggest future earnings are all that matters. Rather, the point is that we have done everything we possibly can to reduce the stakes: failure rates are low; just about any school leaving score qualifies for university entrance; and only a minute share of the assistance tertiary students receive depends on academic performance. Meanwhile, the merit principle plays little role in hiring, promotion and dismissal decisions, while high marginal tax rates erode the gains from having superior skills. As if that were not enough, every government policy seems designed to entrench economic stagnation, reducing the return on acquiring skills.

Little wonder, then, that PISA shows astonishingly low levels of aspiration among Australian 15-year-olds. The motivation score of Australian students from non-immigrant backgrounds is less than half that of their US counterparts; and while the scores of students who are first-generation immigrants are significantly higher, they too remain well below the US benchmark.

We are, in short, firmly back at what Keith Hancock, in his masterpiece, *Australia* (1930), called the worship of the "middling standard". "Australian democracy," he famously wrote, "is properly anxious that everybody should run a fair race. It is improperly resentful if anybody runs a fast race. Indeed, it dislikes altogether the idea of a race, for in a race victory is to the strong. Its solitude is for the weak, and its instinct is to make merit take a place in the queue."

No amount of spending on schools or tinkering with the curriculum can cure that malady. It is not an unfortunate error; it is mediocrity by design.

TONY ABBOTT

War Memorial not the place to fight the 'frontier wars'

Because it commemorates the service and sacrifice of the men and women who have fought for our country, the Australian War Memorial is our greatest national monument and shrine. It was originally conceived by Charles Bean, to honour the men whose exploits he'd described in the official history of the Great War.

What these men did, he wrote, nothing now can alter: "The good, the bad, the greatness and smallness of their story will stand ... It rises, as it will always rise, above the mists of ages, a monument to great-hearted men, and for their nation a possession forever."

That's been the role of the War Memorial ever since: to chronicle, to mourn, occasionally to admit and to explain, but above all to honour the deeds of the Australian armed forces, of the nation-in-uniform. It's been intended as a place of unity and pride, rather than division and shame; a place to record and to remember what Australians have done together to defend our commonwealth, to support our allies, and to uphold our values. It's never been intended as a place to note, other than perhaps in passing, the fights of some Australians against other Australians; and even then, say with the conscription debates, only in the context of our military campaigns.

That's why the current campaign to make the so-called "frontier wars" a key element of the expanded and revamped Memorial is so misconceived. If the undoubted bloodshed between settlers and tribespeople is to be included, because the critics of colonialism now choose to characterise much of our history as a "war" between the British Empire and "First Nations", what about the fights between "First Nations", which were frequent and often deadly? How could events such as the Eureka Stockade or even the apprehension of the Kelly gang be excluded, as at least they involved official direction, in a "war memorial" that would then have evolved from honouring our soldiers to eroding our conception of the nation for which they fought?

Recent claims that the "Australian wars" of the 19th century could have killed up to 100,000 Aboriginal people, largely based

on projections and assumptions about the bloody work of the Queensland native mounted police, are entirely speculative.

Even the Newcastle University Massacre Map puts the Aboriginal death toll at about 11,000, from some 400 massacres around the country. And because this figure is often derived from subsequent oral history, it's best described as a guesstimate – although that's not to minimise the bloodshed that took place, such as around Bathurst, in Gippsland, western Victoria, the Kimberleys, outback Queensland, and particularly in Tasmania.

In the 1820s, Tasmania endured what were described, even then, as the "Black Wars", with frequent attacks on isolated shepherds and homesteads, culminating in a declaration of martial law and the "black line", where some 2000 soldiers and settlers attempted to corral the resistance.

Historian Henry Reynolds says that the martial law declaration plus the scale of settler casualties (almost 200 dead in a population of scarcely 20,000; with perhaps three times as many Aboriginal deaths) justifies it being called a war. On the other hand, benign interactions continued, with widow Sarah Birch intervening on at least two occasions to save the warrior Kickerterpoller from prison or execution. And governor George Arthur, along with most of the citizens of Hobart, received the remaining warriors with honour after the eventual truce.

If the undoubted violence of those much harsher times really constituted a war between two peoples, it's hard to explain the eagerness of Aboriginal men to join their fellow Australians in the First AIF. At least a thousand Aboriginal men talked their way past racial bans on recruitment, with up to 30 of them decorated for valor. Hundreds were killed in action, including a son of 1930s activist William Cooper, who cited these deaths for king and country in his bid for Aboriginal people's full civic rights.

It's this Aboriginal contribution to Australia's military campaigns, well before official discrimination ended, that has

long been remembered and justly celebrated at the Australian War Memorial.

Of course, it has to be accepted that we let ourselves down as a country, and betray our best ideals, when we fail to confront the whole story of our past.

For instance, even though the subject matter of the Brereton Report is far from the whole story of our Afghanistan campaign, however contested, it is a part of it. So that's a possible blot on our honour as a nation that can't be ignored, even in a place dedicated to the ideals of duty, service and sacrifice.

And yes, for too long, the bloodstained frontier was amnesed from our history, in what WEH Stanner called the "great Australian silence". Yet official goodwill dated from the very start of settlement, with governor Arthur Phillip enjoined by the British government to "live in amity" with the native peoples. When speared at Manly Cove while searching for Bennelong, he put it down to a misunderstanding and refrained from the show of punitive force that might have been expected at that time.

Then there were the explorers who could not have traversed territory unseen by British eyes without Aboriginal guides, the settlers who could not have farmed without Aboriginal help, and all the Australians from mission times to those who've dedicated their lives to Aboriginal advancement, that make any modern re-characterisation of our history as one of invasion and near genocide a wild pendulum swing too far.

Of course, Tasmanian resistance leader Tongerlongter is no less a part of our national story than Simpson with his donkey, and we should admire the spirit with which he defended a doomed way of life. No less than the Anzacs, he belongs to all Australians, whether their ancestors have been here for tens of thousands of years, or whether they've just emerged from their citizenship ceremony. The only question is: Where should it be enshrined?

Given that none of the participants in any "frontier war" had Australian uniforms or the authorisation of an Australian government, the place to recall and to regret might be at the Australian National Museum, or perhaps at a new wing of the National Centre for Indigenous Studies at the ANU as Reynolds suggested recently, but it's not here at the Australian War Memorial

Tony Abbott served as Australia's 28th prime minister. He is the author of Australia: A History (HarperCollins, 2025) This is a condensed version of a speech he delivered at the Australian War Memorial on Friday.

LACHLAN VASS

Migration policy ripe for reform; all we got were tweaks

Economists are fond of pointing out that there's no such thing as a free lunch. Nowhere is this more true than in migration policy, where the system is complex and the trade-offs particularly sharp.

These trade-offs provide the context for Tony Burke's National Press Club address on Thursday, where the Home Affairs Minister delivered his much-awaited update on the government's migration policy – something other parties have yet to seriously grapple with.

