Hari Viswanath
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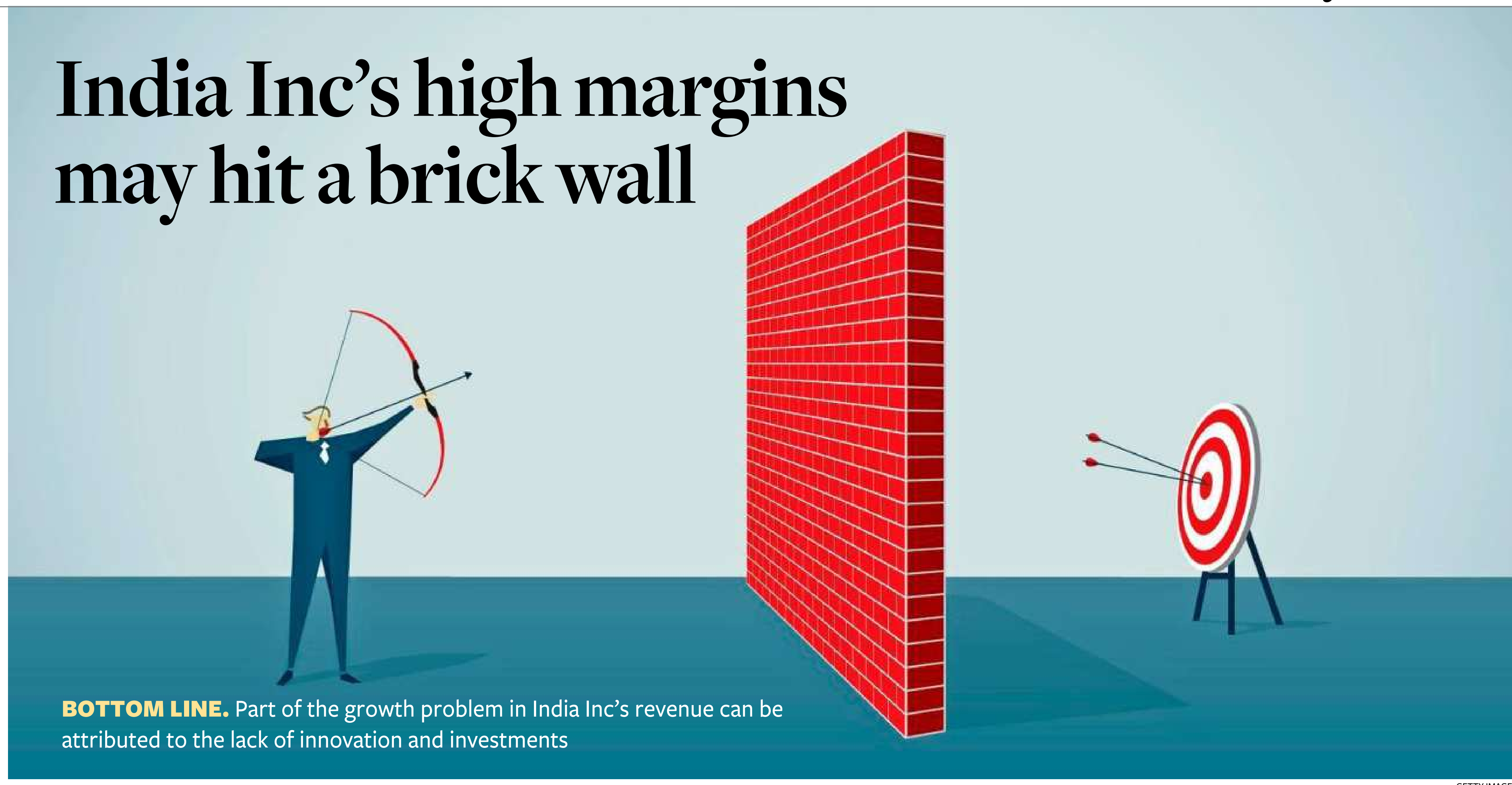
India Inc's high margins may hit a brick wall



BOTTOM LINE. Part of the growth problem in India Inc's revenue can be attributed to the lack of innovation and investments

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Come January each year, few things happen like clock-work in the business world — for instance, the Budget wish-list of India Inc. While the Finance Minister Nirmala Sitharaman had once likened India Inc to Hanuman for not being aware of its own strength, the long Budget wishlist from India Inc and its associations sometimes has the semblance of being as long as the tail of Vali's son, Angada.

For sure, some sectors require big support – like textiles, facing the brunt of the tariff war, or some in chemicals that face the issue of imports getting dumped into the country at or below cost price. But does India Inc, in general, need more incentives to invest and grow, especially when it enjoys the highest profitability across major economies in the world?

At a pre-tax and post-tax profit margin of around 14.8 per cent and 11 per cent for the Nifty 50, the profitability of India Inc ranks right next to that of the Dow Jones Industrial Average (DJIA). The DJIA has a pre-tax and post-tax profit margin of 19 per cent and 16 per cent respectively. But if you exclude the four Big Tech companies in the index (Apple, Microsoft, Nvidia and Amazon) that dominate the technology sector globally from this, the margins shrink even lower than/ or on par to Nifty50-levels — pre-tax margin of 14 per cent and post-tax margin of 11 per cent.

Further, profit margins in India are significantly superior to those in other big economies such as Germany, the UK and Japan. Germany's DAX 40 has pre-tax and post-tax margin of 8 per cent and 5 per cent, while the UK's FTSE 100 has pre-tax and post-tax profit margin of 11 per cent and 7 per cent.

Japan's Nikkei 225, which has a higher cluster of 225 stocks, posts pre- and post-tax profit margin of 10 per cent and 7 per cent.

Even if this is extended to a much larger grouping of stocks of India Inc, companies in our country are getting quite a rosy deal. The pre- and post-tax profit margin of Nifty 500 is at 13 per cent and 9.5 per cent respectively. For a similar number of companies, the profit margins for S&P 500 are at 15 per cent and 12 per cent respectively. Excluding the Magnificent Seven stocks from S&P 500, the pre- and post-tax margin for S&P 493 is at 12.17 per cent and 10 per cent respectively.

Thus, adjusted for the most innovative tech companies in the US, India has the best pre-tax profit margin globally and post-tax profit margin on par with the US.

What more incentive is required from the Budget or even outside of it to invest?

MARGIN TRAP

Rather, India Inc should now worry about the consequences of not putting its surplus cash flows and strong balance sheet to good use to innovate and grow. The higher the profitability, the more challenging it gets to grow your profit margins. Veteran fund manager Jeremy Grantham once made a profound statement on this: *Profit margins are probably the most mean-reverting series in finance. And if profit margins do not mean-revert, then something has gone badly wrong with capitalism.*

After all, free enterprise means industries with high profitability will attract more competition (unless protected by regulation) as the rest, too, try to get their share of the pie, and this in itself will result in the profit margins trending down.

Signs of this are already visible; say, for example, in the FMCG sector. Net profit margin of Hindustan Unilever and Nestle India at 17.3 and 14.2 today are far superior to that of their parent companies at 12.3 and 12.9 respectively. The advent and growth of quick commerce is nibbling away at these superior margins, as their clout over the supply chain weakens. The IT services sector, too, serves as a good reminder of this. The larger players, with their obsessive focus on profit margins, have lost market share to the mid-cap players in the last five years.

Part of the growth problem in India Inc's revenue, which has only grown at a CAGR of around 10.5 per cent in the last six years (from pre-Covid FY19), can be attributed to the lack of innovation and investments.

This has implications for shareholders, too, in the long run. Every year, double-digit earnings growth forecasts for India Inc are conjured up out of Excel models. But without better revenue growth, this is going to become challenging with each year. If revenue growth trends inline with the growth over the last few years of 11 per cent CAGR, then assuming not much improvement in profit margins, earnings growth can at best be at 11 per cent. For earnings to grow at 15-17 per cent as is projected by consensus, profit margins will have to expand by around 50 basis points to 11.4 per cent from the current 10.9 per cent. In the absence of acceleration in revenue growth, profit margin improvement would require more squeezing of expenses like on employee costs or more pricing leverage with households whose savings levels are already at multi-year lows.

BETTER WAY TO GROW PROFITS

Hence, a better way to grow profits in double-digits would be via a combination of acceleration in revenue growth and sustaining or gradually improving upon the current profit margins. The former will require investments in R&D and innovation. Investment activity is required to spur growth, while innovation is required to unleash productivity and capture a greater global market share.

A good example to consider here is how investments in innovation have paid off for the US Big Techs. The superior profit margin for US indices is solely driven by the Big Techs, as can be observed in the charts. The contribution of high-margin IT companies to total profits of S&P 500 is 33 per cent. The big companies from this sector dominate their respective industries globally. The moat of their intellectual property combined with global scale is driving the high profit margins. To the contrary, the contribution of IT companies to total profits of Nifty 500 companies is only 8 per cent. Nearly 40 per cent of profits of Nifty 500 companies is contributed by financials. The high cyclicality of financial services implies that the volatility can impact margins for Nifty 500. While a good year can help stretch the margins a bit further from here, a tough year can result in net profit margins shrinking and impacting earnings growth.

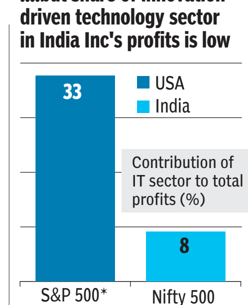
Hence, on a medium- to long-term basis, without investments and innovation, profit margin of India Inc can hit a brick wall. Any doubts, check out how TCS has been aspiring for 26-28 per cent EBIT margins for the last 9-10 years but failed.

While this is the case at the aggregate level, keeping these in mind, long-term investors need to consider one more thing in making their investment decisions. Long-term wealth creation requires sustainable profit growth. There are some sectors which might be sitting on high margins right now and look attractive, but might have limited moats, and hence in the medium term the profit margins can get driven down by competition. There are some where margins can scale up driven by innovation. Companies that fit in the latter will be better bets for the long term. At a time when India Inc's margins are near-peak levels and the easy upswing is behind us, this factor in stock selection will begin to matter even more.

India Inc's margins amongst the best ..... (in %)

Country	Index	Pre-tax profit margin	Net profit margin
USA	DJIA	19.2	15.7
	S&P 500	14.5	11.7
	DJIA (excluding 4 Big Techs)	13.9	11.0
	S&P 493 (S&P 500 excluding Magnificent 7 stocks	12.2	9.7
India	Nifty 50	14.8	10.9
	Nifty 500	12.8	9.5
Germany	Dax 40	7.7	5.1
UK	FTSE 100	11.2	7.4
Japan	Nikkei 225	9.9	6.9

....but share of innovation driven technology sector in India Inc's profits is low



* Adjusted to include few big tech stocks classified in other sectors

Source: Bloomberg; Margins calculated on trailing 12 months basis

TAKEAWAYS

- India Inc's margins lead globally once US Big Techs excluded
- High margins attract competition; mean reversion squeezes profitability
- Double-digit earnings growth need revenue growth plus R&D investment

Between two worlds, with seatbelts

SIF REVIEW. A closer look at iSIF Equity Ex-Top 100 long-short and hybrid long-short offerings via structure, risks & suitability lenses

GETTY IMAGES/ISTOCKPHOTO

Kumar Shankar Roy
bl. research bureau

Specialised Investment Funds (SIFs) sit between mutual funds and PMS/AIFs, offering added portfolio tools at a ₹10-lakh minimum investment.

ICICI Prudential MF has launched iSIF Equity Ex-Top 100 Long-Short Fund and iSIF Hybrid Long-Short Fund; the NFOs close January 30. Here is a detailed review.

LONG-SHORT EQUITY

A long-short approach means the fund buys stocks it finds attractive (going long) and uses limited shorts to offset risk. Shorting is essentially a way to profit if a stock falls, or to reduce the impact of market declines, so the portfolio can stay invested with potentially lower swings.

Ex-Top 100 Long-Short means the strategy focusses on stocks outside the large-cap/ top-100 bucket (mid- and small-caps as per the AMFI large-cap definition).

The SIF can buy selected mid-/small-caps and also take limited 'short' positions using derivatives, up to 25 per cent short exposure through unhedged derivative positions in Ex-Top 100 stocks.

Mid-/small-caps can surge in upcycles but give back sharply in downcycles; the long-short structure aims to manage that volatility while staying invested.

Its benchmark will be Nifty 500 TRI; exit load is 1 per cent if redeemed within 12 months, nil thereafter. As per the AMC, the offering is subject to LTCG rate of 12.5 per cent with holding period of 12 months.

You can get the mid-/small-cap 'long' exposure through existing mutual fund categories, but the differentiator here is the built-in unhedged short book. A DIY alternative — pairing a mid-/small-cap fund with your own hedges, will shift the burden of execution and risks to the investor.

Investors should note that in rallies, long-short funds can lag long-only equity as hedges cap some upside. In declines, they may cushion drawdowns if hedges work, but they can still lose money if positioning is wrong. In choppy markets, outcomes depend on stock selection and hedge execution. In sharp, fast reversals, they can underperform if hedges are put on/off at the wrong time.

A long-short equity fund is best viewed as a risk-management wrapper around equity exposure, not a return shortcut. The long book seeks growth from chosen stocks; the short book is meant to cushion drawdowns, reduce froth-risk in overheated pockets, and smooth the ride. Outcomes will depend heavily on manager skill, costs, and how actively the short book is used. Investors should treat it as a satellite allocation within a diversified plan.

DECODER

- Long book seeks growth
- Shorts cushion drawdowns
- Treat as satellite; outcomes hinge on skill

LONG-SHORT HYBRID

ICICI Prudential's iSIF Hybrid Long-Short Fund is built on a hybrid strategy that evaluates opportunities across equity and debt, and can use derivatives in both, with the aim of smoother outcomes and lower volatility across market phases. In normal conditions, the strategy plans to keep about two-thirds to three-fourths in shares, and about one-fourth to one-third in debt and cash, with a small slice (up to 10 per cent) in InvIT units.

It can also use derivatives extensively for hedging and portfolio management; unhedged equity exposure is permitted up to 25 per cent of net assets (intended allocation <10 per cent). Net equity exposure (excluding arbitrage-hedged positions) can range from -7.5 per cent to +75 per cent. So, it can dial equity risk down sharply when needed or keep it fairly high when opportunities look good.

On stock selection, it says it will pick individual stocks based on fundamentals, run the debt side mainly for steady interest income with occasional duration calls. It may also take opportunities in events such as IPOs, QIPs, blocks or buybacks when they look attractive.

Allocation calls will be based on various parameters, mainly based on market triggers and market dynamics. The SIF's equity positioning is framed around the Nifty 50 price-to-book (P/B). When valuations are undervalued (P/B below 3), it keeps net equity high (65-75 per cent) and uses low derivatives (0-10 per cent).

In a range-bound phase (P/B 3.0-3.7), it runs a balanced stance with net equity at 25-65 per cent and derivatives at 0-40 per cent. When valuations look overvalued (P/B above 3.7), it cuts net equity to 0-25 per cent and raises derivative allocation sharply (40-100 per cent) to manage risk. As on December 31, 2025, Nifty 50 P/B was 3.55.

The hybrid SIF's benchmark is CRISIL Hybrid 50+50 Moderate index. It carries an exit load of 1 per cent if redeemed within 12 months (nil thereafter). This is an interval strategy so redemptions are offered only twice a week. Per the AMC, the offering is subject to STCG at 20 per cent up to 12 months and LTCG at 12.5 per cent beyond 12 months.

You can build a broad analogue of this offering by combining a hybrid/balanced fund plus arbitrage/derivative-income and a high-quality debt fund, but the differentiator is the ability to vary net equity exposure and use derivatives overlays within one mandate.

In rising markets, it may lag pure equity (and sometimes even an equity long-short). In declines, it may hold up better than equity-heavy funds. Sideways or choppy markets can sometimes be a better environment because the debt can add carry while the equity long-short part tries to benefit from stock selection and relative opportunities. In rate-shock phases, there can be a trade-off. If yields rise quickly, debt prices can fall even as the strategy is managing equity risk; if yields fall, the debt part may support returns.

Think of it as 'hybrid first, long-short second'. The core is an equity-plus-debt portfolio, and the long-short toolkit is mainly used to dial equity risk up or down. It suits investors who want equity plus debt in one fund and are okay with the manager using hedges and limited shorts to manage swings.

DELHI
businessline.portfolio
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Less active & more arbitrage

NFO REVIEW. Parag Parikh Large Cap Fund offers a low-cost strategy to invest in India's largest companies

GETTY IMAGES/ISTOCKPHOTO

Venkatasubramanian K
bl. research bureau

In the broader market corrections over the past 16 months, large-caps have been far more resilient than mid/small-cap stocks.

As stable bluechips with steady cashflows, their ability to withstand macro headwinds and generally strong business models have helped them stay a bit more insulated. That said, some large-caps, too, have suffered corrections due to elevated valuations. The large-cap mutual fund category has been a bit of an average to modest segment as many schemes tend to find it challenging even to match standard benchmark returns.

Consistently beating the Nifty 100 TRI or Nifty 50 TRI has been a rarity, with only a handful able to do so over longer timeframes of 5-10 years. Amidst this background, one of India's most popular asset management companies that also runs the largest flexicap scheme in the country is rolling out its only other equity fund offering – a large-cap fund. The Parag Parikh Large Cap new fund offer (NFO) is open for subscription till January 30, 2026. It promises a low-cost strategy to invest in India's largest companies.

Read on for our take on whether you should be investing in this new fund.

Top performers and laggards over the past 10 years

Scheme	SIP investment returns (% XIRR)	Lumpsum investment returns (% CAGR)
Nippon India Large Cap	16.8	16.6
ICICI Pru Large Cap	16.1	16.3
Canara Rob Large Cap	15.8	16.4
Invesco India Largecap	15.3	15.4
Edelweiss Large Cap	15.3	15.5
Nifty 100 - TRI	**13.9**	**14.7**
Groww Large cap	13.1	14.0
Axis Large Cap	13.0	14.4
PGIM India Large Cap	12.4	13.1
LIC MF Large Cap	12.3	13.1
Taurus Large Cap	11.5	11.2

Source: ACE MF; Data for the direct plans as of Jan 21, 2026

OVERVIEW

- Benchmarked to Nifty 100 TRI
- May not suit those wanting to outperform index by wide margins
- Index-like scheme, not a heavy churner in search of higher returns

INDEX PLUS DERIVATIVES

The Parag Parikh Large Cap fund is benchmarked to the Nifty 100 TRI. The top 100 large-cap companies represented 76 per cent of the profit pool among the top 500 listed firms by market capitalisation as of November 2025.

The scheme is expected to be an index-like fund, and not a heavy churner in search of higher returns.

Broadly, five strategies would be applied by the new fund.

First, single-stock futures would be used. So, if a company's futures price for the near-month trades is lower than what prevails in the cash market, the fund may use futures to create exposure more efficiently via stock-futures arbitrage.

Second, as with stocks earlier, index futures, too, would be deployed if there is an arbitrage opportunity between cash and derivatives markets. Third, if a Nifty 100 company merges with another firm, the fund may buy the stock at a discount to the merger ratio at a different date for better execution.

Fourth, when the Nifty 100 constituents change, the fund may rebalance gradually and not immediately after the index date for more favourable stock prices.

The fifth strategy is using a low active share. So, when there are corporate actions such as demergers or special situations, the fund may decide on its entries and exits in a phased manner to reduce impact costs while keeping the overall active share low (under 10 per cent, according to the fund presentation). The expense ratio has been kept quite low. It is 0.15 per cent for the direct plan and 0.55 per cent for the regular plan of the new fund. These figures include additional expenses and exclude GST on management fees.

FOR INVESTORS

Barring the stock and index arbitrage parts, and possibly the index rebalancing strategy periodically, there is no certainty on mergers or special situations happening on an ongoing basis, especially when the universe comprises the relatively stable large-caps.