While expectation of significant changes built ahead of the announcements, the policies eventually announced turned out to be a light touch. More in the bucket of bureaucratic tweaks than systemic reform, with the difficult trade-offs and discussions involved in substantial migration reform largely avoided.

The focus of the government's changes are the temporary migration system. This is understandable. As my co-author, Henry Sherrell, and I point out in a recent essay, the stock of temporary migrants in Australia has risen from around two million in 2018 to three million in 2025. We estimate that around 30 per cent of 25-29-year-olds in Australia are on a temporary visa.

This is partially a result of the temporary system being "demand driven", with governments choosing to exercise less control over it than the permanent migration system. The major types of temporary visa holders are international students (and graduates), working holiday-makers, temporary skilled workers and bridg-

ing visa holders. In an attempt to curb numbers, the policies announced are designed to target some of these categories directly.

The number of visas for second- and third-year working holiday-makers will be capped and allocated based on a ballot (building on announcements in the budget), following a surge in numbers from around 140,000 pre-Covid to 220,000 in recent months. Secondary visa holders

Thursday's announcements appear to be more piecemeal than fundamental

(eg. partners of student and graduate visa holders) – which currently account for around 140,000 visa holders – will be restricted.

Limits will be placed on the ability to hop from some temporary visas to others in an attempt to restrict students and other temporary visa holders from extending their time in Australia beyond that initially expected. And additional resourcing will be dedicated to encouraging the departure of migrants who have overstayed their visa.

These new policies aren't expected to reduce net migration to Australia beyond previous forecasts, rather ensuring net migration remains on the path laid out in the May budget. The hope appears to be that continued tidy-

ing up of the system will help continue to bring net migration down to 225,000 over time.

The proof will come in time. But a quiet, managerial response to one of the defining political issues of the era is likely to do little to win hearts and minds.

This approach stands in contrast to the government's Migration Review, headed by former Treasury secretary Martin Parkinson, which concluded: "Australia's migration program is not fit for purpose" and "successive governments and policymakers have responded to challenges through piecemeal reforms which have not addressed fundamental underlying issues".

Thursday's announcements appear to be more piecemeal than fundamental. Beyond the work on curbing net overseas migration, a number of policy areas that offer an opportunity to improve the selection and the economic outcomes of migration remain outstanding.

Burke referenced work under way on reforming the independent skilled points test, which had a discussion paper released in April 2024 and a commitment to reform in this year's budget. Developments here offer the chance to improve the economic outcomes of the migrants selected as well as the incentives that flow through to the temporary migration system.

A review of regional migration settings has also been under way since June 2024. Regional visa holders tend to live in capital cities and earn less than other skilled migrants. This is another area that appears ripe for reform, though two years later we're still waiting.

Migration policy isn't easy. There are difficult trade-offs to be made, and vested interests to be overcome. We should beware those who sell easy solutions. However, the government's policies announced on Thursday are closer to procedural tweaks than systemic reform.

Lachlan Vass is research manager at ebl Institute.

RANA DADPOUR

How Iran recruited AI for surveillance and propaganda

Anthropic's latest threat intelligence report traces three influence operations that used its Claude models to three Iranian-linked institutions: the Islamic Culture and Communications Organisation, the Islamic Propaganda Office of Khorasan Razavi and the Bina Cultural Observatory.

From a seminary in Mashhad to the cultural attaché network abroad, commercial AI was being incorporated into the bureaucracy of state propaganda. Despite Claude not being officially available in Iran, it used it to plan misinformation campaigns, compile target databases, draft ministerial documents and even prepare plans for the supreme leader's funeral.

For Australia, these findings raise questions about both the information circulating in public debate and the safety of people who speak out against Tehran's regime.

The propaganda operators invoked Jihad al-Tabyin, or "explanatory jihad", treating

propaganda as a religious and strategic duty. Claude helped them disguise official narratives as independent commentary and attribute false claims to Western research institutions.

It is without question that the regime already has the networks to distribute and amplify its messages. AI can reduce the labour of adapting material across languages and audiences, and increases the capacity to influence debate while concealing co-ordination and origin. The same report describes units linked to the Islamic Republic regime developing surveillance tools and interfaces for a shared case-management system called Arman. Files included identities, beliefs and social accounts, alongside a disturbing "action" tab. One unit developed an identity-harvesting browser extension disguised as a prayer-time utility.

Identifying someone's social accounts can also reveal whom they know. Those connections can

lead to relatives who could be threatened to put pressure on the person under scrutiny.

I participated in Iran's 1999 student protests and the 2009 Green Movement, and witnessed the regime's brutality. Reading about these systems brings back the decisions surrounding participation: whom to trust, whether to attend, how much to tell those close to you. People need confidence in one another before they can act together. Surveillance of their relationships can undermine that confidence.

Anthropic separately identified an MEK/NCRI-aligned operation that impersonated an activist in conversations with his contacts. Those contacts could disclose political views or personal information without knowing who was receiving them. Opposition to Tehran's regime does not excuse such a breach of trust as the damage extends beyond those directly deceived. Knowing a familiar voice or writing style can be reproduced can introduce suspicion into genuine relationships, and requests for help become harder to assess. People documenting repression may face the additional burden of proving their testimony is their own.

Anthropic reveals targeting extended beyond Iranian dissidents. It identified an Iran-linked actor using Claude to profile hundreds of individuals and organisations in Israel and the Jewish diaspora to expand an existing target list. The

activities also extended into military reconnaissance against US naval forces, revealing the striking breadth of the regime's AI misuse.

Australia has particular reason to examine these findings closely. It is home to a dynamic Iranian diaspora and Jewish communities. In 2023, the federal government disclosed surveillance in an Iranian-Australian's home and investigation of their family. In August 2025, it announced ASIO's assessment that Iran's regime had directed attacks on Lewis' Continental Kitchen in Sydney and Melbourne's Adass Israel Synagogue.

Although these disclosures do not establish that AI enabled those incidents, they reveal a history of regime operations on Australian soil. Anthropic's unsettling report describes capabilities that could extend the reach of actors already willing to cross borders and cause harm. For Iranian-Australians with relatives in Iran, speaking freely here can mean calculating risks to loved ones. Australia's promise of political freedom is tested by that vulnerability, which AI-assisted surveillance has deepened considerably.

This gives Australia's AI debate a concrete question: How do we protect people when a foreign state can use these tools to identify its critics, map their relationships and reach into the lives they built here?

Anthropic acknowledges that its safeguards allowed some surveillance-related software devel-

opment. Australia's AI Safety Institute should therefore work with providers to test whether safeguards can recognise a wider purpose across related requests, without making intrusive monitoring of ordinary users a condition of safety. According to Anthropic, one state organisation in Iran claimed to have surveilled and profiled 6388 Iranians in a year. The company then banned 16 accounts linked to the operation.

But closing accounts does not erase collected information or disable tools already developed. People entered in security databases may never know what information has been collected about them, who can access it or how it will be used. Providers and democratic governments should measure their response partly by the protection those exposed to AI-assisted surveillance receive, including confidential reporting and practical specialist support.

For people facing repression, AI safety is bound up with whether they can speak, organise and trust one another without exposing themselves or their families to danger. Keeping AI under human control is therefore an incomplete ambition unless we also ask whose control it strengthens, and what protection people have when that power is used against them.

Rana Dadpour is a research fellow at James Cook University. She came to Australia from Iran in 2012.

COMMENT

Editorials

Hong Kong’s first five-year plan helps chart development vision of the SAR

Hong Kong Chief Executive John Lee Ka-chiu presented the First Five-Year Plan for Economic and Social Development of the Hong Kong Special Administrative Region (2026-30) at the Legislative Council on Wednesday, outlining the city’s development vision and strategic directions for the five years.

The document covers the economy, industries, infrastructure and the green transformation, as well as livelihood sectors including healthcare, education, housing, welfare, and elderly care. It focuses on Hong Kong’s unique advantages under the “one country, two systems” framework, and seeks to strengthen the SAR’s position as an international financial, maritime and trade center.

By launching the five-year plan, the SAR is seeking to align its development with that of the country as a whole. The Chinese central government launched the 15th Five-Year Plan (2026-30) for National Economic and Social Development this year. This alignment will enable Hong Kong to seize the opportunities presented by the Chinese mainland’s high-quality development and high-standard opening-up, while also forging consensus and uniting different segments of society to promote Hong Kong’s transition from stability to prosperity.

The SAR’s plan looks to leverage the mainland’s shift toward innovation-driven growth, its progressing green transition and deeper global integration to make the most of Hong Kong’s complementary strengths as an international center.

Hong Kong, as a financial center, is the world’s largest cross-border wealth management hub. As a shipping center, it hosts around 1,200 maritime-related companies offering high-value professional services. And as a trading center, the city ranks among the world’s largest commodity trading economies and is one of the freest economies globally. The SAR’s five-year plan seeks to consolidate these advantages, including by building a commodity trading ecosystem and a high value-added supply chain services center.

A key focus is on innovation and technology. By transforming the Northern Metropolis — a major

strategic development project in Hong Kong — and the Guangdong-Hong Kong-Macao Greater Bay Area into research and high-value industry hubs, Hong Kong aims to diversify its economy, create quality jobs and secure future competitiveness.

As the mainland opens its markets wider and moves up the value chain, Hong Kong can serve as a bridge and gateway for capital, talent and ideas to flow in both directions, connecting the mainland to the world and the world to China’s next phase of modernization. This is not only an economic opportunity, but also a defining test of how well the SAR can consolidate its position while contributing to national development.

Given its aim to create employment opportunities and foster upward mobility, the plan has profound significance for all Hong Kong residents. The SAR government organized multiple consultation sessions over the past several months to gather inputs from Legislative Council members, sectoral representatives and the general public. Ideas from all sections of society have proved invaluable in shaping a shared vision for Hong Kong’s future.

Moreover, the Hong Kong SAR government has also studied the experiences of the Macao SAR and mainland cities, sending teams to various places to learn from them before drawing up its first five-year plan. Addressing concerns that the plan might change Hong Kong’s system, the chief executive assured that the plan will uphold Hong Kong’s rule of law and capitalist system, implement the Basic Law and adhere to the principle of “one country, two systems” without altering the SAR’s identity. “The five-year plan is not a planned economy. It is a plan which tells us where the strategic directions are, where we are heading, and what the priority areas are,” he said.

The plan will help the SAR navigate global uncertainties and the changes brought by the latest technological revolution. With strong support from the central government and active participation from all sections of society, Hong Kong is well-positioned to effectively draw on its traditional strengths while complementing them with new ones.

Chinese answer to security dilemma

Munich’s 2026 security conference adopted “Under Destruction” as its theme, reflecting anxiety about a fraying international order and uncertain transatlantic relations. The Shangri-La Dialogue in Singapore, meanwhile, was dominated by concerns about strategic competition, alliances and regional defense commitments.

Much of modern Western security thinking was forged in a world of rival European powers, colonial frontiers, industrial warfare and limited economic interdependence. It treats international anarchy and power competition as enduring facts, with alliances among like-minded states the bulwark to protect privileges.

NATO remains the clearest expression of this. But collective protection for alliance members is not the same as security for everyone. A system designed for the strategic anxieties of the Cold War cannot automatically answer the needs of a world in which threats and interests cross almost every border.

Today’s dangers do not respect cozy club membership. Climate change, pandemics, cyberattacks, supply-chain disruptions, terrorism and the risks associated with artificial intelligence are shared hazards. Economic globalization has made national prosperity dependent on distant markets, energy routes and production networks. A disruption in one region can quickly become inflation, unemployment or political instability in another.

The 13th Beijing Xiangshan Forum, as illustrated by its theme — “Build Consensus on Stability, Advance Security Governance Together” — is less downbeat and more constructive than the Munich and Singapore security gatherings. Its agenda places the inclusion of developing countries in global rule-making, as well as AI governance and the security of maritime corridors and of cyber and outer space, alongside conventional questions of strategic stability.

At the opening of the forum on Wednesday, China’s Defense Minister Dong Jun noted that stability should be defended through true multilateralism, with the United Nations at the center and international law as the rule book. The lessons of two world wars and today’s conflicts, he said, point to the importance of preventing crises before they erupt. He also urged vigilance against hegemonism, militarism and historical revisionism.

Yet the security policy of some developed countries often reaches first for the old instruments: alliances and exclusive partnerships, higher mili-

tary spending and forward deployments. In this way the security dilemma becomes self-perpetuating. Measures presented as defensive by one side are interpreted as offensive by another, producing countermeasures that prompt further actions from the other side, leaving everyone less secure. The history of NATO’s post-Cold War enlargement and the subsequent conflict in Ukraine illustrates how incompatible security narratives can become mutually reinforcing. In Asia, Japan’s importing of similarly exclusive strategic logic risks turning a region of extraordinary economic interdependence into a theater of bloc rivalry.

China’s Global Security Initiative offers a different framework. Its principles of common, comprehensive, cooperative and sustainable security place dialogue above confrontation, partnership above alliance and shared security above zero-sum games. It stresses sovereignty, the UN Charter, attention to the legitimate security concerns of all countries and the integration of traditional and nontraditional security. Development, in this conception, is not separate from security, but one of its foundations.

The appeal of this approach is particularly evident to the Global South, where economic development, political stability, food and energy security often outrank military threats. The wide support for the approach suggests a demand for security arrangements that are less exclusive and more responsive to countries outside established strategic clubs.

Hegemonism — whether justified in the language of intervention or an allegedly exclusive “rules-based order” — remains dangerous. So does the new militarism and historical revisionism of Japan’s Sanae Takaichi government, which risks reviving anxieties about that country’s aggression in the Asia-Pacific.