The entire ability of the fund to match or exceed the index returns hinges on the successful execution of the stock or index arbitrage derivative strategies.

In fact, the fund presentation itself says the fund may not suit those wanting to outperform the index significantly or for those looking for active strategies based on fundamentals.

There is no model or back-tested data shared, so gauging the likely performance is not possible. From a longer investment timeframe standpoint, only 13 out of 24 active large-cap funds have outperformed the Nifty 100 TRI on a point-to-point basis over the past 10 years (as of January 21, 2026).

On a monthly SIP basis over the past 10 years, the figure improves to 15 out of 24 funds outperforming the benchmark.

For most investors, ICICI Prudential Large Cap and Nippon India Large Cap must be the top choices and can be the core part of portfolios. Canara Robeco Large Cap and Invesco India Large Cap are other reasonably sound options.

Parag Parikh Mutual Fund's flexicap scheme has a great track record and a strong value-driven philosophy. Incidentally, that scheme is large-cap heavy.

Given that the Parag Parikh Large Cap fund seeks to be more of an index-like scheme with arbitrage opportunities potentially providing the kicker, it remains to be seen if the strategy would pay off.

Only investors willing to bet on the fund house under all circumstances and those not seeking anything significantly more than the Nifty 100 should allot small sums to the NFO. Others can wait for the scheme to develop a track record before taking exposure, especially as there are established schemes with solid performance records available.

What's in the latest MF ratings?

UPDATE ALERT. *bl.portfolio* Star Track Mutual Fund Ratings evaluated 475 schemes across 31 actively managed categories

Dhuraivel Gunasekaran
bl. research bureau

GETTY IMAGES

The latest edition of the *bl.portfolio* Star Track Mutual Fund Ratings is now live. The objective of the framework is straightforward: to simplify mutual fund selection by helping investors navigate over 1,800 schemes across 39 categories and asset classes, and to identify funds that have delivered consistent performance and are well suited to long-term investment goals.

The ratings are derived from an in-depth assessment of a fund's historical performance, incorporating both returns and risk.

The methodology rests on two core pillars, rolling returns and the Sortino ratio, to evaluate consistency across market cycles and exposure to downside risk. Rolling returns capture the stability of performance over time, while the Sortino ratio measures risk-adjusted returns by focusing exclusively on negative volatility.

For equity and hybrid funds, one-, three-, and five-year rolling returns are analysed using seven years of NAV data. Debt schemes are assessed using one-, two-, and three-year rolling returns based on five years of NAV history.

To reflect recent trends, one-year trailing returns are also included.

The final composite score assigns a 60 per cent weight to historical returns, 30 per cent to the Sortino ratio, and 10 per cent to trailing returns. Based on these scores, funds are ranked on a five-star scale, with five stars indicating the strongest performers and one star the weakest, enabling investors to quickly identify consistently high-quality funds.

GREAT SHOW

41 schemes retained their five-star ratings from June to December 2025, underscoring sustained strength across metrics

RATING EXCLUSIONS

Funds with an average corpus of less than ₹100 crore are excluded from the rating process. Equity and hybrid schemes with less than seven years of track record, and debt funds with less than five years of history, are also not considered. Categories with fewer than five eligible schemes, as well as funds that have undergone a significant change in mandate or portfolio strategy, are excluded.

Certain categories are excluded due to a lack of comparability. For instance, multi-asset funds were not rated, as schemes within the category follow distinct investment approaches, making meaningful comparison difficult.

Multi-cap funds, being a relatively new category, were also excluded since most schemes do not yet have a sufficient track record under the revised allocation norms, barring the Invesco India Multi Cap Fund. Additionally, debt funds that reported partial recoveries from distressed assets, resulting in NAV spikes of more than 7 per cent post-recovery, were excluded to avoid distortions in performance assessment.

Retirement funds and children's funds are not rated, as investment styles within these categories are not uniform. Passive funds are excluded, as return-based metrics are not suitable for evaluating their performance. Liquid and arbitrage funds, which are primarily used as short-term parking options for surplus cash, are also not rated.

WHAT'S UPDATED?

Launched in October 2018, the *bl.portfolio* Star Track Mutual Fund Ratings follow a disciplined biannual review cycle, with updates released in January and July based on data as of December-end and June-end, respectively. In the latest update, using data as of December 31, 2025, the framework evaluated 475 schemes across 31 actively managed mutual fund categories.

Among these, 41 schemes retained their five-star ratings from June to December 2025, underscoring sustained strength across performance metrics. In equities, consistent performers included Parag Parikh Flexi Cap, ICICI Prudential Large & Mid Cap, HDFC Flexi Cap, ICICI Prudential Large Cap, Canara Robeco Large Cap, and Nippon India Small Cap. In hybrids, ICICI Prudential Equity & Debt, Bank of India Mid & Small Cap Equity & Debt, HDFC Balanced Advantage, and Baroda BNP Paribas Balanced Advantage held on to their top ratings. The debt segment also saw steady names such as 360 ONE Dynamic Bond, ICICI Prudential Savings, Nippon India Money Market, ICICI Prudential Banking & PSU Debt, Nippon India Corporate Bond, ICICI Prudential Gilt, and SBI Gilt Fund remain in the five-star bracket. Upgrades were equally notable, with 12 funds moving up from four to five stars. Equity examples include JM Flexi Cap, Quant Mid Cap, DSP ELSS Tax Saver, Bandhan Large & Mid Cap, and HSBC Value Fund. ICICI Prudential Regular Savings rose to five stars in the hybrid category, while ICICI Prudential Corporate Bond, HDFC Floating Rate Debt, and UTI Dynamic Bond Fund achieved the same in debt.

On the flip side, 14 schemes slipped from five to four stars. Equity funds such as Motilal Oswal Midcap, ICICI Prudential Balanced Advantage, Nippon India Growth Mid Cap, HDFC ELSS Tax Saver, and Bandhan Value Fund were among those downgraded, while Aditya Birla Sun Life Dynamic Bond, Kotak Banking & PSU Debt, and Axis Strategic Bond Fund eased a notch in the debt space.

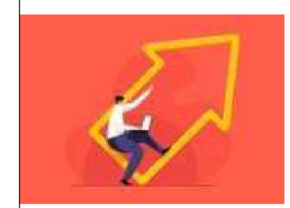
Several funds also staged meaningful recoveries, climbing from two or three stars to four stars. These included Mahindra Manulife Mid Cap, Bank of India ELSS Tax Saver, Quant Large & Mid Cap, JM ELSS Tax Saver, Canara Robeco ELSS Tax Saver, Edelweiss Flexi Cap, and Invesco India Midcap Fund.

PRUDENT PLAY

The framework highlights funds that deliver steady outperformance with controlled risk, helping investors stay focused on long-term wealth creation rather than short-term gains. Investors should prioritise four- and five-star funds that fit their asset allocation, risk appetite, time horizon, and goals. Temporary underperformance need not trigger exits if ratings remain strong, but funds slipping to two stars or below warrant review to prune persistent laggards.

ALERTS.

Samco MF launches Mid Cap Fund



Samco Mid Cap Fund is an open-ended equity scheme predominantly investing in mid-cap stocks. The NFO closes on February 4, 2026. The entry load is not applicable for the scheme; 10 per cent of units can be redeemed at any time without exit load. Any redemption in excess of 10 per cent of units will incur 1 per cent exit load in the first 12 months. There is no exit load if redeemed after 12 months from the date of allotment. The minimum subscription amount is ₹5,000 and in multiples of ₹1 thereafter. The performance will be benchmarked with Nifty Midcap 150 Total Returns Index; its fund managers are Umeshkumar Mehta, Nirali Bhansali, Dhawal Ghanshyam Dhanani and Komal Grover.

Groww MF launches Nifty PSE ETF FOF

Groww Mutual Fund has launched Groww Nifty PSE ETF FOF, an open-ended fund of fund scheme investing in units of Groww Nifty PSE ETF. The NFO closes on February 6, 2026. No entry or exit load will be charged under the scheme. The minimum subscription amount is ₹500 and in multiples of ₹1 for purchases and switch-in. The performance of the scheme is measured against Nifty PSE Index - TRI. The fund managers are Nikhil Satam, Aakash Chauhan and Shashi Kumar. The investment objective of the scheme is to generate long-term capital growth by investing in units of Groww Nifty PSE ETF.

ETF movers

Top ETFs (Exchange Traded Funds) traded on NSE based on weekly change in price

	NAV (₹) as on Jan 23	Price (₹) as on Jan 23	Weekly change in price (%)	Volume traded in the last week (in '000s)
ETF				
Bandhan Silver ETF	312.4	311.7	10.8	1,918
Kotak Silver ETF	304.0	302.3	10.6	27,085
Edelweiss Silver ETF	312.6	312.9	10.3	2,972
360 One Silver ETF	307.2	307.2	10.2	3,936
DSP Silver ETF	302.2	298.3	9.8	13,074
Groww Silver ETF	306.9	301.1	9.1	21,734
Zerodha Silver ETF	31.9	31.2	9.1	331,183
GOLD ETFs				
Union Gold ETF	150.6	152.0	9.2	556
Angel One Gold ETF	14.4	14.5	9.0	17,070
Kotak Gold ETF	128.4	129.0	8.9	48,879

Source: Bloomberg. Returns as on January 23, 2026

Best NPS plans

Top pension funds in each category based on 5-year CAGR

Name of the fund	NAV (₹) as on Jan 23	Returns (% CAGR) 1-year	3-year	5-year	Assets (₹ cr)
TIER I: EQUITY PLANS					
Kotak Pension Fund	68.6	9.5	15.5	15.1	4,403
ICICI Prudential Pension Fund	74.1	9.5	15.9	14.9	26,710
UTI Pension Fund	72.0	7.1	15.3	14.6	5,370
TIER I: GOVERNMENT BOND PLANS					
ABSL Pension Scheme	19.0	4.4	7.8	5.9	2,503
LIC Pension Fund	30.6	4.3	7.6	5.8	8,166
SBI Pension Fund	41.0	4.2	7.7	5.7	26,687
TIER I: CORPORATE DEBT PLANS					
HDFC Pension Fund	29.9	7.7	8.3	6.9	30,430
ICICI Prudential Pension Fund	44.9	7.5	8.1	6.7	12,134
SBI Pension Fund	45.1	7.5	8.1	6.6	14,056
TIER I: ALTERNATIVE INVESTMENTS					
SBI Pension Fund	24.1	18.4	12.2	10.0	150
ICICI Prudential Pension Fund	21.2	18.9	11.7	9.6	138
ABSL Pension Scheme	19.1	16.6	10.3	8.9	8

*Source: NPS Trust. Returns as on January 23, 2026

Top PMS schemes

Based on 5-year returns

AMC	Strategy	AUM (in ₹ cr)	Returns (% CAGR) 1-year	3-year	5-year
LARGE CAP					
Tulsian PMS	Tulsian PMS	317	9.0	20.4	26.5
ICICI Pru	Largecap	910	11.3	21.0	21.3
Renaissance Investment	Opportunities Portfolio	NA	1.6	17.2	19.3
Standard Chartered Securities India	SC Autograph Vibrant India Equity	NA	9.1	20.9	18.1
MULTI CAP					
Negen Capital Services	Special Situ & Tech Fund	1,304	0.1	26.8	29.8
Asit C Mehta Invest. Intermediates	ACE - Multicap	141	8.2	32.8	28.9
Renaissance Investment	Indianext Portfolio	NA	0.5	19.8	28.6
Bonanza Portfolio	Edge	NA	-8.3	20.3	28.3
Buoyant Capital	Opportunities	8,025	16.6	24.8	27.7
Stallion Asset	Core Fund	6,562	-1.7	38.4	27.2
MID-CAP					
Master Portfolio Services	Master Trust India Growth	375	3.9	19.0	23.3
Right Horizons	Super Value	NA	-9.8	18.9	22.8
NAFA Asset Managers	Emerging Bluechip	NA	-4.1	19.2	22.7
Unifi Capital	APJ 20	NA	-1.0	20.1	21.3
SMALL CAP					
Aequitas Invest. Consultancy	India Opportunities	4,265	41.8	45.4	45.2
Counter Cyclical Investments	Diversified Long Term Value	789	-12.6	25.1	43.9
Equitree Capital Advisors	Emerging Opportunities	1,123	-11.7	33.9	34.5
Accuracap	Dynamo	14	-4.2	29.9	26.3

*Source: PMS Bazaar. Returns as on December 31, 2025

Opinion

SUNDAY, JANUARY 25, 2026

Bangladesh's absence may not hit the ICC coffers too much, but it will hit BCB pockets badly, such is the imbalance in the cricketing ecosystem FILE REUTERS

Bangladesh-ICC dispute shows cricket in poor light

RINGSIDE VIEW

Tushar Bhaduri

LIFE IMITATES ART, as the saying goes. In recent times, sports imitates politics.

The maxim 'might is right' is in implementation wherever one casts an eye. Whether it's abducting a head of a foreign state, threatening to annex another country's territory, or doing what one pleases in global affairs, some people can seemingly do anything they please because they hold most of the cards. The situation is not too different in world cricket at the moment. Decisions are taken not with sporting logic in mind, but to make political points.

The India-Bangladesh-International Cricket Council (ICC) triple threat match with regard to the T20 World Cup could have been easily avoided if all participants had thought things out clearly before saying anything or taking a decision, and had cricket front and centre in their minds.

Pakistan players have not been part of the Indian Premier League (IPL) after the inaugural edition in 2008. There has never been any formal reason given, but there was an informal agreement involving the BCCI and the franchises on not bidding for any of their cricketers in the next auction, in the wake of the November 2008 Mumbai terrorist attacks. Subsequently, players from across the western border have ceased to be part of the auction pool and their absence from the biggest domestic T20 league doesn't even raise eyebrows now.

The domestic turmoil in Bangladesh had been going on for a while, and the alleged targeting of minorities there had been in the news for months, with the Indian government taking it up with the Muhammad Yunus administration. If India and the BCCI were so inclined, they could have kept Bangladesh players out of the IPL in much the same way as they had omitted Pakistanis so many years ago. It may have even been passed off as a decision based on cricketing merit. After all, only Mustafizur Rahman found any takers in the auction despite seven being part of the auction pool.

But picking a player in the auction and then keeping him out of the tournament is akin to inviting someone to a wedding and then conveying that he was not welcome at the function.

In a country and cricket fandom which thinks more with the heart than head, and where India hasn't been seen in undiluted positive light of late, this was considered a national snub.

Look before you leap

But those responsible for running Bangladesh cricket don't have that luxury. They could have taken up the matter with the BCCI before taking such a maximalist position — that they will not travel to India for the T20 World Cup, and not broadcast the IPL in the country. Those asking them to consider the consequences of their actions down the line – like national icon Tamim Iqbal – are called names. The bogey of security concerns raised was a red herring while the real peeve was the humiliation at one of the country's leading cricketers – who hasn't, by the way, said anything publicly on the matter despite being in the eye of the storm — being disrespected.

Bangladesh toured India a little over 15 months ago – after the Sheikh Hasina government was overthrown — and apart from the odd incident, there wasn't much to worry. The ICC has also come across as a less than unbiased arbitrator, which isn't totally surprising considering how one member country is so dominant in population, fandom, revenue and decision-making. It could have done better than just throwing the rulebook at the Bangladesh Cricket Board (BCB). The latter would have some justification in believing that the approach used in totalitarian regimes 'Show me the man and I'll show you the law' was at play here. After all, India got its way when it didn't want to visit Pakistan for last year's ICC Champions Trophy, playing their matches in Dubai instead.

Scotland will now take Bangladesh's place but it means that a lesser – and more importantly, unprepared – team will compete at a major global tournament. But sport has long ceased to be a utopian level playing field with various stakeholders possessing asymmetrical bargaining power. Bangladesh may be a country of about 18 crore with a passionate fanbase. But its relative lack of success on the cricket field doesn't lend itself to strong narratives, and it doesn't bring that much revenue (in fact, nobody does) that it can hope to challenge India's hegemony in the game.

There have been World Cups in the recent past without the West Indies, and Sri Lanka didn't qualify for the last Champions Trophy. Bangladesh's absence may not hit the ICC coffers too badly, but it will hit BCB pockets badly, such is the imbalance in the cricketing ecosystem.

Foregone conclusion

On the other hand, the ICC can't even dream of holding an event without India as the country drives cricket as a global game. That would have been the reason most other members of the ICC Board decided against changing the T20 World Cup itinerary and staging Bangladesh's matches outside India. It isn't feasible to antagonize the BCCI. It was a battle Bangladesh was never likely to win.

Even the push to include cricket in the Olympics is almost entirely to cater to the Indian market and viewership. The details about qualification have not been finalised yet, but whatever criteria they apply, India will feature in cricket at Los Angeles 2028. The match timings have been fixed keeping Indian viewership in mind.

But in any walk of life, if one enjoys such asymmetrical power, it obliges them to not throw their weight around too much. It's incumbent on a government enjoying a dominant majority to take the opposition along. The most powerful country in the world has to set a good example.

In the given situation, the ICC (which means India, for all intents and purposes) has hidden behind technicalities. The Mustafizur incident may be, as the world body says, a "single, isolated and unrelated development concerning one of its (Bangladesh's) player's involvement in a domestic league", but if they didn't think it could inflame passions, they're being short-sighted.

There may be 'no credible or verifiable threat to the safety or security of the Bangladesh team in India,' as an ICC statement put it, but an elder brother has to reassure the younger sibling that their interests and feelings will be taken care of. Bangladesh cricket and its fans may not matter a great deal – in financial terms – for a sport driven almost entirely by an Indian engine, but they are still a vital part of the game.

As far as India is concerned, deciding that a foreign athlete is not welcome to play here is not the message a country with ambitions to host the Olympics can afford to convey.

BCCI's relations with its Pakistani counterpart are what they are. How many more ties can they afford to sour?

ACROSS THE AISLE

P Chidambaram

I am unable to put my finger on a measure in 2025 that will qualify as a significant economic reform. In a subtle dig at the government, Dr Panagariya has listed six measures the government ought to take in 2026. The agenda is an indictment of the anti-reform stance of the government in the last 11 years

One of the recommendations of Dr Panagariya is that the government commit itself to a uniform 7% rate across imports

Heed favourite economist's advice

IT IS NO secret that Professor Arvind Panagariya is Prime Minister Narendra Modi's favourite economist. He is the resident friend, philosopher and guide in Delhi. He was the first Vice Chairman of NITI Aayog (January 2015 to August 2017). He served as India's G20 Sherpa (2015-2017). He was appointed in April 2023 as Chancellor of Nalanda University and in December 2023 as Chairman of the 16th Finance Commission. He was head of several Task Forces. His longevity in the NDA government is remarkable.

Dr Panagariya is a tenured professor in Columbia University and a free trader in the footsteps of his mentor, Dr Jagdish Bhagwati. I admire them for their unfaltering commitment to an open economy and free trade. Since he is a loyal supporter of Mr Modi, his criticisms are discreetly disguised as *'shabash, dil maange more.'*

2025: No reforms

In a recent article, Dr Panagariya complimented the government with the words *"2025 will go down in history as the year of economic reforms in India"*. He knows that it is not true. The year 2025 saw little reforms. A search in the media and parliamentary proceedings will show that nothing significant under the label of 'economic reforms' was done in 2025. For example,

■ The simplification and reduction of the GST rates was a *correction* of the original sin committed in July 2017;

■ The rationalisation of customs duties was also a *correction* of the relentless increase in customs duties and rampant use of antidumping and safeguard duties to advance protectionist measures;

■ The consolidation of labour laws was a deliberate shift of the balance in favour of capital (which already enjoyed an advantage) and is fiercely opposed by the trade unions including the BJP-patronised Bharatiya Mazdoor Sangh (BMS); and

■ The enactment of the unpronounceable VB G-RAM-G Act, far from a reform, destroyed the world's largest work-cum-welfare programme that sustained the lives and livelihoods of 8.6 crore job card holders among the rural poor.