The questions are unavoidable. In an age of globalization, why persist with zero-sum security? If the UN system, forged in the crucible of two world wars, is treated as optional, has humanity forgotten the price of its past follies? And why allow AI, outer space and cyberspace to become new battlegrounds for old strategic habits? These domains should be arenas for cooperation, collective rule-making and common security, not the next frontiers of an arms race.

The future will not echo the voice broadcasting the loudest warnings, but will instead belong to whoever recognizes that true security never mistakes the world of yesterday for the world of today.

Luo Jie



Opinion Line

EU should avoid mistaking true partner for strategic rival

European Commission President Ursula von der Leyen reportedly proposes to establish a European Security Council. That may prove to be one of the most consequential ideas in her State of the Union address on Wednesday.

However, some have questioned whether that will become less a forum for defining Europe’s own security concerns and more another mechanism for turning China into a de facto permanent strategic target.

The European Union needs greater strategic autonomy, not another institution organized around someone else’s rivalry.

The distinction matters because the EU’s security problems are not caused by China. The EU faces conflict on its eastern flank, energy insecurity, migration pressures, cyber threats, supply-chain vulnerabilities and technological dependence.

It also faces a profound competitiveness problem. The euro area’s GDP only grew by 0.3 percent year-on-year in the first half of 2026. Annual growth is forecast at only 1.1 percent. Germany, France and Italy are barely moving. Energy-intensive EU industries such as chemicals, steel and aluminum have lost competitiveness.

Energy policy is perhaps the clearest pain point. After the Ukraine crisis, Europe moved away from relatively cheap Russian gas without securing equally affordable alternatives. So renewables accounted for just 46 percent of electricity generation in the EU in the first quarter of 2026, leaving more than half of Europe to source its energy from imported fossil fuels. The International Monetary Fund estimates that internal EU barriers are equivalent to a 44 percent tariff on goods and a

110 percent tariff on services.

Former European Central Bank president Mario Draghi’s 2024 competitiveness report identified weak innovation investment, fragmented markets and inadequate financing among Europe’s central problems.

Nearly two years later, only 15.7 percent of the report’s 383 recommendations have reportedly been fully implemented. Europe does not need a new strategic institution to explain these failures. It needs to implement the reforms it already knows are necessary.

German Chancellor Friedrich Merz visited China in February and saw firsthand both the scale of Chinese industrial competition and the pressures facing German companies.

Yet, in recent months, he has been supporting tougher EU trade measures against China and urging the European Commission to refine its trade policy toolbox ahead of the October consultations with China. The political pressure from the opposition Alternative for Germany is obvious. But European security should not be defined by the domestic electoral pressures of individual governments.

The German government should address the genuine concerns the AfD is raising — rising energy costs, deindustrialization, migration pressures and stagnant living standards — rather than allow them to be converted into a permanent search for foreign antagonists.

A Bertelsmann Stiftung survey of 228 European companies, published on Monday, found that more than half had no plans to diversify away from China; only 4 percent planned to reduce direct investment there and 3 percent to cut research and development.

Businesses are not ignoring geopolitical risks. They are seeking resilience. That is what “de-risking” should mean. It should not automatically mean “decoupling.”

This distinction should guide the proposed European Security Council. If founded, it should examine genuine security vulnerabilities arising from dependence on energy, critical minerals, technology, military capabilities or external coercion. A security institution that begins with the assumption that China is the principal “threat” would quickly become an instrument of geopolitical alignment rather than European strategic autonomy.

Von der Leyen’s proposal therefore faces a simple test. Will the council help the EU find the resolve to tackle its internal challenges? The EU needs the capacity to think for itself, not another institution through which someone else’s strategic rivalry is imported into EU policy.

A European Security Council should be a council for European security — not another China-targeting mechanism by another name.

As Chinese Foreign Minister Wang Yi emphasized in telephone talks with French Foreign Minister Jean-Noel Barrot on Monday, China and Europe should properly address the current economic and trade frictions through constructive dialogue and avoid escalating confrontation.

Of late, whenever the EU runs up against intractable problems at home, it drags the China-related issues into the discussion to take the pressure off Brussels. That is irresponsible, and it does nothing to help China-EU relations develop steadily.

— LI YANG, CHINA DAILY

What They Say

Safety framework covering AI agent risks necessary

Editor’s note: The Chinese government issued the Artificial Intelligence Safety Governance Framework 3.0 at the opening ceremony of the 2026 China Cybersecurity Week on Monday in Jinan, capital of East China’s Shandong province. The framework outlines principles for artificial intelligence governance, identifies potential risks and recommends measures to mitigate these risks. China Central Television spoke to Wen Yuheng, an associate professor of the AI law research institute at the China University of Political Science and Law, about what’s new in version 3.0 of the framework. Below are excerpts of the interview. The views don’t necessarily represent those of China Daily.

The release of three versions of the AI Safety Governance Framework in as many years reflects the country’s efforts to adapt its governance strategies to the rapidly evolving AI landscape.

Framework 1.0 released in 2024 focused on the inherent risks of both AI and the application of the technology.

Framework 2.0 expanded on this by addressing derivative risks, such as challenges to employment and ethical considerations, while establishing fundamental principles for trustworthy AI.

Since then, the world has witnessed major leaps in AI’s capabilities. Large models have moved beyond merely answering questions and entered a new phase where agents can autonomously perform tasks. Therefore, Framework 3.0 pays closer attention to the safety risks posed by AI agents.

Framework 3.0 clearly identifies the risks associated with agentic and embodied AI, signaling a structural shift in AI governance.

Previously, during the information age and the internet era, practices and information were projected from the real world onto virtual cyberspace. But now, as AI agents’ capabilities advance, actions generated by the agents in the virtual space have a tangible impact in the real world, introducing new risks.

Although Framework 3.0 is not mandatory, it serves as a benchmark. Regulators may follow this guideline when managing the risks of AI products and overseeing related business activities.

Also, the framework will help companies win the trust of users if they adopt the recommendations in the newly released guideline.

Framework 3.0 also calls for strengthening the management of open-source ecosystem safety and supply chain safety. When it comes to safety and innovation, the goal is not to find a fixed balance point. Instead, a dynamic approach is needed. The level of safety measures should be determined by the level of specific risks identified during the process of innovation, thus maintaining a balance between safety and innovation.

The emphasis on safety does not stifle innovation. Without ensuring safety, innovation could become a potentially destructive force.

To promote international cooperation on AI technology and governance, major countries need to build mutual trust. They should also learn from each other and draw on each other’s governance practices.

CHINA DAILY WORLDWIDE

Contact us at:

China Daily
15 HuiXin DongJie Chaoyang District,
Beijing 100029
News: +86 (0)10 6491-8366
editor@chinadaily.com.cn
Advertisement: +86 (0)10 6491-8631
ads@chinadaily.com.cn
Subscription: +86-400-699-0203
subscription.chinadaily.com.cn
App: www.chinadaily.com.cn/mobile/daily.html

China Daily UK
90 Cannon St, London EC4N 6HA, UK
+44 (0) 207 398 8270
editor@chinadailyuk.com

China Daily Asia Pacific
China Daily Hong Kong
Unit 1818, Hing Wai Centre, 7 Tin Wan
Praya Road, Aberdeen, Hong Kong
+852 2518 5111
editor@chinadailyhk.com
editor@chinadailyasia.com

China Daily USA
1500 Broadway, Suite 2800,
New York, NY 10036
+1 212 537 8888
editor@chinadailysusa.com

China Daily Africa
P.O. Box 27281-00100, Nairobi, Kenya
+254 (0)20 692 0900 (Nairobi)
editor@chinadailyafrica.com
enquiries@chinadailyafrica.com
subscription@chinadailyafrica.com

Views

Lau Siu-kai

HKSAR plans coherent path to progress

On Wednesday, the Hong Kong Special Administrative Region government simultaneously released its 2026 Policy Address and Hong Kong's first Five-Year Plan (2026-30). These releases signal a new stage in Hong Kong's development and the practice of the "one country, two systems" principle. Their significance is manifold.

In recent years, following the resolution of the 2019-20 unrest, a collaborative effort among the central government, the SAR government and various segments of society has been underway to chart Hong Kong's future development strategy. This collaboration has culminated in a consensus that considers the challenging international environment Hong Kong faces, while also leveraging the city's unique strengths.

At the same time, the central government wants Hong Kong to better leverage its unique advantages under "one country, two systems" to contribute to national development.

Hong Kong's first Five-Year Plan is a response to both the central government's expectations and the aspirations of the SAR's residents.

The Five-Year Plan outlines a strategic focus on industrial transformation and upgrading, aiming to propel all industries toward knowledge-based, high-tech and high-value-added development. Central to this plan is the enhancement of Hong Kong's innovation and technology sectors. With robust support from the central government, Hong Kong enterprises can access a wealth of resources, fostering

collaboration with mainland enterprises to drive innovation and technology. This synergy will enable Hong Kong's financial, legal and professional services to bolster innovation and technology development in the mainland.

Regional economic cooperation has become crucial amid deglobalization, and Hong Kong will seek new roles within key regional cooperation mechanisms.

The city is set to play a pivotal role in building the Guangdong-Hong Kong-Macao Greater Bay Area and the "Belt and Road Initiative", serving as a hub for finance, services, information, logistics, legal and high-end professional services.

Hong Kong is expected to further consolidate its strategic position as a gateway for mainland enterprises going global.

A key objective of the plan is the improvement of people's livelihoods. The plan addresses pressing social issues such as population aging, land and housing shortage, poverty, medical services, welfare provisions and upward mobility of young people, aiming for tangible improvements in these areas.

With the introduction of the Five-Year Plan, the nature of the SAR government's Policy Address has also changed. The Five-Year Plan outlines a long-term policy framework that aligns with and supports the national development strategy. The Five-Year Plan therefore has a higher position than the Policy Address in the governance of the SAR and Hong Kong's development.

The annual Policy Address will no longer be a stand-alone policy blueprint but will implement the policies and projects specified in the Five-Year Plan. This alignment will ensure that Hong Kong's governance, development direction and major policies are more coherent, predictable and effective.

The Five-Year Plan signifies a transformative shift in Hong Kong's governance. In recent years, the SAR government has moved from a passive governance model to a more proactive approach, emphasizing long-term strategic thinking over short-term fixes.

This shift has brought about greater certainty, coherence and continuity in policy direction and objectives, enhancing the systematic integration of various policy initiatives. The Five-Year Plan itself is a testament to this proactive governance mindset, marking an irreversible change in Hong Kong's governance philosophy.

Additionally, the Five-Year Plan enriches the practice of the "one country, two systems" principle. In the past, both internal and external hostile forces, as well as some residents, have misunderstood or distorted the relationship between Hong Kong and the mainland under this framework.

Anti-China elements have continuously opposed strengthening Hong Kong's economic ties with the mainland, spreading unfounded fears that such integration would erode Hong Kong's autonomy and increase the central government's control.

However, Deng Xiaoping, chief architect of the "one country, two systems" policy, had envisioned Hong Kong leveraging its unique advantages to support the country's socialist modernization. The Five-Year Plan will deepen Hong Kong's integration into the national development strategy, aligning its objectives with those of the country.

Hong Kong will leverage its systems and policies to functionally connect with and serve the nation's development strategy, advancing and achieving shared objectives, particularly in promoting the internationalization of

the renminbi, supporting mainland enterprises' global expansion, developing the Greater Bay Area, integrating countries along the Belt and Road Initiative into a dynamic regional economy, and "telling China's story well" on the international stage.

Finally, the Five-Year Plan promises to strengthen the relationship between the Hong Kong SAR government and the central government. The synergy between the central government's overall jurisdiction over Hong Kong and the SAR's high degree of autonomy played a crucial role in resolving Hong Kong's past unrest and reshaping its political and governance structure.

Close cooperation between the central government, the SAR government, and all segments of society is vital for ensuring the comprehensive and accurate implementation of the "one country, two systems" policy in Hong Kong.

This cooperation will help combat internal and external hostile forces, safeguard national security, maintain prosperity and stability, promote development, transform Hong Kong into various international centers and address social challenges.

As the Five-Year Plan prioritizes Hong Kong's integration into the overall development of the nation, support and cooperation from the central government and the mainland will not only be essential but are expected to increase, ensuring seamless alignment between national and local development strategies.

The author is professor emeritus of sociology at The Chinese University of Hong Kong and a consultant in the Chinese Association for Hong Kong & Macao Studies. The views don't necessarily reflect those of China Daily.

Cheng Ming Yu

Moving from innovation to impact on artificial intelligence

Before dawn on Aug 30, runners gathered on the streets of Kuala Lumpur to participate in the Malaysia Marathon 2026. Among them was an extraordinary participant who needed neither running shoes nor drinking water.

A Chinese-built humanoid robot set off from Pavilion Kuala Lumpur and completed the entire 10-kilometre course.

This remarkable feat occurred just days after the 2026 World Robot Conference in Beijing, where over 300 companies from across the world showcased more than 3,000 robots and related products, including 311 new products.

China's artificial intelligence industry is expanding rapidly. In 2025, the country's core AI industry exceeded 1.2 trillion yuan (\$179 billion) and comprised more than 6,200 companies, according to the Ministry of Industry and Information Technology. What truly sets China apart is the speed with which innovations move from ideas to real-world applications.

Supported by an extensive industrial ecosystem, from sensors and batteries to factories and supply chains, China can rapidly test, improve and mass-produce AI products. China also leads in open-source AI, making powerful models available for others to download and adapt, lowering barriers for countries that lack the resources to develop their own technologies.

As technologies move from laboratories to factories, the focus must shift from what machines can do to whether they can enhance human capabilities, solve practical problems and enable more countries and people to share the benefits of progress. This requires responsible governance. China's establishment of the World Artificial Intelligence Cooperation Organization, of which Malaysia is a founding member, reflects a commitment to making AI safe, fair and beneficial worldwide.