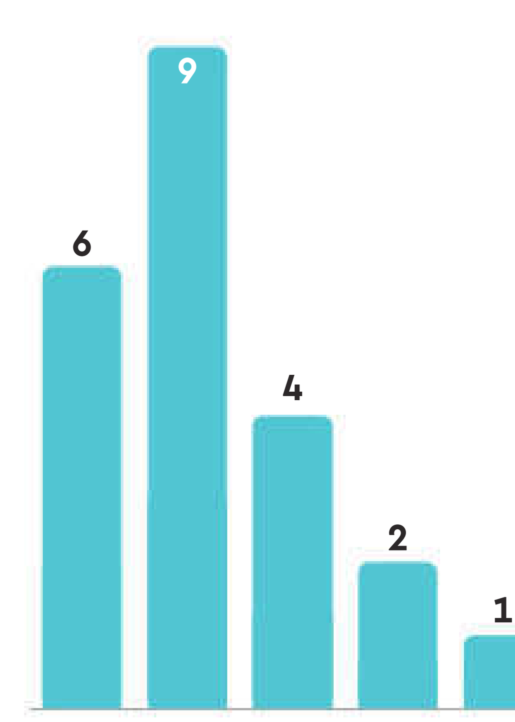
With respect, I am unable to put my finger on a measure in 2025 that will qualify as a significant economic reform. In a subtle dig at the government, Dr Panagariya has listed six measures the government *ought* to take in 2026. The agenda is an indictment of the anti-reform stance of the government in the last 11 years. It is a clever flip of the coin. By calling 'heads', Dr Panagariya has confessed that the call, so far, was 'tails'.

Sensible advice

Let's look at the six recommendations:

Rollback customs duties: The chapterwise uniform customs duty and reduction of duties were initiated by the UPA, and the trade-weighted average customs duty across all goods was brought down to 6.34%. The reversal took place under the NDA, and the trade-weighted average customs duty climbed to nearly 12%. Like most chief ministers, Mr Modi was instinctively protectionist in Gujarat and carried that mindset to the central government, and he was warmly applauded and encouraged by the protectionist lobbies. In fact, *atmanirbharta* was a new name for self-sufficiency and protectionism that had kept the Indian economy practically closed for nearly three decades. Dr Panagariya has recommended that the government commit itself to a uniform 7% rate across imports.

Finish QCO withdrawal: Who rolled out a series of Quality Control Orders? QCOs are really non-tariff barriers to imports. If the same quality standards were applied to Indian products, few will pass muster. Dr Panagariya complimented the government for withdrawing 22 QCOs in 2025, but he did not say when these 22 QCOs were first announced. These very 22 QCOs were notified in the following years *(see box)*:



The rest of the story is worse. After withdrawing 22 QCOs, it is estimated that there are still approximately over 700 in force!

Sign off trade deals: Dr Panigariya confesses to "*our* instinctive resistance to import liberalisation". Who is *our*? None other than the NDA government. It reversed two decades of import liberalisation, hardened the Foreign Trade Policy, spurned the invitation to sign CPTPP in 2018 and withdrew from RCEP in 2019, and expressed distaste for Bilateral Trade Agreements.

Restrain DGTR: Despite a paltry share (2.8%) of world merchandise trade, India had imposed approximately 250 antidumping duties on products. Add customs, countervailing and safeguarding duties, India has high tariff barriers. DGTR was instructed to enforce the protectionist regime and, like all bureaucratic authorities, revelled in its role. The mandate to DGTR must be re-scripted.

Don't overvalue the rupee: The exchange rate is a sensitive issue. It is affected by foreign exchange flows, supply and demand, inflation, fiscal deficit, etc. An overvalued rupee will affect exports, a depreciating rupee has second order effects. The value of the rupee is best left to the market and the RBI with intervention only in times of extreme volatility.

Monitor exports: Too many policy changes, rules, regulations, instructions, forms, compliances, etc. have impeded exports. The answer is to light a bonfire at the end of every year.

Dr Panagariya's article may be a bellwether of what to expect in Budget 2026-27 or an expression of his frustration. If the government heeds his advice, I shall celebrate and urge him to outline the next six or sixty steps. Remember, India has miles to go.

(Next column: February 8)

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INSIDE TRACK

COOMI KAPOOR

Getting in the groove

The new US ambassador to India Sergio Gor is not in the mould of some of his scholarly predecessors such as John Kenneth Galbraith and Daniel Moynihan. Breaking with diplomatic convention, Gor breezily took charge of the US embassy in Chanakyapuri and met PM Narendra Modi even before he formally presented his credentials to President Draupadi Murmu. Gor, 38, a naturalised American born in Tashkent to Russian parents, has risen rapidly through the Republican MAGA ranks, beginning as a student activist. He struck a chord with President Donald Trump through his skills at fundraising, organising events and as the informal disc jockey at Trump's Mar-a-Lago estate. Not surprisingly, Gor choreographed every detail of his arrival at the US embassy. He came in a shiny black BMW with flashing red and blue lights. As he walked up the steps to the stage, Hold On, I'm Comin' played on loudspeakers. The music selection for the ceremony included MAGA favourites such as Ring of Fire and YMCA Gor's second in command in New Delhi urged staffers to convey the vibe that 'Elvis has entered the building'.

One suspects that our stuffed-shirt diplomats may have problems adjusting to the new dispensation, while Pakistan, in contrast, has mastered the art of ego massaging. Our foreign office is still pondering just how to get around our earlier faux pas of not furthering Trump's Nobel Peace Prize ambitions. A suggestion for awarding the US President with a Republic Day honour was dismissed by the powers-that-be as a disparate gesture. On his recent visit to Mumbai, Gor met CM Devendra Fadnavis, Reserve Bank Governor Sanjay Malhotra and Reliance Chairman Mukesh Ambani. Perhaps an introduction to Bollywood, the music industry and Mumbai's glitzy elite would have served as an ice-breaker.

Dogged arguments

Supreme Court Justice Sandeep Mehta had reason to speak sharply in the context of the staggering list of senior counsel who insisted on arguing on the contentious issue of the removal of stray dogs from institutional areas. Legal luminaries and other not-so-notables who were listed included: Kapil Sibal, Abhishek Manu Singhvi, Pinky Anand, Krishnan Venugopal, Gopal Sankaranarayanan, Anand Grover, Percy Billimoria, Menaka Guruswamy, Siddharth Luthra, Mahalaxmi Pavani, Karuna Nundy, Vikas Singh, Shadan Farasat, Colin Gonsalves, Shyam Divan, Zal Andhyarujina, Vikas Singh, Vaibhav Gaggar, Madhavi Divan, Dhruv Mehta and Nakul Diwan. In addition, a dozen other lawyers appeared for sundry dog feeders and NGOs. Mehta commented that since 2011, when he was elevated as a judge, these were the longest continuing arguments he had ever heard; no one had so much time for human beings! When a senior counsel suggested incentivising adoption of dogs, the judge wondered why similar compassion was not shown towards orphaned and lost children on the street .

One-horse race

Dr K Laxman, the national returning office for the BJP, left no stone unturned in ensuring that all technical formalities were complied with in electing Nitin Nabin as the BJP president. Thirtyseven sets of nomination papers were filed in his favour. The BJP may boast that there is no dynastic concept in its organisational elections, but the absence of an alternative candidate was noticeable. In the Congress presidential election, Shashi Tharoor at least had the gumption to throw his hat into the ring. Former party president Nitin Gadkari echoed the feelings of many senior party leaders when he remarked that the older generation should be made to retire and responsibility given to the new generation.

Singing in tune

When an officer finds favour with the powers-that-be for services rendered, he is retained long after his tenure is complete and he is well past retirement age. The Cabinet Committee on Appointments has approved several such exceptions. Sanjay Kumar Mishra, enforcement director, who struck fear in Modi's opponents, is the best-known example — he continued for five years with four extensions. The issue was even referred to the SC which ruled that Mishra's continuance "was in public and national interest". Others who were accorded special treatment in disregard of service rules include: Director, IB, Tapan Deka, a favourite of Union Home Minister Amit Shah who is in his fourth year as head of the intelligence agency; R&AW Secretary Samant Goyal who served four years in his post; and Chairman Central Board for Direct Taxes, Ravi Aggarwal, who was given a year's extension in 2025 and is expected to get another. Others on the special extension list include Dr M Ravichandran, Secretary, Ministry of Earth Sciences; and M Mohapatra, DG, India Meteorological Department, who has completed six years in his post with two extensions. Understandably, their juniors who missed their chance for the top job are getting increasingly frustrated.

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INBRIEF

Kotak Mahindra Bank Q3 PAT rises 4% to ₹3,446 crore

Kotak Mahindra Bank for the third quarter ended December 31, 2025, reported 4% year on year (YoY) growth in net profit to ₹3,446 crore. Net interest income (NII) increased to ₹7,565 crore, a 5% YoY increase. Net interest margin (NIM) was lower at 4.54% for the quarter as compared with 4.93% in the year ago period. The bank's net advances increased 16% YoY to ₹ 4,80,673 crore as at December 31, 2025. Total period-end deposits grew to ₹5,42,638 crore, up 15% YoY.

UltraTech Cement Q3 net profit at ₹1,729.44 crore

UltraTech Cement on Saturday reported a consolidated net profit of ₹1,729.44 crore for the December quarter of FY26. It had posted a net profit of ₹1,363.44 crore in October-December a year ago, the firm said in a filing. Revenue from operations was at ₹21,829.68 crore in the December quarter of FY26. The company said its results "for the three months and nine months ended 31/12/2025 are not comparable with the previous corresponding period". PTI

Barista Coffee targets 800-900 outlets by 2030

India's largest homegrown coffee chain Barista Coffee plans to expand its network to 800-900 outlets by 2030, with a strong focus on tier II & III towns, its CEO Rajat Agrawal said. The company, which recently inaugurated its 500th cafe in Patna, Bihar, is buoyed by the rising coffee culture among India's youth, particularly in smaller towns where aspirations and disposable incomes are on the rise. It expects a 10-fold growth in the next five years. PTI

Trade pacts bringing in jobs for youth: PM

Modi virtually hands over appointment letters for various govt. jobs, at Rozgar Mela, says India's creator economy is growing at a very fast pace

The Hindu Bureau
NEW DELHI

India is entering into multiple mobility and trade agreements that will create new employment opportunities for Indian youth, Prime Minister Narendra Modi said at the 18th Rozgar Mela, while underscoring that the country's expanding startup ecosystem and growing manufacturing were also key drivers of job creation.

At the Rozgar Mela, the PM virtually handed over 61,000 appointment letters for various government jobs.

"India is signing trade and mobility agreements with several countries. These trade agreements are bringing new opportunities for the youth of the nation," Mr. Modi said, addressing the Rozgar Mela at 45 locations across the country via video conferencing

The PM said that India's investments for modern infrastructure has led to significant increase in employment in every sector related to construction.

The growing start-up ecosystem, too, has led to two lakh registered start-ups in the country which have employed more than 21 lakh youth. Similarly, Digital India has expanded a new economy.

"In many fields such as animation and digital media, India is becoming a global hub. India's creator economy is growing at a very fast pace, and in this too, youth are getting new opportunities," the PM said. The PM claimed that India was becoming a big manufacturing power.

"In many sectors such as electronics, medicines and vaccines, defence, and auto, there is an unprecedented increase in both India's production and exports."

PM Modi claimed that since 2014, there was a six-fold increase in India's electronics manufacturing. "This is an industry of more than ₹11 lakh crore. Our electronics export has also crossed ₹4 lakh crore."

There were similar strides being made in the auto sector, the PM said claiming these were leading to generation of employment opportunities.

On women's employment, the PM claimed that there had been a nearly two-fold increase in women's participation in the country's workforce. "Our daughters have benefited greatly from the government's schemes like Mudra and Start-up India. There has been an increase of about 15% in the rate of women's self-employment. If I talk about start-ups and MSMEs, today there is a very large number of women directors and women founders. In our cooperative sector, and the self-help groups working in villages, women are leading in very large numbers," he said.

Among the 61,000 recipients on Saturday, 8,000 were women.

Since the inception of Rozgar Mela, more than 11 lakh recruitment letters have been issued across the country.

The newly-recruited candidates, selected from all parts of India, will be joining various Ministries and Departments of the Government of India, including the Ministry of Home Affairs, Ministry of Health and Family Welfare, Department of Financial Services, and Department of Higher Education.

Jobs galore: PM Narendra Modi addresses the 18th Rozgar Mela through a virtual conference, in New Delhi on Saturday. ANI

India antitrust probe links Tata, JSW to steel cartel

Reuters
NEW DELHI

Four major Indian steelmakers – Tata Steel, JSW Steel and state-run SAIL and RINL – disclosed their pricing plans to rivals and coordinated production cuts to reduce supplies, an antitrust investigation report seen by *Reuters* shows.

In the most high-profile antitrust case involving India's steel sector, an investigation by the Competition Commission of India found 28 firms colluded on steel prices, meaning they could face hefty fines, *Reuters* reported exclusively on January 6.

The investigation report into the four major companies that has not been made public

The investigation report into the four major companies that has not been made public shows the commission reviewed dozens of WhatsApp chats, including from groups named "Friends of Steel", "Tycoons" and "Steel Live Market" that were seized during 2022 industry raids.

It analysed pricing changes, sales and production patterns. Tata Steel, JSW Steel and state-run Steel Authority of India Limited, or SAIL, and Rashtriya Ispat Nigam Limited, or RINL colluded during 2018-2023, the report says.

"There is enough circumstantial evidence ... of concerted efforts by SAIL, RINL, JSW and Tata Steel," the commission report, drafted in April 2025, said.

Companies deny

Tata Steel in a statement to *Reuters* said it "categorically denies any wrongdoing". JSW, SAIL and RINL did not respond to requests for comment from *Reuters*. Their executives denied wrongdoing during the investigation, the report said.

PhonePe to grow financial services distribution businesses

The Hindu Bureau
MUMBAI

PhonePe, India's largest digital payments platform, is planning to grow financial services distribution businesses. The firm has broadened its offering to include lending and insurance distribution services to capture the large opportunity in India's financial services sector.

"Driving sustained growth of our Financial Services Distribution business is also a key part of our revenue diversification strategy," the company said in the management commentary in the public offer document.

"We intend to expand our lending distribution business, in partnership with financial institutions, by expanding our partnership with existing credit providers and adding more partners, advancing up the value chain through innovative distribution and building relevant capabilities, including origination, repayments and collections," it said.

Using data insights, tech capabilities, and distribution scale, Phonepe said it aims to offer targeted credit products to consumers.

Zero duty access sought for Indian textiles in EU

The Hindu Bureau
COIMBATORE

The Cotton Textiles Export Promotion Council (Texprocil) has sought zero duty access to the European Union (EU) for textile products.

Such a deal will help restore competitiveness, strengthen farmer-linked value chains, support MSME exporters, promote sustainable, value-added exports, and significantly enhance India's footprint in the EU market from the current exports of $1.3 billion, the Texprocil said in a press release on Saturday.

Discipline, governance, long-term strategy underpin scaling of enterprise AI

The Hindu Bureau

At a recent roundtable in Chennai hosted as a part of AI@Work series organised by *The Hindu Group* in association with IBM, technology, finance and healthcare leaders gathered to examine one of the most pressing questions facing enterprises today: how to translate AI investments into measurable, sustainable business value.

The discussion, moderated by Mr. Suresh Vijayaraghavan, CTO, *The Hindu*, themed "Navigating AI investment and scalability: Strategies to drive ROI in an evolving landscape", moved beyond the hype around artificial intelligence and into the hard realities of execution, risk, and long-term transformation. The conversation was structured around three pillars: the ROI imperative, scaling smart, and strategic foresight. The first section focused on a problem that almost every organisation now faces: AI experiments are easy, but sustained value is rare. Sujatha S, Head of AI (Security) at Zoho, captured this gap succinctly. While proofs of concept are often built in ideal conditions with clean, well-structured data, the real world is far messier. "When you do a POC, you assume such picture-perfect conditions, you assume that you have perfect data, clean data. But when you take it to production, you have a plethora of challenges," she said. When AI systems move into production environments, they must deal with inconsistent, incomplete and constantly changing data. This is where many AI initiatives struggle, not because the technology is weak, but because organisations have not built the operational and data foundations needed to support it at scale. For many firms, she noted, projects fail not because the models are weak, but because the data, workflows and governance are not production-ready.

From a financial lens, Rohit Kumar Agrawala, Director – Finance at Chennai Petroleum Corporation Limited, reframed how executives should evaluate AI bets. "Unless you understand the business, you can't understand what kind of framework to use, what kind of value it emerges and what kind of tools to use" he said, emphasising that AI must be judged against real financial thresholds, not just technological novelty. His point was that AI should not be pursued simply because it is fashionable; it must generate returns that clearly exceed financial thresholds, otherwise it becomes a poor business decision regardless of how advanced the technology may be. In other words, successful AI investment begins not with technology, but with clarity about business priorities, processes and outcomes.

Ajay Thomas John, Group CDO at the Shriram Group, argued that ROI must be linked to business maturity. "For us, our success curve is much more important than anything else. We define technology in terms of which part of your success curve is this technology on," he said.

Not all AI investments are ready for full-scale deployment; some belong in experimentation, others in core operations. He emphasised on the fact that not every AI investment needs to be enterprise-wide immediately; some technologies belong in early-stage pilots while others are ready for mainstream deployment. Understanding where a technology sits on this curve helps leaders make smarter decisions about funding, risk and expectations.

In healthcare, the case for ROI was far more immediate. Dr. Ilankumaran Kaliamoorthy, CEO - Chennai Region, Apollo Hospitals, gave a striking example: "We have started using AI-assisted reporting of X-rays. Previously, it used to take at least four hours... now the time has come down to less than 20 minutes." Here, ROI was not just financial, but measured in patient experience, clinical throughput and quality of care. This not only improves patient experience but also increases hospital efficiency and clinical productivity. His example demonstrated that in sectors like healthcare, ROI from AI is measured not just in money, but in time saved, lives improved and quality of care delivered.

Smart scaling

If ROI is about proving value, scaling is about protecting and multiplying it.

Santhosh T G, Global CDO at Switch Mobility, said that organisations must think beyond quick wins. "For a long-term perspective, it's only two things we think of – one is to build culture over a period of time and two is to build capabilities," he said. In fast-moving AI environments, sustainable advantage comes from people and processes as much as from algorithms. He argued that organisations must consciously invest in building an innovation culture and strong internal capabilities over time.

Without these foundations, even the best AI solutions will struggle to deliver value, because there will be no organisational muscle to absorb, adapt and scale them sustainably.

For Durgaprasad Swaminathan, EVP and CIO at Cholamandalam Investment and Finance, organisations fall into distinct roles. "You fall into three categories – either you are a taker, a shaper, or a maker, or a combination of these," he said. Firms must consciously decide whether they are merely consuming AI tools, shaping them to their needs, or actively building differentiated platforms. Some companies simply consume ready-made solutions, others adapt and shape them, while a few build their own platforms. Each model carries different levels of cost, control and competitive advantage. The key is to make this choice deliberately, rather than drifting into it without a clear strategy.

Operationalising AI also requires new forms of accountability. Rohit Sood, Advisory Data & AI Specialist at IBM, warned against over-automation without safeguards. "If you're bringing in agentic AI to bring decision-making into your process, it's actually a human-in-the-loop responsibility which needs to be ensured – otherwise you will never bring it into production." Without a "human in the loop," organisations risk losing control, accountability and trust. This governance is essential if AI systems are to be safely deployed in real business environments.