Together with the World Data Organization and China's "AI Plus" International Cooperation Initiative, WAI-CO highlights China's effort to emphasize access, capacity-building and shared governance over mere technological advancement.

For Southeast Asia, this effort comes at a crucial moment.

Analysts expected the digital economy of Southeast Asia to exceed \$300 billion in gross merchandise value by 2025, potentially reaching \$2 trillion by 2030 if the ASEAN Digital Economy Framework Agreement is fully implemented.

With its young population, diverse languages, and fast-growing markets, the 11-member Association of Southeast Asian Nations has huge potential for AI in agriculture, manufacturing, logistics, tourism, healthcare, and urban management, spelling rich opportunities for cooperation.

These opportunities, however, are not evenly shared. While some ASEAN members have advanced infrastructure, strong research institutions, and a highly skilled workforce, others are still developing basic capacities, leading to different levels of technological readiness, national priorities, and perspectives on data and AI governance.

China and ASEAN are important partners. Stronger collaboration that takes into account the diverse languages, industries and development needs across ASEAN can help Chinese technologies better meet local conditions, foster practical AI applications, and build more resilient regional supply chains.

Deeper cooperation has become more important than ever.

In September 2025, both sides held their first ministerial-level roundtable on AI in Nanning, capital of China's Guangxi Zhuang autonomous region, and began building the China-ASEAN Countries Artificial Intelligence Application Cooperation Center. This center focuses on improving infrastructure, creating open platforms, developing talent and promoting equitable access to AI technologies.

This January, China and ASEAN adopted a five-year plan to build a sustainable and inclusive digital ecosystem. By May, they established the China-ASEAN AI Industry Innovation Center, and efforts are underway to establish a digital academy this year.

While the progress in cooperation is promising, the benefits of AI are not automatic. Open-source AI models may reduce the cost of entry, but simply having access doesn't guarantee effective use.

Proper infrastructure, reliable local data, skilled professionals, and trusted governance are essential for free technology to deliver real impact.

Hence, China and ASEAN need to work together more closely to identify real-world challenges and develop AI solutions that make a tangible difference. Cooperation on the development of talent is also important, especially sustainable training programs that keep up with the rapid evolution of AI and help cultivate an AI-ready workforce.

Considering the diverse languages and cultures within ASEAN, both sides could strengthen collaboration to adapt AI products to meet the specific needs of different ASEAN member countries.

Enhanced cooperation is also necessary in governance to ensure the safety of AI technologies, the security of data and cybersecurity and help ASEAN become an active participant which shapes AI's future, instead of just a market for finished technologies.

The finish line in a marathon is not the destination for humanoid robots. The real test is putting them to work in everyday life. Though AI is advancing at a stunning speed, it is still in the early stages of a much longer journey. As technology crosses borders, so should knowledge, skills and responsibility.

The focus of AI cooperation should be on making people's lives better, such as adopting the technology to create better jobs, strengthen public services and expand opportunities for all, rather than creating new divides.

By moving from talking about AI to working together on AI, China and ASEAN can turn the technology into a bridge for shared progress.

The author is chairperson of the Belt and Road Strategic Research Centre at Universiti Tunku Abdul Rahman, Malaysia. The views don't necessarily reflect those of China Daily.

Jose Ramon G. Albert

Building bridges for cross-border digital trade

A dried-mango exporter in Cebu, Philippines, can close a sale with a buyer in Nanning, capital of Guangxi Zhuang autonomous region, in about the time it takes to finish a cup of coffee.

The order comes through a digital platform, the price is settled in a chat window, payment is confirmed on a phone. Then the shipment reaches the border and the clock changes gears.

The electronic invoice has to be re-encoded. The digital signature that is valid in Manila is not recognized on the Chinese side. The certificate of origin travels as paper. The money moves through a chain of correspondent banks. Minutes of commerce, followed by weeks of paperwork.

This gap is the real subject whenever we talk about connecting digital economies. People from both countries are online. Both countries have functioning payment systems, competent customs services and modern e-commerce laws.

What they do not have, reliably, is the willingness to treat each other's documents, identities and assurances as valid. Genuine digital integration is less about coverage than about recognition, that is, whether one system will accept what another system says is true.

The Association of Southeast Asian Nations-China Free Trade Area (ACFTA) 3.0 Upgrade Protocol, signed in Kuala Lumpur in October 2025, added a dedicated digital economy chapter to a relationship that had been organized mainly around tariffs.

In late May 2026, in Manila, ASEAN negotiators closed the last open issues in the ASEAN Digital Economy Framework Agreement, which is due to be signed in November.

The 23rd China-ASEAN Expo opens in Nanning on Thursday. Within roughly a year, the region will have committed itself, on paper, to a great deal of digital cooperation. The harder question is whether any of it will change what happens to that shipment from Cebu.

There is a cautionary lesson in the tariff story. Intra-ASEAN tariffs are now effectively zero. Yet the share of intra-ASEAN trade in the region's total trade fell from about 25 percent in 2003 to 22 percent in 2023.

Removing the visible barrier did not, by itself, deepen the relationship, because the costs that remained were the ones sitting behind the border — divergent standards, licensing, inconsistent procedures, regulatory distance.

The Philippine experience with digital trade repeats the pattern almost exactly. Policy research by several colleagues at the Philippine Institute for Development Studies and me found that Philippine tariffs on digital goods imported



Micro and small enterprises make up the overwhelming majority of businesses in the Philippines and in most of ASEAN.

from the Asia-Pacific had fallen to 0.09 percent by 2019, with more than 92 percent of tariff lines duty-free.

On that measure the country is as open as any economy in the region. On other measures it is not, and the pace of change tells the story.

Foreign equity limits in sectors adjacent to digital trade, and procurement rules still favor domestic bidders.

Telecommunications had the most visible barrier of all: a new entrant needed its own law, a franchise granted by Congress, before it could build anything.

That requirement survived until the Konektadong Pinoy Act removed it for data transmission providers, with the rules taking effect only this year.

Barriers behind the border are not removed by signing anything.

They are removed one statute at a time, slowly, and usually long after the case for removing them has been won.

This is why interoperability is not a technical footnote.

It is a distributional question. A large company can absorb non-recognition: it hires local counsel, registers a subsidiary, keeps parallel compliance teams, re-encodes documents.

These are fixed costs, and fixed costs are trivial when spread across large volumes. But they are crushing when spread across small ones.

Micro and small enterprises make up the overwhelming majority of businesses in the Philippines and in most of ASEAN.

Every document that must be produced twice is, in effect, a regressive tax on the smallest exporters. When we ask whether the digital economy can genuinely benefit small firms, we are really asking whether we are prepared to remove duplication the cost of which only small firms feel the weight of.

The data question follows the same logic. Governments restrict cross-border data flows less out of hostility to data than out of fear of losing visibility and



SHI YU / CHINA DAILY

jurisdiction. Tax law is built on physical presence, and digital commerce dissolves it. A separate PIDS study mapping the flows of value in Philippine e-commerce found that platforms and payment providers sit at the center of the network. They touch nearly every transaction, and information concentrates with them.

That is where cooperation should be designed. If regulators and revenue authorities can obtain verifiable records and mutual assistance from those intermediaries, they lose less by allowing data to move, and the case for hard localization weakens on its own terms.

None of this argues for a single harmonized rulebook, which the region will not produce and does not need.

It argues for stacked, narrow recognitions, each testable: e-invoices, e-signatures, business identity, connected customs windows, interoperable payment codes. The way to build them is one route at a time.

Take a single trade lane, say, agricultural exports from Mindanao in the Philippines to Guangxi, have both sides agree to accept one document type electronically, then measure the only two

things the exporter cares about: the days between order and release, and what the paperwork costs. If those numbers fall, extend the arrangement to the next document and the next route.

If they do not, we will at least know. Signed agreements are easy to count. Clearance times are harder, and they are the number that tells us whether any of this is working.

The Philippines chairs ASEAN this year, which gives it an unusual chance to insist on that discipline.

The test of everything signed in Nanning and Kuala Lumpur will not be the number of agreements. It will be whether the exporter in Cebu actually spends less time proving its credentials.

The author is a senior research fellow at the Philippine Institute for Development Studies. He was chief statistician of the Philippines and secretary-general of the now defunct National Statistical Coordination Board, which got consolidated with other statistics offices into the Philippine Statistics Authority. The views don't necessarily reflect those of China Daily.

Defense Priorities has its Indo-Pacific priorities wrong

Retreating to the second island chain is tantamount to surrendering to Beijing

Stephen R. Nagy



Defense Priorities, a Washington-based think tank, recently released a policy paper that couldn't be more wrongheaded.

Innocuously titled "A second island chain strategy for Asia," it argues for a new Indo-Pacific strategy that "shifts U.S. military commitments and presence from the vulnerable 'first island chain' toward a more defensible 'second island chain.'"

What does that look like in reality? The United States would end its mutual defense treaties with Japan, South Korea, the Philippines and Australia; adopt a declared nonintervention policy on Taiwan and pull its forces back to Guam, Palau and the Marshall Islands.

To put it bluntly, this is surrender dressed up as strategy.

The proposal is elegant in its simplicity but rests on a fatally flawed premise: that China is a permanent, unstoppable peer whose sphere of influence must be accommodated. The evidence — economic, political and regional — points in precisely the opposite direction. This is the worst possible moment to pull back, because it is the moment when a coordinated, allied strategy has the greatest chance of succeeding.

China's weakness

Start with the economics. In a recent essay in Foreign Affairs titled "China's Moment of Weakness," Logan Wright dismantles the assumption of China's inexorable rise that underpins the retrenchment case. Wright, who leads Rhodium Group's China research, describes not a crisis but something more corrosive, "a steady decay of its capacity to influence its economy through its fiscal and financial systems." Beijing's policy tools for generating growth are, in his words, "fundamentally broken." After adding \$27 trillion in new bank assets between 2008 and 2017, credit expansion equivalent to a third of global gross domestic product, China is now rolling over trillions in bad debt indefinitely, strangling new lending. Rhodium's alternative estimates suggest China's cumulative dol-



The Burke-class guided-missile destroyer USS John Finn and destroyers from South Korea and Japan sail together during a trilateral ballistic-missile-defense exercise in the Sea of Japan in July 2023.

U.S. NAVY / VIA REUTERS

lar-term expansion since 2021 may be around 2%, against 28% for the U.S. China peaked at 18.5% of global GDP in 2021 and has declined since; the U.S. has risen to roughly 26%.

The strategic implication is the mirror image of what Defense Priorities recommends. Precisely because domestic demand has collapsed, China is "entirely dependent on exports for its growth," running a record \$1.2 trillion trade surplus. That dependence is leverage for Washington and its allies, not for Beijing. As Wright puts it, "an economy that is dependent on global demand for growth cannot remain in perpetual trade conflict with its customers." Threats from China are now "contingent, time-limited and more deterrable than inexorable." Withdrawing U.S. commitments and forces at this moment does not hedge against

Chinese power; it throws Beijing a lifeline, relieving pressure on a decaying system and inviting coercion such as rare-earth embargoes and other supply-chain blackmail that Wright warns will intensify if the West fails to respond collectively.

Advocates of pullback will point to the Pew Research Center's July 2026 survey of 36 countries that found more publics now view China favorably than the United States, and more express confidence in Chinese leader Xi Jinping than in U.S. President Donald Trump. Read carefully, however, that data is an indictment of a particular American style, not of American alliances. Pew's own analysis shows the reversal is "driven by shifting views of both superpowers: Improving views of China coupled with worsening views of the U.S."

Indeed, the collapse in America's standing

tracks directly with Trump's damaging tariffs, his transactional treatment of allies and the perception that Washington no longer respects even its own freedoms. The share of Swedes saying the U.S. respects personal freedoms fell from 61% in 2021 to 27% today. But this is by no means an embrace of Beijing. Notably, even at Trump's nadir, the U.S. is still viewed more positively than China in Japan, South Korea, the Philippines and India, the very frontline states Defense Priorities proposes to abandon. The remedy for self-inflicted reputational damage is better statecraft, not strategic amputation.

The deeper flaw in the second island chain argument is that it treats the first island chain as America's burden rather than as a community of societies that have reached their own verdict on China. The Genron NPO's annual

Japan-China joint poll found 89% of Japanese respondents hold a negative impression of China, a figure that has held near 90% for a decade, and a March 2026 Yomiuri poll found 93% of Japanese respondents view China as a threat to national security.

In South Korea, a JoongAng Ilbo-East Asia Institute survey found 85.7% of South Koreans consider China a threat, a perception that cuts across party lines. Even in Southeast Asia, where Beijing has invested enormously, a recent survey shows roughly seven in 10 respondents wary of China's growing political-strategic influence, and that Japan, not China, is the region's most trusted power.

These are not publics begging America to leave. They fear both Chinese coercion and U.S. abandonment and are looking for a third option: reliable, collaborative partnership.

That is the approach Japan Times columnist Brad Glosserman and David S. Lee outline in their new book, "Tech-Gemony." Their argument is the antithesis of both Trump's unilateral tariff diplomacy and Defense Priorities' proposed retreat: work with allies to build competitive alternatives to the technology ecosystems China is scaling globally. History offers a warning. Accommodation in the 1930s did not satisfy Germany's appetite for Lebensraum; it whetted it, at the cost of tens of millions of lives. In the Indo-Pacific, ceding Taiwan, dissolving alliances and retreating behind Guam could likewise increase the risk of miscalculation and conflict, with potentially catastrophic economic consequences.