For banks, regulation and trust remain paramount. Sankaran G, CIO at City Union Bank, said, "Before launching any product, we need three segregations – one for regulatory, one for competency in the market, and third for customer convenience." AI, he argued, must fit cleanly within this governance framework. Even the most advanced solution cannot be launched unless it satisfies all three. This structured approach helps banks manage risk while still innovating.

Satyen Kumar Jadeja, Consulting Strategic Sales Lead BFSI, IBM, shared a real-world example of what smart scaling can achieve. "With the help of AI, we cut one bank's processing time from 28 hours to 15 minutes – their capacity is almost five times now," he said, illustrating how operational gains can translate directly into business advantage. By automating and optimising workflows, IBM helped a bank reduce processing time from 28 hours to 15 minutes, effectively multiplying its throughput without adding manpower.

This demonstrated how well-implemented AI directly translates into business scalability and efficiency. The final section turned to the future, and to the risks of both action and inaction.

Jegadeeswaran B, Senior General Manager - IT at TVS Automobile Solutions, highlighted the importance of blended skill models. "We train the internal talent pool along with the partners so that the skill coexists with the internal talent," he said, describing a hybrid approach to capability building. While external partners bring expertise, companies must also train their own employees so that skills stay within the organisation. This shared model ensures that AI knowledge becomes part of the company's DNA, allowing it to innovate faster and avoid long-term dependency on vendors.

Nagaraj Nagabushanam, Vice President - Data and Analytics and Designated AI Officer, *The Hindu*, pointed out that GenAI is uniquely accessible and that it has lowered the barrier to entry because people can now interact with technology using natural language rather than code. "One of the major advantages, especially in the GenAI space, is that English is your programming language," he said. But he also warned of deeper architectural risks. "Technical debt, I'm keenly aware that the entire architecture is changing... what we took for granted earlier may no longer hold." Organisations must therefore be careful not to accumulate technical debt by building on fragile or outdated systems that may soon become obsolete.

In healthcare IT, Ravi Balakrishnamurti, CIO at Sundaram Medical Foundation, said his organisation wanted to be proactive. "We would like to start as a maker itself – to be exposed to certain tools," he said, rather than waiting passively for off-the-shelf solutions. By exposing themselves to AI tools and building internal understanding, hospitals can design systems that are better aligned with their workflows, data and patient needs rather than relying entirely on generic solutions.

Dr. Sindhuja G, Digital Lead at Sundaram Medical Foundation, added that AI adoption must begin with clinicians' pain points. "Data entry itself used to be a pain point for us," she said, underlining that automation must reduce burden, not add to it. Doctors spend excessive time entering data instead of caring for patients. AI can relieve this load by automating documentation, allowing clinicians to focus on what truly matters: patient care.

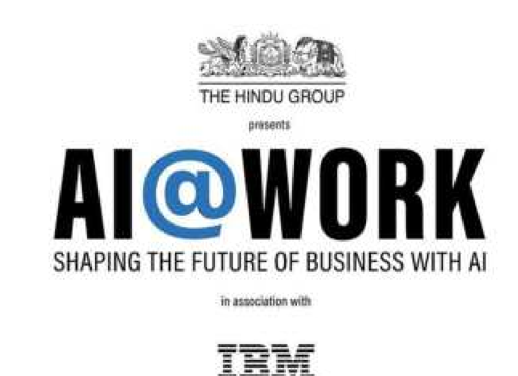
For Sudheer Warrier, CIO at Sundaram Finance, discipline was the key to future-proofing. "Many times, we create debt because we are trying to do something with AI, not trying to solve the problem," he said. Poorly designed AI, he warned, creates systems "that are very difficult to change later." When organisations adopt AI without clearly defining the problem they are trying to solve, they end up with complex systems that are hard to change or upgrade. Thoughtful design at the start is critical to avoid future constraints.

Moderating the discussion, Suresh Vijayaraghavan, CTO, *The Hindu*, brought the conversation full circle by introducing the idea of risk of not investing. "When we don't invest for a period of time, we are accumulating technical debt and financial debt by not investing," he said – a reminder that standing still can be just as dangerous as moving too fast. By delaying AI adoption, organisations accumulate both financial and technical debt, making it harder to compete in the future. His message was that leaders must balance caution with urgency, waiting too long can be just as costly as moving too fast.

From pilots to purpose

Across industries like banking, healthcare, mobility and media, the panel made it clear that the true return on AI does not come from how many models an organisation deploys, but from how precisely it applies them to real business problems. AI creates value only when it is directed at the right use cases, implemented at the appropriate scale, and governed with discipline. Without this focus, even the most advanced technologies risk becoming expensive experiments that fail to move the needle on productivity, customer experience, or profitability.

As organisations progress from small pilots to enterprise-wide adoption, the centre of gravity shifts from technology to execution. Data readiness determines whether AI can perform reliably, governance ensures that decisions remain compliant and accountable, talent provides the capability to build and adapt systems, culture shapes how widely and confidently teams adopt them, and strategic clarity keeps investments aligned with long-term business goals. These elements form the foundation that allows AI to mature from a promising tool into a durable competitive advantage, one that continuously improves operations, enhances decision-making, and enables organisations to stay ahead.



‘Loss of native wildlife drives mosquitoes to bite humans more’

Divya Gandhi

There was once a time when mosquitos had multiple hosts to sink their piercing proboscis into, from frogs to birds. But as forests and wildlife have dwindled, they now increasingly quench their appetite with human blood.

A new study in the *Frontiers in Ecology and Evolution* surveyed the Atlantic Forest along the Brazilian coast, home to 850 species of birds, 370 amphibians, 200 reptiles, 270 mammals, and 350 fish.

As guava plantations, pepper plants, ornamental grass, horse breeding, and residential development expanded, a little under a third of the forest's 1.3 mil-lion sq. km remains today. Thus mosquitoes have also been feeding on human blood more, in the process transmitting a variety of deadly viruses and parasites.

The World Health Organization (WHO) estimates India accounts for three-quarters of all malaria cases in South and South East Asia. About 95% of India's population also lives in malaria endemic regions.

The authors of the new study aimed to identify mosquitoes' food sources in the Brazilian areas to help understand ecological and epidemiological dynamics.

“Knowing that mosquitoes in an area have a strong preference for humans serves as an alert for transmission risk,” study co-author and Federal University of Rio de Janeiro microbiology and immunology researcher Sergio Machado said in a release. Co-author Jeronimo Alencar, a biologist at the Oswaldo Cruz Institute in Rio de Janeiro, said this will aid “targeted surveillance and prevention actions”.

The team used light traps with CO2 as bait to capture mosquitoes, then extracted their blood DNA for study. Based on 1,714 mosquitoes of 52 species, the team found the blood meals came from one amphibian, six birds, one canid, a mouse, and 18 humans. “Although some mosquito species may have innate preferences, host availability and proximity are extremely influential factors,” Dr. Alencar said.

The loss of native vegetation and wildlife is associated with more transmission of arboviruses, i.e. transmitted by arthropods such as mosquitoes, ticks, and sandflies. The natural habitats of vectors and their life cycles are also altered, affecting their population density.

The findings underscore the importance “of considering not only human presence but also the behaviour and feeding preferences of mosquitoes when planning vector control strategies and preventing pathogens transmitted by these insects,” the paper concluded.

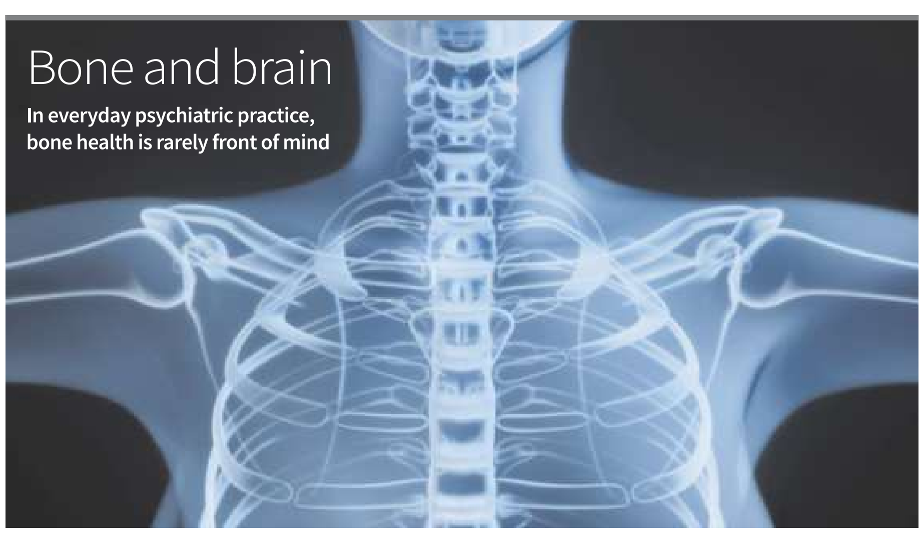
Large genetic study finds overlap in schizophrenia, bone health

Based on a laborious study, researchers identified shared genetic patterns linking schizophrenia and osteoporosis traits; the signals were spread unevenly in the skeleton, with heel bone strength accounting for most of the shared DNA regions

Anirban Mukhopadhyay

Schizophrenia is usually described as a disease of the brain. Yet for years researchers have noticed a subdued pattern in the lives of people with the condition: compared to the general population, they are more likely to have weaker bones and to suffer fractures, in part because metabolic processes involved in bone health are being disrupted.

Long-term use of antipsychotic drugs can affect the body's metabolism and hormone balance. People with schizophrenia are also more likely to be physically inactive or to smoke, and vitamin D deficiency is common. Each of these factors increases fracture risk; together, they help explain why bone problems are more common.



Compared to the general population, people with schizophrenia are more likely to have weaker bones and to suffer fractures. ROHIT CHOUDHARI

- Schizophrenia patients often suffer from weaker bones due to lifestyle factors and antipsychotic drugs' side effects
- Researchers recently investigated if schizophrenia and bone health shared a deeper biological connection within human genetics
- The study identified specific DNA regions that are associated with both schizophrenia and heel bone strength
- The genetic overlap was notably strong in the heel but weak or absent in other bones, for instance the forearm
- Current psychiatric care often overlooks long-term bone health despite known risks associated with the disorder
- The findings reinforce the need for holistic treatment that addresses physical risks alongside mental health concerns

A genetic study published in *Genomic Psychiatry* has now reported that schizophrenia and fragile bones might be biologically connected.

Using data from more than half a million individuals drawn from international genetic studies of schizophrenia and osteoporosis, a team led by Tianjin Medical University General Hospital, China, associate professor Feng Liu conducted an analysis large enough to unearth, if they were present, shared genetic patterns in more detail than before. The goal wasn't to find a single bone gene or to suggest schizophrenia causes osteoporosis but to check whether the two conditions shared any genetic influences.

Previous studies had found only weak links between schizophrenia and measures of bone strength, but Liu's team argued that that wouldn't mean the two conditions are unrelated. Many genetic analyses look for broad patterns across all of a person's DNA at once. When some DNA changes increase risk while others decrease it, those effects can cancel each other out, making the connection disappear.

The researchers used newer tools that looked for shared DNA regions one by one, rather than averaging everything together, allowing them to detect overlap even when genetic effects were uneven or pointed in different directions.

In genetics, the word ‘shared’ can be misleading. Prof. Liu said the team identified regions of DNA associated with both schizophrenia and bone-related traits. But this doesn't mean the same gene directly causes both conditions. Instead it suggests that certain stretches of DNA may influence brain function and bone health through different processes in the body.

The shared genetic signals weren't spread evenly throughout the skeleton. Among the bone measurements the team analysed, heel bone strength accounted for most of the DNA regions shared with schizophrenia. The overlap was much weaker for other parts of the body.

Prof. Liu advised caution: heel bone density has been measured in more studies than many other skeletal sites, making it easier to detect small genetic effects. Biology may also play a role. The heel bears weight and is shaped by whole-body processes such as metabolism and development, which could overlap with pathways involved in schizophrenia. Prof. Liu added that separating these explanations will require more research to measure different bones in similarly large populations.

For now, taken together, the results suggest shared genetic influences, where they exist, are specific to certain parts of the skeleton.

For clinicians, the findings do little to alter what good care should already include. “We have known for decades that persons with schizophrenia die prematurely largely because of a higher burden of non-communicable diseases that are not recognised or poorly treated,” Harvard Medical School professor Vikram Patel said.

The genetic patterns described in the study, he noted, “shed light on another possible mechanism through which these health conditions co-exist,” but have “little additional impact on the clinical care of persons with schizophrenia.”

In psychiatric practice, bone health is rarely front of mind. “Fracture risk and bone health are not very visible in the care of patients with schizophrenia,” Stanford University psychiatry fellow Akanksha Dadlani said.

Clinicians are alert to immediate risks, she explained, such as sedation or falls when prescribing antipsychotic medications. But this attention is usually short-term, focused on sudden drops in blood pressure or balance rather than on bone loss or fracture risk years later.

“There is no standard practice within psychiatry for monitoring bone density or fracture risk in this population,” Dr. Dadlani said. “As a result, bone health tends to fall between specialties, creating a gap in care rather than an area of proactive management.”

Schizophrenia is often diagnosed in early adulthood, a stage of life when bone fragility is rarely a clinical concern. By the time fracture risk becomes more relevant, long-term bone health may no longer be on clinicians' radar.

Anirban Mukhopadhyay is a geneticist by training and science communicator from New Delhi.

A natural heater hidden in India's ‘sacred lotus’ flowers

SPEAKING OF SCIENCE
D. Balasubramanian

Thermogenesis is the word for the way living things create their own body heat. While we usually only think of birds and mammals as being warm-blooded, all complex life forms produce some heat. Small power plants in cells, called mitochondria, turn food into a biological fuel, adenosine triphosphate (ATP). But only about one-quarter of the energy from your food actually becomes ATP; the remaining escapes as heat.

Sometimes, mitochondria can turn all the energy in sugar into heat. In plants, an enzyme that can do this is even named alternative oxidase. However, only a few plants generate heat for some very clever uses.

The ‘sacred lotus’ plant (*Nelumbo nucifera*) is native to North and Central India and grows in ponds, lakes, and gently flowing waters. Flowering begins in early summers, at mild ambient temperatures. Its pretty flower blooms for three to four days. In this period the internal temperature of the flower is around 30-35° C even as the surrounding temperature can go down to 10° C.


The ‘sacred lotus’ plant is native to North and Central India and grows in ponds, lakes, and gently flowing waters. T. VOEKLER (CC BY-SA)

Thermogenesis is triggered when the unopened flower's petal tips turn pink. Early the next day, the opening flower emits heat, which also helps in releasing an attractive scent. The lotus flower has a central cone-shaped receptacle whose flat top has 10-30 female organs, the pistils. As in other thermogenic plants, the female organs mature first. The scent attracts insect pollinators – bees and beetles – to its receptive pistils. The petals close by midday, forming a cozy, insulated chamber where insects seek shelter for the night.

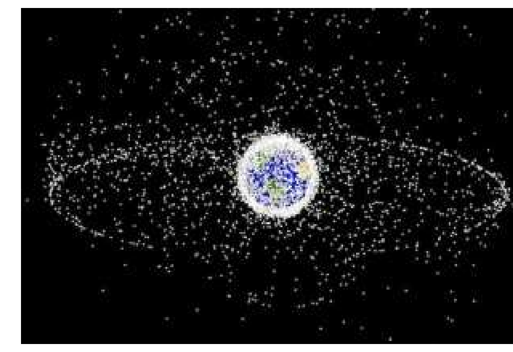
Before the flower opens on the second morning, the flower's male organs, the stamens, mature. Fed on pollen and covered with it, the insects fly out and move to other receptive plants. The system is designed to ensure cross-pollination between plants, which offers many advantages to their offspring, including greater genetic diversity and increased pest resistance. Each pistil grows into a lotus nut and the receptacle matures into a showerhead-shaped seed pod.

The flat top carrying the pistil gets about 4-5° C warmer than the rest of the flower. Calcium ions serve as the ‘on’ switch. The level of calcium in the cells of this region jumps four times higher when it is time to warm up. This calcium heads to the mitochondria and signals them to shift into high gear. To produce heat, large amounts of stored starch and fat are used up (*Plant Physiology*, 198, 2025, kiaf173).

Some plants of the Arum family also use thermogenesis to attract insects and for other strange purposes. The Eastern skunk cabbage, not related to the cabbage, grows in the colder zones of North America and gets its name from a fetid odour reminiscent of cabbage, with a hint of mustard. The flowering stalk of this plant emerges in early spring by generating heat to melt the snow covering the soil. Beetles find a warm respite in this flower, along with pollen. A putrid smell is associated with the flowers of the dead horse arum lily, found in Sardinia. This plant uses heat to vigorously dissipate compounds like dimethyl disulphide, which smells like a leaking gas cylinder with a top note of garlic. Carrion-seeking blowflies find this odour totally irresistible and arrive in large numbers.

(The article was written in collaboration with Sushil Chandani, who works in molecular modelling.)

SNAPSHOTS



Seismometers can sense falling orbital debris

Researchers have used seismometers to detect the sonic booms created by debris from orbit falling back to the earth. By analysing the 2024 reentry of the Shenzhou-15 module over California, the team calculated the object's speed and trajectory, finding that it landed significantly south of the official prediction. The seismic data revealed the spacecraft didn't explode instantly but fragmented in stages. The method provides a faster, more accurate way to mobilise recovery teams than with radar.

New compounds replacing ‘forever chemicals’ in blood

When scientists tested human blood samples collected from 2003 to 2021, they found that levels of older PFAS, a.k.a. “forever chemicals”, dropped by 86% because manufacturers stopped producing them. But they found a replacement called 9Cl-PF3ONS in 68% of people tested, as well as a compound, Cl-PFNPA, never identified in human blood before. While the team didn't find direct links between these compounds and autoimmune diseases, they warned that new, less understood varieties are taking PFAS's place.

Virus remnants in DNA help ‘kickstart’ human life

Remnants of ancient viruses hiding in our DNA may be essential for life. At one stage, the human embryo must turn on its own genes to survive. Researchers found a viral relic called MLT2A1 that helps by creating hybrid RNA molecules, whose one end helps find genes while the other recruits proteins to turn those genes on. Without MLT2A1, the process fails and the embryo doesn't develop. The finding could help doctors identify healthy embryos in fertility treatments.

Question Corner

Water intensive

Why is rice such a water-intensive crop?

Many rice-growing systems deliberately flood the fields and most of the water is lost to the air or to the ground. Farmers often maintain shallow flooding to stabilise some nutrient dynamics. In many paddies, water also moves sideways or down the soil unless the field is rich in clay or well sealed.

Flooding is an easy way to meet these goals but also expands the exposed water surface, so the total water demand rises.

Second, the plant needs CO_2 inside the leaf for photosynthesis. CO_2 enters primarily through open stomata, but the same open pores also allow water vapour to leave.

Third, rice is a C3 plant, and C3 photosynthesis is less water-efficient in hot or dry conditions than C4 (e.g. maize). In C3 plants, the main CO_2-fixing enzyme sometimes reacts with oxygen instead of CO_2.

Finally, flooded soils are oxygen-poor because oxygen diffuses slowly through water. Most crops' roots struggle in these conditions. Rice is tolerant, however, because it develops air-filled channels that move oxygen from the shoots to the roots.

Readers may send their questions / answers to science@thehindu.co.in

What is RBI nudging India to do at BRICS?

What are the pros and cons of using central bank digital currencies for cross-border payments?

T.C.A. Sharad Raghavan

The story so far:

Media houses have reported that the Reserve Bank of India is making suggestions to the Indian government and encouraging it to push other BRICS countries to work together on using digital currencies for cross-border payments. This has several advantages, but could also face some near-term risks that will have to be considered.