Real harm

Trump's economic bullying has done real harm, as Pew's numbers show. But Beijing has also pursued its interests through economic coercion, gray-zone pressure and support for Pyongyang, alienating many of its neighbors. Middle powers such as Japan should therefore use their diplomatic, technological, economic and defense resources not to choose blindly between Washington and Beijing, but to shape both. That means working with countries that share their interests, including Canada, Australia, South Korea, the EU and India, while encouraging Washington to pursue more effective policies.

Any workable formula will require greater burden sharing among allies and deeper technological and economic cooperation, with the United States serving as a central hub linking the EU, Japan, South Korea, India, Australia and the Association of Southeast Asian Nations. The aim should be to diversify economic and technology networks away from excessive dependence on China, strengthening resilience and deterrence through engagement.

Wright's analysis suggests that approach has greater leverage while Beijing remains dependent on Western demand. The second island chain strategy would surrender much of that leverage in exchange for a narrower conception of security. The first island chain is not simply an American liability; together with its alliances, it is a major strategic asset.

Now is the time to invest in it, not liquidate it.

Stephen R. Nagy is a professor at International Christian University, a senior fellow at the Macdonald-Laurier Institute and a visiting fellow at the Japan Institute for International Affairs. His new book "Japan as a Middle Power State" will be released by Routledge this fall.

The pushback against AI songs is music to the ears

DAVE LEE
BLOOMBERG

Good news for fans of music produced by actual musicians: Some important victories are being won in the war against AI slop and trickery.

In November, I wrote a column imploring Spotify — the leading music streaming platform — to make it possible for me to block any music made with AI from reaching my ears. The column was provoked by an entirely artificial AI song reaching the top of the country charts. It wasn't an isolated incident. The New York Times reported recently that about a dozen AI-generated songs have hit various Billboard charts since 2022. Many of them were created by the leading AI music creation app, Suno, which built its model by scraping millions of songs written and performed by humans.

At the time, Spotify was sitting somewhat on the fence. It said it was working on a shared industry standard for disclosing when AI was used in the creation of music. So far, nothing has been implemented — but now that's set to change.

One argument against AI labeling is that separating AI from "real" is complex. If artists use AI to fill a drum track, but they composed and performed the music themselves, should that be considered AI? Perhaps not? But where that line is drawn is absolutely open to debate.

Some highly respected figures in music see AI as a great opportunity. Hip-hop icon Dr. Dre called it "a new tool for creativity." When I discussed AI with ABBA's Bjorn Ulvaeus for this column last year, he said AI helped him quickly imagine how it would sound when vast orchestras were playing a new composition. "It's like an extension of my mind," he said.

Fans of real music shouldn't have their experience adulterated. These recent policy changes are a clear win for those who cherish genuine creativity.

Still, even with that nuance, I believe that music generated entirely by AI, created with prompts rather than talent, is an abomination — and finding it placed by Spotify's algorithms into a playlist is, as I wrote, a "deeply violating experience." I'm pleased to report there have been some encouraging developments since. Earlier this summer, music streaming platform Tidal announced that under its new AI policy, AI tracks could be put on the platform but that the use of AI would be clearly labeled and, here's the best bit: AI-made tracks could not be monetized. Tidal is drawing the line at

music that is "wholly or substantially" generated by AI. The company has said it will keep revisiting its policy as the technology evolves.

Tidal's approach is the strictest so far, but other platforms are taking important steps, too. Starting in mid-September, Spotify has said AI-generated "personas" will be labeled clearly and excluded from appearing in algorithmic playlists. Apple has pledged to do the same, promising to clearly label AI-made music on Apple Music. These measures follow the pleas of influential music groups, including the International Federation of the Phonographic Industry, which in July issued a joint proposal calling for a clear and standardized labeling system for AI-generated music.

In Australia, in what I think should be a model for other chart companies worldwide, things have been taken even further. There, the Australian Recording Industry Association has flatly banned wholly AI-generated music from appearing in its charts. The move was prompted by the popularity of an AI-created Madonna cover. ARIA defines that as a song in which "the entirety or the primary portion of the creative elements" has been generated by AI. ARIA Chief Executive Officer Annabelle Herd acknowledged the rapidly evolving landscape but said "a chart that rewards unlicensed AI output would undercut the very basis of the recorded music we exist to represent."

An obvious challenge is that those making AI music might just lie about it. Stats from streaming site Deezer showed that in June, more than 50% of tracks uploaded to its platform were detected as AI-generated.

As the technology improves, it will become harder to detect AI use. Thankfully, a number of legal challenges and the threat of more to come mean Suno is having to devise ways it might help. As a starting point, it has introduced export restrictions to make it more difficult for bad actors to mass-export hundreds of songs from its platform to flood streaming services with tracks designed only to suck up royalties. Suno also said it is planning to work on a shared standard with the streaming platforms to add "watermarking and fingerprinting technology" to help identify AI tracks. "These tools are designed to be durable and resistant to tampering, without affecting the listening experience," the company's CEO, Mikey Shulman, wrote in a blog post.

Another approach might be to prove the opposite: that a human has put the work in. The rapper and producer will.i.am can sometimes sound a little nutty when describing his tech ideas, but he might have been on to something when he suggested to Bloomberg's Mishal Husain there might be a way to prove the human touch. "How can you validate human sweat? We need a lived experience file," he said, suggesting the physical



Major music platforms such as Spotify and industry groups are moving to label, restrict or ban AI-generated tracks to protect human-made music. REUTERS

effort in recording music could be tracked using biometrics. That's a little out there, sure — but perhaps every idea should be on the table.

It's hard to predict if humans might come round to enjoying AI music as an acceptable form of artistic expression. When it came up as a topic of chat among some of the Bloomberg Opinion team in New York, views were divided on whether it mattered if music was made by AI as long as we enjoyed it.

My view is that it does. Art needs an artist. Bandcamp, the music distribution platform popular among indie acts, seems to

agree: It was one of the earliest movers in banning AI music — "wholly or in substantial part" — outright. If makers and fans of AI music disagree with that kind of stance, there's nothing to stop them from launching their own services for people who want to listen to their creations. But fans of real music shouldn't have their experience adulterated. These recent policy changes are music to the ears of those who cherish real creativity.

Dave Lee is Bloomberg Opinion's U.S. technology columnist.

Lifetime Free Newspapers Access

Editorials PDF

- English Editorials PDF with International Newspapers Editorials [35-40 pages]
- Hindi Editorials PDF
- Daily Vocabulary PDF

Magazine Channel

National & International
[General & Exam related]

International Newspapers

Newspapers around world.
Asian, European & American

Hindi Newspapers

- 1) दैनिक जागरण
- 2) जनसत्ता
- 3) हरिभूमि
- 4) हिंदुस्तान

Indian Newspapers Channel

1. The Indian Express

2. The Hindu

3. Business Line

4. Financial Express

5. Times of India

6. Hindustan Times

7. Economic Times

8. Live Mint

9. Business Standard