What is the proposal by the RBI?

While not officially announced, news reports have cited sources in the central bank saying that it has written to the Ministry of Finance to take advantage of India's chairmanship of the BRICS in 2026 to encourage the BRICS nations to use their Central Bank Digital Currencies (CBDCs) to facilitate cross-border payments. If this were to take off, it would be a payments system spanning not just the five founding members of BRICS – Brazil, Russia, India, China, and South Africa – but also more recent joinees such as Egypt, Ethiopia, Iran, United Arab Emirates, and Indonesia. Several more countries are waiting in the wings to join the grouping.

What are central bank digital currencies?

CBDCs are legal tender issued by a central bank entirely in digital form. In India, for example, the RBI has been issuing the e-rupee on a limited scale. This currency is the same as the normal rupee, but is entirely digital and is a store of value all on its own. That is, the CBDC is held in a wallet that is separate from your bank account. Where the Unified Payments Interface (UPI) facilitates the transfer of rupees from one bank account to another, CBDCs move from a wallet to another, with each transaction recorded on a blockchain – in essence a digital ledger.

> Where the UPI facilitates the transfer of rupees from one bank account to another, CBDCs move from a wallet to another, with each transaction recorded on a blockchain

CBDCs differ from private cryptocurrencies in that, where private cryptocurrencies like Bitcoin are decentralised by design, with no central issuer and no regulator, CBDCs have a very definite issuer and regulator: the central bank. Also, while most cryptocurrencies (apart from stable coins) are not pegged to any real world asset from which they can derive value, CBDCs are backed by the central bank and have a set value. That is, one e-rupee equals one rupee.

What are the benefits of using CBDCs?

Being entirely digital and linked to a blockchain makes CBDCs extremely transparent. A blockchain is a ledger visible to all parties and immutable in structure. Once a transaction is recorded, it is permanent. It cannot be deleted or modified, and the only way to 'undo' it is to conduct a reverse transaction of the same value.

Cross-border transactions are a major route for black and laundered money. The transparency and immutability of CBDCs thus could be a huge advantage in tracking these transactions and cracking down on them. In addition, the nature of these currencies allows them to be programmed in particular ways. For example, they can be programmed to be usable only for certain transactions. As the RBI website mentions, they can be programmed to be applicable on the basis of expiry dates, geo-location, merchant registration codes, particular merchant categories, etc. The limits of what can be programmed lie in the imagination of those doing the coding. The blockchain can also be programmed to record details such as the name and other identifiers of the payer and the payee, adding further transparency.

At a larger geopolitical level, CBDCs can also help India deal with some of its stickier international payments-related issues. For example, trade with Iran and Russia has become significantly harder because both countries have been excluded from the U.S. dollar-based SWIFT international payments system. At the moment, India is getting around this by making payments in national currencies, but that approach has its limitations and is not sustainable for long. CBDCs, thus, offer a workable solution. Iran held a blockchain conference in November 2025 where a number of officials urged BRICS nations to trade with it using cryptocurrencies.

What are the risks?

The first issue is that working out the legal and regulatory issues between multiple countries could take a long time and so the benefits of such a structure will likely not be available for some years ahead. The other, more significant and immediate, issue is how the U.S. will react to such a step. U.S. President Donald Trump has already in the past threatened additional tariffs on BRICS countries if they go ahead with developing alternatives to the U.S. dollar. A move to use CBDCs as opposed to the dollar, could, therefore, attract further tariffs on top of the 50% tariffs already levied on imports from India. India will have to weigh the costs of additional tariffs against the benefits of using CBDCs for cross-border payments.

Can India eliminate malaria by 2030?

What does the National Framework for Malaria Elimination in India lay down? From 2015-2023, by what percentage has malaria cases reduced in India? What is the protocol for testing, treating and tracking the disease? What does the World Malaria Report 2025 state?

Serena Josephine M.

The story so far:

In 2016, under its National Framework for Malaria Elimination in India (2016-2030), India set an ambitious target to eliminate malaria (zero indigenous cases) by 2030, with an interim milestone of interrupting indigenous transmission across the entire country, including all high-transmission States and Union Territories (UT), by 2027. By the end of 2025, the Ministry of Health and Family Welfare (MOHFW) reported that robust surveillance and sustained interventions had led to 160 districts across 23 States and UTs reporting zero indigenous malaria cases from 2022 to 2024. This was seen as a significant milestone as it meant that the country was getting closer to completely eliminating malaria.

> 'Malaria in urban areas continues to be a challenge'

How is prevalence of the disease measured?

According to the World Health Organization (WHO), a country is granted a certification of malaria elimination when "the chain of local transmission of all human malaria parasites have been interrupted nationwide for at least three consecutive years, and that a fully functional surveillance and response system is in place to prevent re-establishment of indigenous transmission". As of mid-2025, 47 countries or territories have been officially certified malaria-free by the WHO.

Where does India stand?

The World Malaria Report 2025 notes that India made significant progress in reducing malaria incidence and mortality in its high-endemic States, officially exiting the WHO "High Burden to High Impact" Group, in 2024. Malaria cases reduced by around 80% from 2015-2023 in the country. In 2024, India accounted for 73.3% of the 2.7 million estimated malaria cases in the WHO South-East Asia Region. While localised transmission driven by population movement and cross-border importation remain as key challenges, India is on track to achieve the WHO Global Technical Strategy (GTS) for malaria 2016-2030 target of at least a 75% reduction in incidence by 2025 (compared with a 2015 baseline), having already achieved reductions exceeding 70% by 2024, the World Malaria Report added.

Stop the spread: Fogging being carried out to prevent malaria in the flood-affected Morigaon district of Assam in 2022. RITU RAJ KOWAR

If Tamil Nadu is taken as an example, data from the State's Directorate of Public Health and Preventive Medicine show a steady decline in malaria cases, from 5,587 in 2015 to 321 in 2025. Since 2023, 33 of 38 districts have reported zero indigenous cases, placing them in "Category 0" (prevention of re-establishment phase). The remaining five districts, including the capital Chennai, are classified as "Category I" (Elimination phase) where the Annual Parasite Incidence (API) is less than one case per 1,000 population at risk (API is the number of confirmed new malaria cases registered in a specific year, expressed per 1,000 individuals under surveillance, for a given country, territory, or geographic area).

How is India working to eliminate malaria?

The country has put in place two national plans to guide and accelerate malaria elimination – the National Framework for Malaria Elimination in India (2016-2030) which outlines the vision, goals, and targets for a phased malaria elimination, and the National Strategic Plan (NSP) for Malaria Elimination (2023-2027) that builds upon earlier frameworks. According to the NSP, transforming malaria surveillance as a core intervention for malaria elimination, ensuring universal access to malaria diagnosis, treatment by enhancing and optimising case management by "testing, treating and tracking" and ensuring universal access to malaria prevention by enhancing and optimising vector control are among the key strategies.

In Tamil Nadu, measures to detect malaria are being carried out intensively in government hospitals and primary health centres. Larval control measures are implemented alongside. One of the key focus areas is to monitor migrant workers. Intensive surveillance is being taken up among workers coming from malaria-prone neighbouring States.

What are the challenges?

One of the challenges is migration from malaria-endemic neighbouring States that poses a risk of reintroduction in low-transmission areas. Urban areas, according to NSP, pose a different set of challenges for malaria elimination. Special focus is given to challenging malaria paradigms such as in urban, forest, tribal, project/and border areas, hard to reach areas and migrant populations, it said.

Acknowledging that the WHO South-East Asia Region has made major progress towards malaria elimination, achieving reductions in both incidence and mortality over the past two decades, the World Malaria Report stated that significant challenges remain. Persistent *Plasmodium vivax* transmission, which accounts for nearly two thirds of regional cases, continues to complicate elimination efforts. Localised transmission in India and Nepal, driven by population movement and cross-border importation, points to the need for targeted subnational and regional coordination, it added. Other strategies by India include drug resistance monitoring, insecticide resistance monitoring and ensuring compliance of the 14 days of radical treatment for *Plasmodium vivax* cases.

The World Malaria Report 2025 has also highlighted the growing threat of antimalarial drug resistance. As the WHO noted: "Partial resistance to artemisinin derivatives – the backbone of malaria treatments after failures of chloroquine and sulfadoxine-pyrimethamine – has now been confirmed or suspected in at least eight countries in Africa, and there are potential signs of declining efficacy of some of the drugs that are combined with artemisinin."

With the government focussing on achieving zero indigenous cases by 2027 and ensuring prevention of malaria re-establishment, measures to strengthen surveillance system and diagnostic capacities, and intensifying control measures in high burden districts, are pivotal.

What is the road ahead?

In its annual report of 2024-2025, the MOHFW said that in 2023, 34 States/UTs achieved an annual parasite incidence of less than one except in two States, Tripura (5.69) and Mizoram (14.23).

T. Jacob John, senior virologist, said the most important aspect in this phase is accuracy of data. Next, to ensure that private practitioners report cases, strict public health surveillance is needed. "All doctors should mandatorily report even suspected cases of malaria," he added.

T. S. Selvavinayagam, former Director of Public Health and Preventive Medicine, Government of Tamil Nadu, said malaria in urban areas continues to be a challenge. "Urban areas or larger metropolitan cities such as Chennai face challenges due to rapid urbanisation, growing infrastructure and large number of apartment complexes where water storage conditions need to be looked at. Here, the government alone cannot play a role but needs measures at the individual household level as the source is clean water," he said.

What lies behind Trump's Greenland moves?

Why does the U.S. want Greenland? What has been the U.S. President's recent rhetoric on the Arctic territory? Is there a comedown of sorts on tariffs? On the security aspect, isn't Greenland protected by NATO? What is Greenland rich in besides reserves of oil and natural gas?

Narayan Lakshman

The story so far:

U.S. President Donald Trump originally mooted the idea of the U.S. taking over the Arctic territory of Greenland during his first term in office. He later cancelled a visit to Denmark after its Prime Minister, Mette Frederiksen, said Greenland was "not for sale". Early in his second term, in January 2025, Mr. Trump re-upped his demand for Greenland, vowing that Washington "would tariff Denmark at a very high level" if it played spoiler, adding that he would not rule out the use of military force to push the deal through.

> Greenland is primarily coveted by Trump for its rich natural resources and strategic location

What happened next?

In mid-January 2026, the White House proposed a plan to slap eight European countries with a 10% tariff on "any and all goods" beginning on February 1 which was then set to increase to 25% on June 1, until an agreement was reached on Greenland. However, speaking in recent days at the World Economic Forum at Davos, Mr. Trump backed down from this strident rhetoric, announcing "the framework of a future deal with respect to Greenland and, in fact, the entire Arctic region." At that forum, Mr. Trump suggested that the time frame of such a deal would be "infinite". He said additional discussions on Greenland were ongoing, including the Golden Dome missile defence plan, a $175 billion system which aims to position U.S. weapons in space.

Aggressive push: U.S. President Trump meets with NATO Secretary General Mark Rutte at the World Economic Forum in Davos on January 21. AP

Why does Greenland matter to the U.S.?

Greenland is primarily coveted by the Trump administration for two broad reasons: its rich natural resources base and strategic location. The strategic location aspect is one that is claimed by the Trump administration, the access to resources less so. At Davos, Mr. Trump said that it is rightful for the U.S. to "have" Greenland "for security [and not] anything else." Commenting on the complexities of Arctic exploration, he noted, "You have to go 25ft down through ice to get it. It's not something that a lot of people are going to do or want to do." This argument is premised on the Trump White House's claim that Russian and Chinese influence in the region is expanding, one that is not substantiated by intelligence reports – especially given that Greenland is also protected by the security umbrella of NATO.

Similarly, there is regional reassurance for the U.S. and its allies in the fact that under the U.S.-Denmark pact of 1951, security threats to the Arctic territory could legally trigger the U.S.'s option to broaden its military presence in Greenland. Reports have noted that Washington had stationed close to 10,000 troops on the island in the Cold War period, compared to only 200 or so U.S. troops there currently.

However, there is little doubt that Greenland is home to considerable, and possibly vast, reserves of oil and natural gas, as well as certain raw materials vital for the military technologies sector, electronics industry, and clean energy outputs. Reports suggest that 25 of 34 minerals considered to be "critical raw materials" by the European Commission are present in Greenland, including graphite and titanium.

Thus, while some U.S. lawmakers have said that the Trump administration's apparent adventurism in forcing Denmark's hand on surrendering Greenland to Washington is based on protecting U.S. national security interests in areas such as shipping lanes, energy and fisheries, the true motivation for this quest likely has far more to do with striking bargains for the extraction of natural resources than what public proclamations suggest.

What about the latest agreement?

The so-called "framework of a future deal with respect to Greenland" that Mr. Trump mentioned at Davos has been long on rhetoric and short on details. The only fact known is the meeting that Mr. Trump had with NATO Secretary General, Mark Rutte, and the latter's clear statement that the discussion had not touched upon the question of Danish sovereignty over Greenland. Yet it is hard to conceive of the terms of an agreement that would be acceptable to Mr. Trump that did not at least cede partial control of certain territories within Greenland to Washington. Anonymous U.S. officials have been quoted in certain reports suggesting exactly this – that any viable agreement would likely mirror the concept of the U.K.'s military establishments in Cyprus, considered to be part of British territory.

What are the broader ramifications?

The Trump climbdown from an aggressive posture on U.S. control of Greenland was quite likely precipitated by the prospect of a potential judicial ruling against the White House's use of the International Emergency Economic Powers Act to slap allies and partner nations with broad-based tariffs. Importantly, European nations had also signalled that in the event of such aggression, they would seriously consider bringing into force a hard-hitting counter-tariff mechanism that would negatively impact the trade in goods and services of large U.S. tech firms conducting business in the EU. Yet, the deeper concern for other countries, is the fact that there is a lingering possibility of a territory-hungry Washington interfering in the politics of not only Denmark and Venezuela, but other countries as well.

What role should other nations play?

The rules based international order may not be what it was at the end of the first decade of the 21st century. However, it must be true that countries such as India, China, and others, still subscribe to certain basic principles of that order. These nations now need to find ways to push back on the neo-imperialist depredations of Washington, Moscow, and Tel Aviv, in terms of their brazen disregard of territorial sovereignty and human rights in the pursuit of commercial and strategic interests.

The chairman's circle

Board of Peace

Donald Trump says the board he proposed to oversee the reconstruction of war-devastated Gaza could become 'one of the most consequential bodies ever created', but a majority of the countries invited have stayed away from the signing ceremony in Davos

Sruthi Darbhamulla

REUTERS

At a ceremony in Davos, Switzerland, on January 22, on the sidelines of the World Economic Forum, a new intergovernmental organisation was formally established. The Board of Peace, proposed by U.S. President Donald Trump and endorsed by the UN Security Council in November 2025, is envisaged as part of broader global efforts to rebuild war-torn Gaza.

Mr. Trump announced the board in September 2025 as part of the second phase of a 20-point peace plan to reconstruct Gaza. This phase envisages the "demilitarisation, technocratic governance, and reconstruction" of the Gaza Strip. The board is expected to oversee the National Committee for the Administration of Gaza, headed by Ali Shaath, a U.S.-friendly technocrat who was formerly a deputy minister in the Palestinian Authority in the occupied West Bank.

According to a draft of the board's charter, it "will be tasked with promoting peace around the world and working to resolve conflicts" and engage in "peace-building functions in accordance with international law". Notably, the charter, which is 11 pages long, and comprises eight chapters and 13 articles, does not expressly mention Gaza, and later comments from Mr. Trump also indicated a potential expansion of its mandate to other conflicts.

Mr. Trump will be the inaugural chairman of the board, while the members of the founding executive board are former British Prime Minister Tony Blair, U.S. Secretary of State Marco Rubio, U.S. Special envoy to the Middle East Steve Witkoff, Mr. Trump's son-in-law Jared Kushner, Apollo CEO Marc Rowan, World Bank President Ajay Banga, and security advisor Robert Gabriel.

The White House has stated that each member will "oversee a defined portfolio critical to Gaza's stabilisation and long-term success," including governance capacity-building, regional relations, reconstruction, investment attraction, large-scale funding, and capital mobilisation.

At least 50 countries and private entities have been invited to join the board. While 20 representatives were present at the signing ceremony in Davos, others are still mulling over the invite. Membership of the Board will be for three years, while those countries which donate $1 billion within the first year can become permanent members.

Invitation for India

France, Sweden, Norway and Slovenia have declined invites to join the board. India was invited but is yet to make a decision. China and Russia have been invited as well. Russian President Vladimir Putin has asked that Russia's membership costs be drawn from the funds frozen by former President Joe Biden since the start of its war with Ukraine. Among those who have joined the board are Saudi Arabia, the UAE, Bahrain, Jordan, Qatar, Egypt, Morocco and Turkiye.

While Germany has expressed reservations, European nations such as Kosovo, Belarus, Hungary, and Bulgaria have signed on. From the rest of Asia, Armenia, Azerbaijan, Uzbekistan, Kazakhstan, Pakistan, Vietnam, Indonesia and Mongolia have signed. South American nations Paraguay and Argentina have also joined. Israel is expected to join, although no representative was present at the Davos ceremony. Reports note that Israel may not be pleased with Turkish and Qatari representation on the board.

Canada said it has agreed to join in principle, but on January 22, Mr. Trump wrote in a social media post that he was withdrawing the invitation for Canada amid growing rift with Prime Minister Mark Carney.

Other invitees like Singapore, Croatia, Ukraine and the European Union's executive arm remain unsure, while the U.K. has expressed reservations about the invitation to Mr. Putin. Spanish media have noted that Prime Minister Pedro Sanchez is reviewing the invitation, and Irish Foreign Minister Helen McEntee echoed similar sentiments.

The charter makes no reference to a path to a Palestinian State, and no mention of this was made during the signing ceremony either.

Mohammed Mustafa, the Prime Minister of the Palestinian Authority, told the media on the sidelines of a WEF event that they wanted to work with the Board of Peace, with the executive board and with the committee, to ensure that "they do their part of things".

Meanwhile, Palestine's Foreign Minister Varsen Aghabekian Shahin stated in a recent meeting that "any transitional institutional framework or body must not serve as a substitute for the UN."

In November, the UN Security Council approved a U.S backed resolution for the Board of Peace to operate, but only till 2027 and with Gaza as the sole focus. Notably, Russia and China abstained, saying the resolution had not outlined a clear role for the UN in the rebuilding efforts.

Several nations have expressed concerns that the board will overshadow the UN. Mr. Trump has criticised the UN and, earlier in January, signed a memo directing the withdrawal of the U.S. from 66 international organisations, including 31 UN bodies. In earlier comments, he signalled that the Board may replace the UN, but later toned down his remarks. "Once this board is completely formed, we can do pretty much whatever we want to do. And we'll do it in conjunction with the United Nations," he said.

'Beautiful piece of property'

At the signing event, Mr. Trump said he was honoured to be the chairman of what could become "one of the most consequential bodies ever created". He asserted that the Israel-Hamas war was really coming to an end, and warned Hamas to disarm, saying that if they did not, "it's going to be the end of them". Calling Gaza "a beautiful piece of property," Mr. Trump said he was a "real estate person at heart", adding that "people that are living so poorly are going to be so well."

The ceremony also saw Jared Kushner, member of the board's executive, unveiling plans to redevelop the region, complete with a plan for a "New Gaza", coastal tourism and industrial zones, high-rise buildings, new roads, public services and thousands of new jobs. He stated that there was no "Plan B" for the redevelopment of Gaza, besides engaging in a multi-stage process to end the war and rebuilding the region.

The "number one thing is going to be security – obviously we're working very closely with the Israelis to figure out a way to de-escalation, and the next phase is working with Hamas on demilitarisation," he said.

THE GIST

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In the eye of the storm

Jens-Frederik Nielsen

Greenland's PM has to walk a tightrope between rejecting Trump's imperial overtures and accommodating American investments and security presence while navigating domestic politics

Smriti Sudesh

ILLUSTRATION: SREEJITH R. KUMAR

"We choose Denmark over the United States if asked to make such a choice here and now."

The words came from Jens-Frederik Nielsen, Prime Minister of Greenland, an autonomous Danish territory, during a joint press conference with Danish PM Mette Frederiksen in Copenhagen as U.S. President Donald Trump renewed his threats to annex the Arctic territory. The threat of a U.S. takeover receded after Mr. Trump said at Davos that he had agreed to a framework deal with European nations over Greenland. But the crisis is far from over. With an unpredictable Mr. Trump insisting that the U.S. needs Greenland for 'national and global security', Mr. Nielsen, leader of the island's 55,000 people, has been caught in the eye of a rare transatlantic geopolitical storm.

Mr. Nielsen, a former badminton champion and the head of the Demokraatit (centre-right) party, is the first member of his party to hold the premiership. He previously served as Minister of Labour and Mineral Resources in the Kielsen VII Cabinet from May 2020 to February 2021, a portfolio that now seems strikingly relevant given the crisis engulfing his tenure. The Trump administration's interest in the world's largest island is hardly whimsical. Beneath the island's ice sheet lie vast deposits of rare earth minerals, which are essential for everything from smartphones to military technology. China currently dominates global rare earth production. Greenland, therefore, represents one of the few viable alternatives for Western nations seeking supply chain independence.

Adding to this is climate change, which has increased the island's strategic value. As Arctic ice melts, new shipping routes are opening that could reshape global trade, cutting weeks off journeys between Asia and Europe. What was once impassable ice is becoming navigable water, and whoever controls Greenland's waters and ports could control these crucial new routes.

Greenland hosts the Pituffik Space Base, formerly Thule Air Base, home to a key U.S. early-warning radar system tracking Russian and Chinese activity in the Arctic. The base has remains vital to North American aerospace defence. Its strategic location also makes it vital for NATO's collective defence, as the alliance relies on early-warning capabilities in the Arctic to safeguard North America and Europe.

Mr. Trump first floated the idea of buying Greenland in 2019, offering what he described as a "large real estate deal". Danish Prime Minister Frederiksen called the idea "absurd". Mr. Trump's return to office, however, has brought renewed pressure.

For Mr. Nielsen, who came to power last year, this represents a crisis that cuts to the heart of Greenlandic identity.

Colonial memories

For Greenlanders, these overtures have revived painful colonial memories. The island's Inuit population endured centuries of Danish rule that included forced assimilation, family separations, and community displacements. The territory has been on a decades-long journey toward greater autonomy from Denmark, which colonised the island in the 18th century. Greenland achieved home rule in 1979 and expanded self-governance in 2009, controlling most domestic affairs while Denmark handles foreign policy and defence. Many Greenlanders dream of full independence, but economic reality complicates that aspiration, and Denmark provides annual subsidies of approximately $600 million, roughly a third of Greenland's GDP. That, precisely, is Mr. Nielsen's long-term goal: independence for Greenland, achieved through economic self-reliance.

The population's response to the Trump overtures is nuanced. While Greenlanders don't want their island to become an American territory, there is a growing frustration with Denmark's oversight-driven approach. Greenland's economy remains heavily dependent on fishing. Some younger Greenlanders see American investment, on Greenland's terms, as potentially beneficial. But investment is very different from annexation.

This is the tightrope Mr. Nielsen must walk. He cannot appear weak before Mr. Trump's threats, which would embolden American pressure and undermine Greenlandic dignity. Yet he cannot afford to completely alienate the U.S., whose investment and military presence remain facts of Arctic life. Simultaneously, he must manage relations with Denmark, which has its own fraught relationship with its former colony, while navigating domestic politics.

The silicon curtain

Pax Silica

By formalising a coalition that includes Australia's mines to Singapore's logistics and Japan's precision machinery, the U.S. is attempting to build a 'closed-loop' ecosystem

John Xavier

GETTY IMAGES

"If the 20th century ran on oil and steel, the 21st century runs on compute and the minerals that feed it," declared Jacob Helberg, U.S. Undersecretary for Economic Affairs, as America launched a chip supply chain alliance to "build the AI ecosystem of tomorrow – from energy and critical minerals to high-end manufacturing and models".

Signed by nine countries – Australia, Greece, Israel, Japan, Qatar, South Korea, Singapore, the UAE, and the U.K. – in mid-December, 'Pax Silica' seeks to map a new geography of computing power. [Non-signatory participants include Canada, the EU, the Netherlands, OECD countries, and Taiwan.]

For decades, the semiconductor supply chain was governed by the cold, borderless logic of competitive advantage and cheap labour. Chips were designed in California, printed in the Netherlands, fabricated in Taiwan and South Korea, and assembled in the vast factories of mainland China.

Pax Silica signals a definitive end to this era of efficiency. By formalising a coalition that includes Australia's mines to Singapore's logistics and Japan's chemical manufacturing and precision machinery, the U.S. is attempting to build a 'closed-loop' ecosystem.

The implied goal is to insulate the AI development from China's dominance as Beijing is rapidly advancing domestic chip-making capacity.

This closed-loop approach marks a profound shift in American strategy. Rather than seeking a sprawling consensus among all Indo-Pacific partners – many of whom have deeply entangled trade ties with Beijing – Washington is prioritising politically aligned states that are technologically aligned and willing to buy American tech and integrating with America's economic security protocols.

Under this initiative, members are expected to synchronise semiconductor design, launch joint ventures in AI research, and align their investments in rare earths. Pax Silica seems like a functional successor to the Indo-Pacific Economic Framework (IPEF), but with a sharper focus on supply chain for chip-making. The IPEF was launched during the Biden administration to boost economic cooperation in the Indo-Pacific region with a focus on trade, supply chain, clean energy and fair economy. India was part of the 14-member country group, but maintained an observer status in trade.

However, the 'Pax' is already proving to be a flexibility test. Despite the initial exclusion of New Delhi, the strategic map is being redrawn as the newly appointed U.S. Ambassador to India signalled a pivot, indicating that Washington intends to formally invite India to join Pax Silica as early as February. This move suggests that for this alliance to achieve true global scale, India must be member country.

The Indian paradox

What India brings to the table is not just its burgeoning market, but its unique role as the talent powerhouse. With its immense pool of engineering talent and dominance in software services, India is the logical site for the labour-intensive 'design-to-delivery' pipeline of the AI age – a fact that India's IT minister Ashwini Vaishnaw pointed out at the World Economic Forum in Davos, Switzerland.

The country's demographic dividend and its status as a data-rich democracy make it a key pillar for a Western-led tech bloc. Yet, New Delhi's journey toward the 'Silicon Curtain' is complicated by its own pragmatic foreign policy. Even as it prepares to join a U.S.-led security architecture aimed at countering Chinese influence, New Delhi is simultaneously signalling a tactical thaw with Beijing.

After years of frosty relations following border skirmishes, the Indian government is reportedly considering easing restrictions on Chinese investments.

This creates a paradoxical landscape. India may soon sit at the Pax Silica table to help secure a supply chain away from China, while at the same moment opening its own domestic doors to Chinese firms to bolster its industrial growth. For India, the goal is not total decoupling, but rather a "re-balancing" where it can leverage Western security ties while maintaining the economic benefits of its proximity to the world's factory.

Silicon may be the "new oil", but unlike oil, it is a product of human ingenuity that requires a global, frictionless exchange of ideas to remain cutting-edge. As Washington prepares to expand its inner circle to include New Delhi in February, it must decide whether Pax Silica is a bridge to a new era of secure prosperity, or merely a very expensive fortress.

Heed favourite economist's advice

ACROSS THE AISLE

BY P CHIDAMBARAM

IT IS no secret that Professor Arvind Panagariya is Prime Minister Narendra Modi's favourite economist. He is the resident friend, philosopher and guide in Delhi. He was the first Vice Chairman of NITI Aayog (January 2015 to August 2017). He served as India's G20 Sherpa (2015-2017). He was appointed in April 2023 as Chancellor of Nalanda University and in December 2023 as Chairman of the 16th Finance Commission. He was head of several Task Forces. His longevity in the NDA government is remarkable.

Dr Panagariya is a tenured professor in Columbia University and a free trader in the footsteps of his mentor, Dr Jagdish Bhagwati. I admire them for their unfaltering commitment to an open economy and free trade. Since he is a loyal supporter of Mr Modi, his criticisms are discreetly disguised as *'shabash, dil maange more'*.

2025: No Reforms

In a recent article, Dr Panagariya complimented the government with the words "*2025 will go down in history as the year of economic reforms in India*". He knows that it is not true. The year 2025 saw little reforms. A search in the media and parliamentary proceedings will show that nothing significant under the label of 'economic reforms' was done in 2025. For example,

- The simplification and reduction of the GST rates was a *correction* of the original sin committed in July 2017;
- The rationalisation of customs duties was also a *correction* of the relentless increase in customs duties and rampant use of anti-dumping and safeguard duties to advance protectionist measures;
- The consolidation of labour laws was a deliberate shift of the balance in favour of capital (which already enjoyed an advantage) and is fiercely opposed by the trade unions including the BJP-patronised Bharatiya Mazdoor Sangh (BMS); and
- The enactment of the unpronounceable VB G-RAM-G Act, far from a reform, destroyed the world's largest work-cum-welfare programme that sustained the lives and livelihoods of 8.6 crore job card holders among the rural poor.

With respect, I am unable to put my finger on a measure in 2025 that will qualify as a significant economic reform. In a subtle dig at the government, Dr Panagariya has listed six measures the government *ought* to take in 2026. The agenda is an indictment of the anti-reform stance of the government in the last 11 years. It is a clever flip of the coin. By calling 'heads', Dr Panagariya has confessed that the call, so far, was 'tails'.

I am unable to put my finger on a measure in 2025 that will qualify as a significant economic reform. In a subtle dig at the government, Dr Panagariya has listed six measures the government ought to take in 2026. The agenda is an indictment of the anti-reform stance of the government in the last 11 years

YEAR	NUMBER
2021	6
2022	9
2023	4
2024	2
2025	1

Sensible Advice

Let's look at the six recommendations:

Rollback customs duties: The chapter-wise uniform customs duty and reduction of duties were initiated by the UPA, and the trade-weighted average customs duty across all goods was brought down to 6.34 per cent. The reversal took place under the NDA, and the trade-weighted average customs duty climbed to nearly 12 per cent. Like most chief ministers, Mr Modi was instinctively protectionist in Gujarat and carried that mindset to the central government, and he was warmly applauded and encouraged by the protectionist lobbies. In fact, *atmanirbharta* was a new name for self-sufficiency and protectionism that had kept the Indian economy practically closed for nearly three decades. Dr Panagariya has recommended that the government commit itself to a uniform 7 per cent rate across imports.

Finish QCO withdrawal: Who rolled out a series of Quality Control Orders? QCOs are really non-tariff barriers to imports. If the same quality standards were applied to Indian products, few will pass muster. Dr Panagariya complimented the government for withdrawing 22 QCOs in 2025, but he did not say when these 22 QCOs were first announced. These very 22 QCOs were notified in the following years *(see box)*:

The rest of the story is worse. After withdrawing 22 QCOs, it is estimated that there are still approximately over 700 in force!

Sign off trade deals: Dr Panigariya confesses to "*our* instinctive resistance to import liberalisation". Who is *our*? None other than the NDA government. It reversed two decades of import liberalisation, hardened the Foreign Trade Policy, spurned the invitation to sign CPTPP in 2018 and withdrew from RCEP in 2019, and expressed distaste for Bilateral Trade Agreements.

Restrain DGTR: Despite a paltry share (2.8%) of world merchandise trade, India had imposed approximately 250 anti-dumping duties on products. Add customs, countervailing and safeguarding duties, India has high tariff barriers. DGTR was instructed to enforce the protectionist regime and, like all bureaucratic authorities, revelled in its role. The mandate to DGTR must be re-scripted.

Don't overvalue the rupee: The exchange rate is a sensitive issue. It is affected by foreign exchange flows, supply and demand, inflation, fiscal deficit, etc. An overvalued rupee will affect exports, a depreciating rupee has second order effects. The value of the rupee is best left to the market and the RBI with intervention only in times of extreme volatility.

Monitor exports: Too many policy changes, rules, regulations, instructions, forms, compliances, etc. have impeded exports. The answer is to light a bonfire at the end of every year.

Dr Panagariya's article may be a bellwether of what to expect in Budget 2026-27 or an expression of his frustration. If the government heeds his advice, I shall celebrate and urge him to outline the next six or sixty steps. Remember, India has miles to go.

(Next column: February 8, 2026)

Freeloaders in Davos

FIFTH COLUMN

BY TAVLEEN SINGH

SOME THINGS are best said bluntly so blunt I shall be. There is no reason at all for Indian taxpayers to pay for chief ministers to go to Davos every year. As someone who has attended the World Economic Forum's annual meeting more than thirty times, believe me when I say that all that our politicians do is waste our money on winter holidays that they should pay for with their own money. Actual members of WEF pay more than a quarter of a million dollars as membership fee and attending the forum's annual meeting can cost a lot more. So, if we save the cumulative cost of sending chief ministers and their spouses to Davos, we could pay for many things that ordinary Indian citizens desperately need.

In Davos this time Gita Gopinath, a Harvard professor who was previously First Deputy Managing Director and Chief Economist at the International Monetary Fund, said that when we discussed ease of doing business in India, a factor that was not usually considered was pollution. She meant air pollution which makes the air in most of our cities and small towns dangerous to breathe. She is right but there are other things that deter both foreign investors and foreign tourists. For one, there is the horror of stumbling upon acres and acres of rotting garbage. Last week, a traveller on a Vande Bharat train posted a clip of what he saw from his window as the train pulled into Delhi. It was a terrifying wasteland of filth. I have seen such sights on the edge of most Indian towns and cities. Nobody seems to notice or care.

We could use the money spent on chief ministerial holidays in Davos to clean up our cities and improve the toxic air we are forced to breathe. We could use it to build low-cost housing so that migrant workers are not forced to live in squalid slums. There are hundreds of basic civic services that could be hugely improved with an injection of the cumulative cash politicians spend on holidays in Davos. Holidays that more than 90 per cent of Indian taxpayers cannot ever dream of.

As a taxpayer, it really angered me to hear the Chief Minister of Maharashtra boasting to a TV reporter that he had made a deal in Davos with the Tata group to build an 'innovation city' outside Mumbai. What the reporter should have asked him, but did not, was why he could not have signed this deal in Mumbai. Why did he need to go to Davos to do this? Why do any of these chief minsters need to travel to Davos to sign deals with Indian businessmen? These gentlemen travel not just with their spouses but with huge entourages. Why should you and I be paying for this?

As someone who remembers the WEF annual meeting from 30 years ago, it might surprise me when I tell you that so few Indians came then than Rahul Bajaj, one of the first Indians to go to Davos, would have a small dinner for the Indian contingent on the day we arrived. There were rarely any politicians in attendance and those that did come were misfits and embarrassing. Meaningless, meandering speeches are not encouraged in Davos and rarely heard. But it was these that our chief ministers came armed with, clearly written by bureaucrats who never learned the word precis. It was truly mortifying to see them ramble on aimlessly.

The reason why the richest people in the world are happy to pay to attend the WEF annual meeting is because for that one week it is as if Davos becomes the centre of the world. Everything new that is happening in technology, urbanisation, governance and geopolitics is discussed. I remember sending my first email in Davos at a time when the world knew almost nothing about the Internet. Then when AI came along, it was in Davos that its implications were discussed by the world's leading experts.

If our politicians attended these sessions where the most important issues of the day are discussed and came home with new ideas, it might be worth allowing them to go. They attend only the sessions in which they are participants because they think of themselves as too grand to listen to other people. There are exceptions who genuinely go to learn about the world's changes and new developments, but I can count them on the fingers of one hand.

Chandrababu Naidu is one of them and was one of the first chief ministers to come to Davos and understand how he could benefit from attending. Most of the others come like Prime Minister Deve Gowda once did for a holiday with family and friends. I remember sitting in the lobby of one of the grandest hotels in Klosters and seeing a gaggle of women in Kanjeevaram saris accompanied by a small army of children and attendants.

It did not require investigative journalism to discover that these were all members of the Indian Prime Minister's family. It was not a good look for India, and it is not a good look for India now when our chief ministers go to Davos mostly to meet other Indians. They have little choice because most of them speak incoherent English or none and most of them are uncomfortable with western manners and western food. They should stay home in future. It would be best.

INSIDE TRACK | BY COOMI KAPOOR

GETTING IN THE GROOVE

The new US ambassador to India Sergio Gor is not in the mould of some of his scholarly predecessors such as John Kenneth Galbraith and Daniel Moynihan. Breaking with diplomatic convention, Gor breezily took charge of the US embassy in Chanakyapuri and met PM Narendra Modi even before he formally presented his credentials to President Droupadi Murmu. Gor, 38, a naturalised American born in Tashkent to Russian parents, has risen rapidly through the Republican MAGA ranks, beginning as a student activist. He struck a chord with President Donald Trump through his skills at fundraising, organising events and as the informal disc jockey at Trump's Mar-a-Lago estate. Not surprisingly, Gor choreographed every detail of his arrival at the US embassy. He came in a shiny black BMW with flashing red and blue lights. As he walked up the steps to the stage, Hold On, I'm Comin' played on loudspeakers. The music selection for the ceremony included MAGA favourites such as Ring of Fire and Y.M.C.A. Gor's second in command in New Delhi urged staffers to convey the vibe that 'Elvis has entered the building'.

One suspects that our stuffed-shirt diplomats may have problems adjusting to the new dispensation, while Pakistan, in contrast, has mastered the art of ego massaging. Our foreign office is still pondering just how to get around our earlier faux pas of not furthering Trump's Nobel Peace Prize ambitions. A suggestion for awarding the US President with a Republic Day honour was dismissed by the powers-that-be as a disparate gesture. On his recent visit to Mumbai, Gor met CM Devendra Fadnavis, Reserve Bank Governor Sanjay Malhotra and Reliance Chairman Mukesh Ambani. Perhaps an introduction to Bollywood, the music industry and Mumbai's glitzy elite would have served as an ice-breaker.

DOGGED ARGUMENTS

Supreme Court Justice Sandeep Mehta had reason to speak sharply in the context of the staggering list of senior counsel who insisted on arguing on the contentious issue of the removal of stray dogs from institutional areas. Legal luminaries and other not-so-notables who were listed included: Kapil Sibal, Abhishek Manu Singhvi, Pinky Anand, Krishnan Venugopal, Gopal Sankaranarayanan, Anand Grover, Percy Billimoria, Menaka Guruswamy, Siddharth Luthra, Mahalaxmi Pavani, Karuna Nundy, Vikas Singh, Shadan Farasat, Colin Gonsalves, Shyam Divan, Zal Andhyarujina, Vikas Singh, Vaibhav Gaggar, Madhavi Divan, Dhruv Mehta and Nakul Diwan. In addition, a dozen other lawyers appeared for sundry dog feeders and NGOs. Mehta commented that since 2011, when he was elevated as a judge, these were the longest continuing arguments he had ever heard; no one had so much time for human beings! When a senior counsel suggested incentivising adoption of dogs, the judge wondered why similar compassion was not shown towards orphaned and lost children on the street.

ONE-HORSE RACE

Dr K Laxman, the national returning office for the BJP, left no stone unturned in ensuring that all technical formalities were complied with in electing Nitin Nabin as the BJP president. Thirty-seven sets of nomination papers were filed in his favour. The BJP may boast that there is no dynastic concept in its organisational elections, but the absence of an alternative candidate was noticeable. In the Congress presidential election, Shashi Tharoor at least had the gumption to throw his hat into the ring. Former party president Nitin Gadkari echoed the feelings of many senior party leaders when he remarked that the older generation should be made to retire and responsibility given to the new generation.

SINGING IN TUNE

When an officer finds favour with the powers-that-be for services rendered, he is retained long after his tenure is complete and he is well past retirement age. The Cabinet Committee on Appointments has approved several such exceptions. Sanjay Kumar Mishra, enforcement director, who struck fear in Modi's opponents, is the best-known example — he continued for five years with four extensions. The issue was even referred to the SC which ruled that Mishra's continuance "was in public and national interest". Others who were accorded special treatment in disregard of service rules include: Director, IB, Tapan Deka, a favourite of Union Home Minister Amit Shah who is in his fourth year as head of the intelligence agency; R&AW Secretary Samant Goyal who served four years in his post; and Chairman Central Board for Direct Taxes, Ravi Aggarwal, who was given a year's extension in 2025 and is expected to get another. Others on the special extension list include Dr M Ravichandran, Secretary, Ministry of Earth Sciences; and M Mohapatra, DG, India Meteorological Department, who has completed six years in his post with two extensions. Understandably, their juniors who missed their chance for the top job are getting increasingly frustrated.

2-minute silence on January 30: How the tradition began

HISTORY HEADLINE

BY SHYAMLAL YADAV

EVERY YEAR at 11 am on January 30, Mahatma Gandhi's death anniversary, the President lays a wreath at Rajghat. The Vice President of India, the Prime Minister, the Defence Minister and other dignitaries, too, pay floral tributes, after which a two-minute silence is observed to pay homage to those who sacrificed their lives during India's freedom. This is followed by the Indian Army band playing the *Last Post*, a solemn British military bugle call to honour fallen soldiers.

Though the two-minute silence and the bugle call is a January 30 ritual, it was only in 1955 that the tradition began and the day came to be observed as Martyrs' Day. Documents released a few months ago on the Nehru Archive, a digital library of the writings and speeches of India's first Prime Minister, show that it all began with a letter that Field Marshal K M Cariappa, then High Commissioner of India to Australia and New Zealand, wrote to Nehru in 1954.

In his letter dated May 14, 1954, Cariappa wrote that a minute's silence should be observed on January 26, Republic Day, in the memory of those who sacrificed their lives for the country's freedom. Cariappa also suggested that the minute's silence should be observed simultaneously all across India.

The idea appealed to Pandit Nehru, but he doubted if it was practical for all of India to simultaneously observe a minute's silence. Instead, he suggested, that it be observed wherever a parade was being held. Pandit Nehru then referred the matter to the Coordination Committee that was in charge of the arrangements for the Republic Day celebrations in New Delhi.

While some of the committee members were in favour of the proposal, others felt that Republic Day would not be an appropriate day for such an event. Some members also felt that it would be difficult to organise a minute's silence given the celebrations and the parade that day.

Field Marshal Cariappa with Jawaharlal Nehru. Later, as High Commissioner of India to Australia and New Zealand, he said a minute's silence should be observed on Jan 26. FILE

The letters show that some of the members of the Coordination Committee went on to suggest that January 30 was a more appropriate day to observe the one-minute silence. Nehru, too, was also in favour of observing it on January 30, the day Gandhi was assassinated.

In keeping with his practice of consultation, Nehru wrote to all the Chief Ministers, saying, "We might perhaps fix some time on the morning of that day, say at 10 am, for one minute's silence. It might be possible to have a simple ceremonial in Delhi itself at Rajghat at that time, such as the placing of some flowers. In other places in India, we should try to have this one minute's silence and stoppage of movement as far as possible. I am communicating this idea to you for your consideration and for your comments."

Then, on January 26, 1955, Nehru wrote to the Chief CMs again — this time conveying his decision. By then, Cariappa's suggestion of a one-minute silence had been revised to two minutes. "I would remind you that January 30 will be a Day of Remembrance for those who sacrificed their lives in the cause of India's freedom. At 11 o'clock that day there should be a two-minute silence everywhere."

Some years later, on January 21, 1958, Nehru wrote to them again, "It seems to me that it would be desirable for people working in offices to gather in some room in the office concerned for this two-minute silence. There may be more than one gathering in an office if there are many workers. This would be more effective and impressive than to expect each person sitting in his own room to observe this silence..."

Meanwhile, Cariappa wasn't happy with the shape his suggestion had taken. On June 23, 1958, he wrote to Nehru, expressing his disagreement with the "military guard firing a 'feu-de-joie', sounding of the *Last Post* on bugles and so on, as is done at Military funerals" at Rajghat on January 30. Cariappa found it "out of place" in that atmosphere of "sanctity, purity and solemnity".

Nehru replied the next day, on June 24, 1958, disagreeing. "There was a great deal of discussion amongst us whether we should have a military guard firing a 'feu de-joie.' We ultimately decided that we should have it."

The matter didn't end there. Nehru kept reminding the CMs and other dignitaries about the two-minute silence. His note dated January 18, 1959, reads, "...I am told that this two minutes' silence, gathering together of all people in the office, has not been very successfully managed. Perhaps, it would be better for office people to gather in a number of places inside the office, in small groups, at 11, and at the strike of 11, stand up and observe the two minutes' silence."

The writer is Senior Associate Editor, The Indian Express

The rush to nowhere: Can we pause?

ON THE LOOSE

BY LEHER KALA

EVERY NEWS outlet has covered the exhausting pressures of 10-minute deliveries on gig workers who operate in a cycle of constant anxiety, often risking their lives to meet deadlines and maintain good ratings. Needless to say, it's a complex issue. If they had any better prospects whatsoever, would they zip around on precarious two wheelers in this biting cold, lugging heavy bags for Blinkit or Zomato? Finally, the depressingly wide chasm between promoters with their billion-dollar valuations, demanding consumers and beleaguered delivery boys began to grate on a nation's conscience but it's not just businessmen who have a duty to improve labourers' conditions. It's a question begging to be asked, other than an ambulance, why should anyone need anything in under 10 minutes?

Because, hurry culture is the bane of modern life. We're all expected to be more, to achieve more, to create more, as fast as possible. The world venerates a Mamdani for becoming a Mayor in his 30s and a Mark Zuckerberg is a global icon for building Facebook in his 20s. It's standard practice for companies to incentivise sales and reward rapid results. Speed sells. While there's nothing wrong with wanting more out of life, when everything feels urgently required — and it's coming at the cost of somebody vulnerable — it's only right to recalibrate that to-do list. Unfortunately, a perpetual state of being frazzled has come to mean success. Outpacing everyone to get stuff done, breathlessly, is our default setting. Ten-minute deliveries correspond exactly with the current need to wring out the last bit of efficiency from precious seconds. Perhaps it's time to calm down and humbly recall that at least existentially, most of what we do doesn't matter.

Meanwhile, signs of paranoid rushing are everywhere: in traffic jams, the security queue at airports, even in students' hectic schedules. A city kid's life is an intense whirlwind of dashing between tuition and extra curricular activities and they're as tired as grown ups by the end of the day. I was a latchkey kid with many hours to ride my cycle, play hide-and-seek and carrom with other latchkey children post school. Or, spend blissful afternoons reading random, possibly inappropriate books all of which, no doubt, contributed to my (embarrassingly happy) lack of ambition today. Those unregulated hours of trivial pursuits didn't skill me up to great academic glory but would I trade them in to be enviably accomplished like the children of today? Absolutely not. Childhood idleness is necessary to figure out one's priorities and interests, even to decide what kind of life we want to live.

Mostly, I feel bad for the youth. Market forces aka chronic uncertainty have created this imperative to overachieve and tear through life. Definitely though, every age has its struggles with deadlines and productivity. No time to see in broad daylight, Streams full of stars, like skies at night. W H Davies' wistful lines from his poem Leisure in 1911 warned that busyness distracts from the beauty of the world. However, the state of things are so much worse now it feels tone deaf to rue the fact that nobody has the headspace to quietly appreciate nature's bounty anymore. Obviously, there can be no day dreaming since eking out a living has never been more challenging. Even off-work, there are unspecified expectations that we must keep branding and selling ourselves, whether it's slyly posting our own successes for potential employers, or furthering an agenda via networking. Alas, leisure time can no longer be separated from self promotion.

Work is worship, so we've been told. That doesn't mean we see the opposite, leisure, as sheer laziness. It's alright if every free moment isn't spent on activities that bring material gain. It's the choices we make in our spare time that bring us closer to living a good life.

The writer is director, Hutkay Films

UNCERTAINTY IN DEALS FROM US-BASED CLIENTS HAS IMPACTED IT HIRING

TCS overhaul hits IT jobs but peers keep adding to payrolls

Akash Mandal
Mumbai, January 24

FRESH HIRING trends among India's largest IT companies are dominated by Tata Consultancy Services' (TCS) restructuring exercise, although data compiled by *The Indian Express* shows that the top six firms in the sector shed less than 1,500 jobs in the first nine months of 2025-26 on a net basis. This was despite TCS and Tech Mahindra reporting large reductions in their employee numbers.

However, the remaining four major IT companies — Wipro, Infosys, LTIMindtree, and HCL Technologies — have added jobs this year. Infosys led in hiring, increasing its payroll by 13,456 so far in the current financial year.

"I think it demonstrates that we have confidence in where the market is and what we are seeing in terms of the demand," Salil Parekh, Managing Director and Chief Executive Officer, said last week at the post earnings press conference. According to Jayesh Sanghrajka, Infosys' CFO, the company is on track to meet its guidance from last year that it will hire 20,000 freshers in 2025-26.

"We have onboarded roughly around 18,000 freshers, and we are well on our way to finish our 20,000 number for this year, which, in a way, reflects in a headcount also because many of them are under training. And if you look at our utilisation, including trainees, has come down. So, that is our investment into building capacity for the future in a way," Sanghrajka said on January 14. Meanwhile, Wipro has added over 8,500 jobs this year. The rise was primarily driven by two factors: completion of the acquisition of Digital Transformation Solutions in December 2025 and a long-term deal with the Phoenix Group, the UK's largest long-term savings and retirement business.

"From a hiring standpoint and supply side, I do not see a challenge. Attrition has been at 2% low for the quarter. It is trending the same in the next quarter. We are going to go to the campuses again," MD and CEO Srini Pallia said on January 16 in a post-earnings call with analysts. But he also warned on the demand front clouding the hiring outlook.

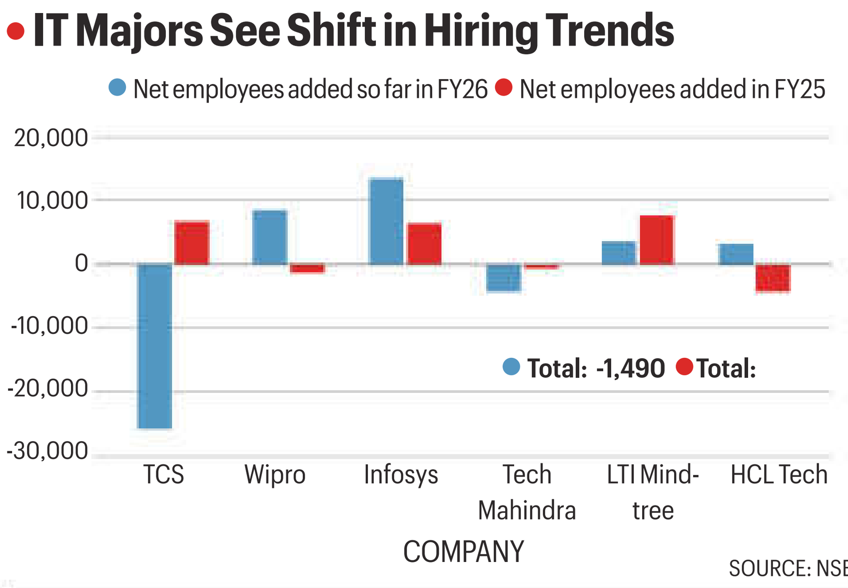
"There is no significant change in the demand environment, specifically the discretionary spend as uncertainty continues. January is the time when many of our customers will finalise their budgeting process. We will (then) have a much better understanding and view of where they're going to spend. From a full year of visibility (regarding full earnings), there is uncertainty in the market and customers continue to remain in wait and watch mode," Palia said.

Hiring has been a difficult subject for IT firms recently compared to mass hirings in the past. Some changes in hiring patterns are due to uncertainty in deals from US-based clients, who account for much of the revenue of these firms. The Trump administration's sweeping tariffs and continued policy uncertainty has led to US clients cutting costs and delaying IT services spending.

Even TCS' fall in headcount requires a nuanced view as the total fall in number of employees may not mean they all have been fired as part of its restructuring initiative announced last year, focusing on cost optimisation and increased AI-adoption. While TCS net shed 25,816 employees in the first three quarters of FY25-26, this number is inclusive of voluntary exits too. For instance, in October-December, the firm "released" only 1,800 employees even though the net headcount fell by over 10,000.

"Wherever we are not finding success in re-deployment, is where we are releasing the workforce... And in this quarter, we released approximately 1,800 people with all the due care and compliance to all the laws of the land. And as communicated earlier, we expect it to continue into the next quarter as well," Sudeep Kunnumal, TCS' Chief Human Resources Officer, said on January 12.

IT Majors See Shift in Hiring Trends



Despite financial headwinds, PSU discoms clear power dues faster than pvt utilities

Public sector discoms struggle with recovering the cost of supply: Report

Pratyush Deep
New Delhi, January 24

PUBLIC SECTOR electricity distribution companies (discoms) take less time to clear dues to suppliers such as power generators than their private sector counterparts, despite the former facing significantly higher financial stress.

On the days payable parameter — which measures the average time taken by discoms to settle payments to suppliers — public sector utilities recorded 112 days, marginally lower than the all-India average of 113 days.

In contrast, private sector discoms reported higher days payable of 133 days, the 14th Integrated Rating and Ranking of Power Distribution Utilities for 2024–25, released by the Union Ministry of Power on Friday, showed.

This relatively better performance by public sector discoms on days payable stands in sharp contrast to their overall financial position, especially as private sector discoms outperform them on most other key metrics, including revenue collection, cost recovery, and aggregate technical and commercial (AT&C) losses. The findings come amid growing concerns over the financial health of public sector discoms in India's power sector. A majority of state-owned utilities continue to incur losses and rely heavily on borrowings to finance their operating shortfalls and accumulated liabilities. At present, the total accumulated losses of public sector discoms stand at Rs 6.77 lakh crore, while their total borrowings amount to Rs 7.11 lakh crore. These structural challenges have been acknowledged in the recently released draft National Electricity Policy 2026, which proposes a range of measures to address the persistent financial stress faced by discoms.

Private firms top ranks

The report assessed the financial and operational performance of 65 power distribution utilities, including 42 public sector discoms, 12 private sector discoms, and 11 power departments. Of these, 31 utilities received top ratings of A+ or A. These included 14 public sector discoms, eight private sector discoms, and nine power departments. An A+ rating denotes "exceptionally strong financial and operational performance," while an A rating indicates "very high financial and operational performance," said the report.

The top three positions were secured by private sector players — Torrent Power Ahmedabad, Torrent Power Surat, and Adani Electricity Mumbai Ltd (AEML), respectively.

The three lowest-ranked utilities were all state-owned: Telangana's TGNPDCL, Jharkhand's JBVNL, and Telangana's TGSPDCL. All three were assigned a C– grade, indicating low financial and operational performance.

Cost recovery

The report indicates that public sector discoms continue to struggle with recovering the cost of supply, adding to their financial stress. Private sector discoms, by contrast, generally achieve better cost realisation, with average tariffs exceeding their cost of supply.

This divergence is reflected in the ACS–ARR (cash adjustment) gap — a key indicator of the financial health of power distribution utilities.

The ACS (Average Cost of Supply)–ARR (Average Revenue Realised) gap measures the financial shortfall that arises when a discom's cost of supplying electricity exceeds the revenue it recovers through tariffs and subsidies. When calculated on a cash adjustment basis, the metric offers a sharper picture of operational viability by accounting only for actual cash inflows and outflows, excluding accounting deferrals and non-cash adjustments.

As per the report, the all-India ACS–ARR (cash adjustment) gap in 2024–25 stood at Rs 0.07/kWh, marking a major improvement from the previous year, when the figure stood at Rs 0.32/kWh. FULL REPORT ON WWW.INDIANEXPRESS.COM

Inside EPFO 3.0: New website, AI translation, issue resolution at all centres in next phase of reforms

Aanchal Magazine
New Delhi, January 24

UPI-linked facility may be introduced by April and only 3 modules — pension, claim and overall annual accounts — remain to be rolled out

A NEW portal, new software at the backend, AI-backed translation tools and a core banking solution that will enable access at any centre across the country. These are some of the user-friendly features that the Employees' Provident Fund Organisation (EPFO) is looking to incorporate in its next phase of reforms. The retirement fund body has already carried out changes to ease withdrawal norms and the claims settlement process as part of its earlier phase of reforms (called EPFO 2.0). It streamlined withdrawal categories from 13 to three, announced a UPI-linked withdrawal facility (likely to be introduced by April) and enabled self-correction of details.

The Indian Express looks at how all these changes could help people navigate the daunting EPFO system more easily.

Key reforms

In this new phase of reforms, termed EPFO 3.0, the retirement fund body is bringing in a centralised system of operations for its core banking solution, just like banks. This will help members access their account and resolve issues at any regional office in the country. This is an important move that will especially help EPFO members who move around cities for work. The website, meanwhile, is expected to be more user-friendly and have language translation tools backed by Bhashini, an AI-powered language translation platform developed by the Ministry of Electronics and Information Technology.

"We will use more tools like Bhashini to give information in the vernacular medium," an official told *The Indian Express*. The next phase of reforms will also help address the EPFO's expansion in scale as it will cover both unorganised and organised sector workers after the implementation of the Labour Codes. It is learnt that the EPFO is likely to be given the responsibility of administering the fund for unorganised workers. This would be separate from the social security fund for gig and platform workers. It has nearly eight crore active members and maintains a corpus of around Rs 28 lakh crore. EPFO coverage is mandatory for establishments with 20 or more employees, with coverage now extending to all establishments having 20 or more employees, regardless of the industry, under the new Social Security Code.

The EPFO is now in the final stages of finalising the tender for the selection of an agency to implement, operate, and maintain an IT platform for management of the social security schemes it administers. "The tender is broadly prepared, the financial vetting is underway. It will be floated soon," the official said. In June last year, the EPFO had floated an Expression of Interest for the selection of an agency for the tech platform. It shortlisted three firms: Wipro, Infosys and TCS. The ongoing second phase of the reforms, EPFO 2.0, is in its final stages. The UPI-linked facility is likely to be introduced by April and only three modules — pension, claim and overall annual accounts — remain to be rolled out.

Other measures

Under the UPI facility, members can withdraw funds using the BHIM app. They will also be able to view their available balance, balance eligible for withdrawal and the minimum 25% balance. The withdrawal amount could be initially capped at Rs 25,000 per transaction, as per internal discussions.

Kotak Mahindra Bank's profit rises 4% in Q3

Mumbai: Kotak Mahindra Bank Saturday reported a 4% increase in standalone net profit at Rs 3,446 crore for the Q3 ended December 2025, due to moderate growth in core income.

The private sector lender had earned a net profit of Rs 3,305 crore in the year-ago period. Total income rose to Rs 16,741 crore during the quarter under review, from Rs 16,050 crore in the same period last year, it said. PTI

Adani to invest Rs 30K cr in Vizhinjam sea port

Press Trust of India
Thiruvananthapuram, January 24

KARAN ADANI, Managing Director of Adani Ports and Special Economic Zone Ltd (APSEZ) which manages the Vizhinjam port, on Saturday said the company will be investing a cumulative Rs 30,000 crore in the development of the seaport.

Along with the additional investment of Rs 16,000 crore under phase 2 and a cumulative investment of Rs 30,000 crore, the port's capacity will be increased from 1 million Twenty lakh equivalent units (TEUs) to 5.7 million TEUs by 2029, he noted.

"This is the largest investment committed by any business house in the state of Kerala. Vizhinjam will emerge as the largest transshipment port in the Indian subcontinent and a globally competitive maritime hub," he said while speaking at the inauguration of the second phase.

According to him, apart from being the largest transshipment port, Vizhinjam will also be the most technologically advanced port in India.

"It will be the lighthouse of how future Indian ports should operate," he said. He also acknowledged the role played by late Kerala CM Oommen Chandy and his successor Pinarayi Vijayan in making the project a success.

BRIEFLY

UltraTech Cement Q3 profit at Rs 1,729.44 cr

New Delhi: UltraTech Cement, India's leading cement maker on Saturday reported a consolidated net profit of Rs 1,729.44 crore for December quarter FY26. It had posted a net profit of Rs 1,363.44 crore in the October-December period a year ago, the Aditya Birla group flagship firm said in a regulatory filing. Revenue from operations was at Rs 21,829.68 crore in the December quarter of FY26. It was at Rs 17,778.83 crore a year earlier. UltraTech's total consolidated income, which includes other income as well, was at Rs 21,965.26 crore in the December quarter. Sales volume was up 15 per cent to 33.85 metric tonne. PTI

IndiGo vacates 717 slots after schedule cut

Mumbai: IndiGo has vacated over 700 slots at various domestic airports, following DGCA curtailing the country's largest airline's winter flights by 10% after massive operational disruptions in early December, according to sources. Generally, slots refer to a particular time period given to an airline for takeoff and landing of aircraft. In simple terms, it is about operating flights at a given time. Out of the 717 slots, as many as 364 are from six key metro airports — Delhi, Mumbai, Chennai, Kolkata, Bengaluru and Hyderabad. Among these cities, most of the vacated slots are from Hyderabad and Bengaluru, the sources said. PTI

Goldman Sachs CEO's 2025 compensation rises over 20%

Mumbai: Goldman Sachs said on Friday chief executive officer (CEO) David Solomon's total annual compensation rose 20.5% to $47 million for 2025 after a strong year for the bank, making him one of the highest-paid chief executives on Wall Street. His compensation eclipsed JPMorgan Chase CEO Jamie Dimon's pay package of $43 million announced on Thursday, which was a bump of a little over 10%.

Solomon's compensation as the head of one of the most prominent Wall Street banks in the US included a base salary of $2 million and $45 million in annual variable compensation. He was paid $31 million in 2023 and $39 million in 2024. REUTERS

Sr. No.	Particulars	Quarter ended 31-Dec-25 (Unaudited)	Quarter ended 31-Dec-24 (Unaudited)	Year ended 31-Mar-25 (Audited)
a.	Total Income from Operations	3,091.89	2,757.67	11,273.77
b.	Profit / (Loss) Before Exceptional items and tax	410.91	355.71	1,538.14
c.	Profit / (Loss) Before Tax	410.91	355.71	1,151.14
d.	Net Profit / (Loss) for the period / year	304.91	255.67	464.96
e.	Total Comprehensive Income	315.80	276.25	402.04
f.	Paid-up Equity Share Capital (Face Value: ₹ 10/- per share)	1,463.10	1,463.10	1,463.10
g.	Reserves (excluding Revaluation Reserve)	13,439.87	12,318.51	12,363.00
h.	Securities Premium Account	8,742.01	8,743.56	8,742.01
i.	Net worth	15,292.05	14,163.19	14,232.62
j.	Capital Redemption Reserve	11.25	11.25	11.25
k.	Debenture Redemption Reserve	99.05	99.05	99.05
l	Outstanding Debt	21,789.59	18,197.27	19,972.88
m	Earnings Per Equity Share (of ₹ 10/- each) (In ₹)			
	(i) Basic Earning Per Share- (In ₹)	2.08	1.75	3.18
	(ii) Diluted Earning Per Share- (In ₹)	2.08	1.75	3.18
n	Debt Equity Ratio (in times)	1.46	1.32	1.44
o	Debt Service Coverage Ratio (in times)*	1.55	1.55	1.33
p	Interest Service Coverage Ratio (in times)*	1.96	1.91	2.02
q	Current Ratio (in times)	1.11	1.08	0.82
r	Long Term Debt to Working Capital (in times)	7.58	8.86	29.54
s.	Current Liability ratio (in times)	0.22	0.28	0.30
t.	Total Debts to Total Assets (in times)	0.51	0.47	0.49
u	Debtors' Turnover ratio (in number of days)	113	171	150
v	Inventory Turnover ratio (in number of days)	45	70	51
w	Bad debts to Accounts Receivable Ratio (%)	(0.88%)	0.08%	1.28%
x	Operating margin (%)	18.90%	16.89%	17.95%
y	Net Profit Margin (%) including exceptional item	9.86%	9.27%	4.12%

SN	Expression of Interest
1	EoI No. GMRC/PD/EOI - Co-branding and Advertisement Rights-EW/2026 Expression of Interest for Co-branding and Advertisement Rights at 17 Stations of East West Corridor - Ahmedabad Metro Rail Phase-1
2	EoI No. GMRC/PD/EOI - Co-branding and Advertisement Rights-NS/2026 Expression of Interest for Co-branding and Advertisement Rights at 11 Stations of North South Corridor - Ahmedabad Metro Rail Phase-1

حينَ تختارُ الكثرةُ النومَ، يصيرُ المُستيقظُ مُذنبًا،
ويُحاكَمُ النورُ لأنّه أضاءَ أكثرَ مِمّا ينبغي
(لينا الطيبي)

YOUR DAILY ARABIC PROVERB

When the majority chooses to sleep, the one awake becomes guilty, and light itself stands accused of illuminating more than is proper.

Lina Al-Tibi

(Contemporary Syrian poet, writer and woman of letters)

Opinion

Gaza: a step forward or a recycling of the crisis?

DR. ABDELLATIF EL-MENAWY

Once again, Gaza has returned to the center of international debate, not through an announcement of peace but through a proposal for management. Under US President Donald Trump's 20-point peace plan for Gaza, accompanied by strong American messaging and dense organizational language, an old dilemma has resurfaced in a new form: Is the world finally searching for an exit from the Gaza war or merely redesigning the mechanisms used to contain it?

The idea of international or quasi-international management of Gaza is not new. Variations of it have surfaced repeatedly over the past two decades, particularly after each major escalation. What changes are the labels, the actors involved and the institutional architecture. What remains constant is the underlying assumption: that Gaza can be stabilized administratively while its political status remains suspended.

This is precisely where skepticism begins.

The proposed framework appears less like a peace initiative and more like an advanced crisis-management model, designed to control fallout, distribute responsibility and prevent total collapse. It focuses on how Gaza might be governed, rather than why it has repeatedly reached this state. In doing so, it risks treating the symptoms of the conflict while carefully avoiding its causes.

At the heart of Gaza's tragedy is not merely destruction, humanitarian collapse or security breakdown. It is a persistent political vacuum — the absence of a credible, agreed-upon political horizon for Palestinians in Gaza that is connected to the broader Palestinian question.

Any proposal that isolates Gaza from the West Bank or treats it as a standalone administrative problem implicitly reinforces fragmentation. Even if unintentionally, such approaches risk normalizing the idea that Gaza can be governed indefinitely without resolving issues of sovereignty, representation, borders or occupation.

This is why many observers view the latest concept with caution. It may offer order without justice, calm without resolution and stability without legitimacy.

The strong American endorsement of the proposal reflects a growing impatience in Washington. After months of war, humanitarian catastrophe and international pressure, there is a clear desire to move from active conflict to controlled aftermath. From this perspective, the priority is preventing Gaza from becoming an ungovernable space that destabilizes the region.

However, urgency is not the same as strategy. By emphasizing managerial solutions, the US appears focused on preventing immediate deterioration rather than investing in the difficult, politically costly work of redefining the conflict's parameters. This may be understandable in the short term — but history suggests it is insufficient in the long run.

For regional players, the proposal presents a dilemma. Participation offers influence and a chance to shape outcomes, but it also carries significant risks. Any regional or international body involved in governing Gaza without a clear political mandate could quickly find itself blamed for failures it did not cause and unable to make decisions it does not control.

There is also a deeper concern: Does international management become a substitute for political accountability? If so, Gaza risks becoming a permanent international trusteeship in everything but name — managed, monitored and funded but never truly resolved. The most troubling aspect of the proposal is the possibility that it represents not a breakthrough but a repackaging of stalemate. By focusing on mechanisms rather than meaning, structures rather than solutions, the international community may once again be choosing the path of least resistance.

This would not be the first time Gaza has been "saved" from collapse only to be returned, months or years later, to the same cycle of destruction. Each iteration becomes more complex, more institutionalized and paradoxically harder to dismantle.

None of this is to dismiss the need for immediate stabilization. Gaza undeniably requires security arrangements, reconstruction, humanitarian relief and administrative order. But these steps can only be sustainable if they are clearly linked to a political process that addresses Palestinian unity, territorial integrity and a viable future beyond emergency management.

Gaza does not suffer from a lack of plans. It suffers from a lack of political courage. Until that changes, even the most sophisticated frameworks may do little more than recycle the crisis under a new name.

Dr. Abdellatif El-Menawy has covered conflicts worldwide. He is the author of "The Copts: An Investigation into the Rift between Muslims and Copts in Egypt."
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The proposed framework appears less like a peace initiative and more like an advanced crisis-management model

COURTESY: AMJAD RASMI/ASHARQ AL-AWSAT

Trump should pressure Israel. Unless Israel is pressured to accept Palestinian national aspirations, there will be no peace

Gaza is Trump's canary in a coal mine

DR. DANIA KOLEILAT KHATIB

At Davos, US President Donald Trump stole the show with his attempts to take control of Greenland. However, in addition to this proposal, which put him at odds with European leaders, Trump on Thursday held a ceremony unveiling his "Board of Peace."

Trump is a great showman and his announcements are full of theatrics. The Board of Peace offered a good opportunity for such theatrical politics. All those in the media who have examined the board's charter say clearly that its mandate extends beyond Gaza and that the board is set to create a mechanism that competes and perhaps replaces the UN as a body to regulate relations between states.

However, in this new structure, absolute power is concentrated in the hands of Trump, who has the only say over the makeup of the board. While there has been much criticism of the board, the fact it rivals the UN and how Trump has used the threat of tariffs to coerce states into joining, no one has asked the fundamental question: Will it bring peace to Gaza?

To start with, the board is offensive because one of the members is Israel, the country that inflicted genocide on Gaza. Other members have no connection with the Strip. Others, like Argentina under its far-right government, were among the 10 nations to vote against a UN resolution backing a two-state solution in 2025. How is Javier Milei of Argentina supposed to advance peace in Gaza? I really don't know.

The second phase of Trump's peace plan — if it were to be successful — would witness the withdrawal of Israel from Gaza, reconstruction of the Strip and the presence of an International Stabilization Force to ensure security. To start with, Israel is still in breach of phase one. It did not commit to the ceasefire. Every day, Gazans are getting killed by Israeli strikes. On top of that, instead of withdrawing, Israel is advancing the so-called yellow line, as if it is trying to throw Gazans into the sea. Israel has not shown any intention to withdraw and the chances are it will not.

The other million-dollar question is about the International Stabilization Force: What exactly is its mandate? Trump said that Hamas had agreed to disarm. However, Hamas has very clearly said it is only open to surrendering its arms to a unified Palestinian authority as part of a political solution that includes the end of the Israeli occupation.

Prime Minister Benjamin Netanyahu, along with almost the entire Israeli political class, has rejected any political solution that involves anything near Palestinian statehood. Trump, in his own unscripted style, said that if Hamas does not disarm, it will get "blown away." What does that mean? Does it mean the war restarting — the genocide — which would take us back to square one?

Also, what is expected of the forces that will join the stabilization force? Will they have to go door to door and "disarm" Hamas? No state would want to put its soldiers at risk. Also, those who have joined the board to help Gaza would not want to do for Israel the task it was not able to complete in two years of genocide.

The entire project of the Board of Peace is more about theatrics than content.

However, European, Arab and regional countries face a catch-22 situation. By being on this board, they give legitimacy to a framework that was most likely put in place to serve Israel's interest while pretending to cater to the Palestinian people's aspirations. On the other hand, if they boycott the board, in addition to facing Trump's wrath and maybe some erratic punishments like unreasonable tariffs, they will be giving Netanyahu a free hand with the Palestinians.

Trump should pressure Israel. Unless Israel is pressured to accept Palestinian national aspirations, there will be no peace.

Dr. Dania Koleilat Khatib is a specialist in US-Arab relations with a focus on lobbying. She is co-founder of the Research Center for Cooperation and Peace Building, a Lebanese nongovernmental organization focused on Track II.

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Embracing realistic unity in a fractured world

DR. TURKI FAISAL AL-RASHEED

In the snow-capped Swiss town of Davos, Canadian Prime Minister Mark Carney on Tuesday delivered a speech that cut through the polite veneer of global forums. Urging leaders to abandon the "rules-based order" as mere theater, he invoked Vaclav Havel's essay "The Power of the Powerless" to critique performative gestures like shopkeepers in Soviet-era Czechoslovakia who displayed unity slogans without conviction.

Carney's message was stark: We are not in a smooth transition to a better world but amid a profound rupture, where economic integration has morphed into a tool of rivalry through tariffs and disrupted supply chains. For middle powers like Canada — and, by extension, nations across the Arab world — he said this demands "value-based realism," a blend of principled action and pragmatic adaptation.

The terminology leaders used to frame our global predicament, be it "transition," "crisis" or "rivalry," reveals the tangled legacy of industrialization, colonialism and now artificial intelligence's grip on labor markets. Global warming, exacerbated by unchecked technology-driven consumption, underscores the urgency. Commercial law, once a unifier, now navigates this practical multipolarity, where AI and manufacturing promise innovation but demand equitable policies.

This article explores these tensions through the lens of 20th-century German philosopher Carl Schmitt, whose ideas on power dynamics challenge us to confront reality without illusions. Drawing on Carney's realism and Schmitt's stark friend-enemy distinction, we examine how Arab nations can move beyond division to address true threats: poverty, inequality and injustice.

> **In this interregnum, fear-mongering — labeling every setback an 'external plot' — only deepens divides**

While Schmitt's framework illuminates the raw edges of politics, it must not fuel fragmentation. Instead, it calls for redirecting energy toward sustainable development's four pillars — economic growth, social justice, environmental stewardship and human capital — to build resilient societies.

Carney's Davos address was no abstract lament. He outlined a Canadian strategy that middle powers everywhere could adapt: tax incentives to spur $1 trillion in investments across energy, AI and critical minerals; a doubling of defense spending; and fresh partnerships with the EU, China and Qatar. On Ukraine, Canada pushes coalitions for principled support; in the Arctic, it champions Greenland's autonomy against coercive pressures; and in trade, it forges blocs that prioritize shared resilience over isolationist fortresses.

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Nostalgia for a unipolar past is no strategy, Carney warned. Integration, once a bridge, now weaponizes dependencies — think US tariffs on allies or China's supply-chain leverage. Middle powers must name this reality, act with consistency and diversify alliances to stand firm. For Arab states, squeezed between US-China frictions and regional flashpoints, this means leveraging resources like oil and renewables not for confrontation but for mutual gain.

> **Carney, in his Davos address, outlined a Canadian strategy that middle powers everywhere could adapt**

Yet, as Antonio Gramsci observed, crises are not endpoints but "morbid symptoms" where old structures crumble, birthing new possibilities. In this interregnum, fear-mongering — labeling every setback an "external plot" — only deepens divides. Collective awareness and political will are essential to steer toward prosperity.

Contemporary thinkers like French strategist Pierre Conesa extend Schmitt's ideas, showing how enmities are manufactured for control. In "Manufacturing the Enemy," Conesa outlines six enemy types, each a strategic fiction with stark parallels in the Arab world. The intimate enemy wounds deepest in civil wars: Syria's sectarian fractures since 2011 evoke Rwanda's horrors, where kin become killers. The barbarian enemy revives colonial tropes — Western media once painted Algerian fighters as savages; today, Arab Spring protesters face similar smears as "chaos agents."

Then comes the hidden enemy, fueled by conspiracies: accusations of Zionist or Western meddling in Arab uprisings deflect from homegrown woes. Finally, the media enemy weaponizes narratives — Daesh videos demonize the West; state outlets brand critics "foreign puppets."

These archetypes politicize life but pervert Schmitt's intent. Enmity rallies crowds, justifies crackdowns and shifts blame from leaders to phantoms. In resource-rich Arab states, economic dips trigger "infiltration" cries, masking corruption or inequality.

Herein lies the peril: Fabricated enemies distract from real ones embedded in daily struggles. Authoritarians summon foes to inflate patriotism, authorize repression and bury failures like graft. Post-Arab Spring, dissidents were "fifth columnists," protests were "adversary plots." This evades the UN Sustainable Development Goals, our clearest diagnostic.

Think again: Why AI is unlike previous tech booms

DAMBISA MOYO

Concerns about an AI bubble have intensified since the start of 2026, as investors and policymakers focus on whether, and when, it might burst. But the real question is not whether current valuations are inflated; it is whether AI's emerging business model differs from those of earlier technological revolutions.

For decades, scale has been the primary driver of tech companies' performance and valuations. As apps, websites, online retailers, and social media platforms expanded their user bases, marginal costs fell, network effects took hold, and pricing power increased. Valuations came to reflect long-term growth potential rather than short-term profitability.

> **The real question is whether AI's emerging business model differs from those of earlier tech revolutions**

The forces that defined past tech winners are unlikely to dominate AI's rollout, because the competitive dynamics differ across six critical dimensions. First, capital expenditure is no longer a shallow moat; it is a formidable barrier. In earlier technological waves, capital requirements were largely confined to the startup phase and relatively modest. Facebook, for example, initially raised just $500,000 in seed funding. But those earlier innovations were built on top of existing infrastructure such as Linux, Apache, MySQL, and PHP — the so-called LAMP stack — which dramatically lowered upfront costs. AI, by contrast, is extraordinarily capital intensive. Industry-wide capital investment is projected to exceed $7 trillion by 2030 as companies build data centers, expand computing capacity, and invest in specialized hardware.

Second, AI's operating-cost structure undermines traditional economies of scale. In earlier tech cycles, marginal costs per user collapsed as platforms grew. Whether it was social media, software, or ride-sharing apps such as Uber, costs were spread across an expanding customer base, enabling platforms to sustain high margins as they scaled up.

Those models were also marked by low operating expenses. Once Facebook reached sufficient scale, the marginal cost of adding users became negligible. As a result, companies paid little attention to the cost of serving each user, as it rarely threatened financial viability.

The third area where AI departs from previous tech revolutions is in the weakness and fragility of network effects. Legacy tech platforms benefited from self-reinforcing growth. Buyers and sellers were drawn to Amazon's marketplace precisely because activity was already concentrated there.

Dambisa Moyo, an international economist, is the author of four New York Times bestselling books. ©Project Syndicate

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AI users can switch easily between models, use several at once — one for text, another for images, a third for coding — or even build their own. Switching costs are low, and loyalty is weak, making network effects far less influential in determining long-term winners.

For legacy tech companies, the combination of falling marginal costs and network effects amplified the benefits of scale, fueling a race to capture as many eyeballs as possible. That strategy made sense for companies like Facebook, which created value by monetizing consumer attention through advertising.

> **Firms that can shape regulation, influence public opinion, and absorb risk are better positioned to succeed**

The fourth difference lies in the shift from market fragmentation to instant saturation. Earlier tech platforms grew within largely siloed markets: Google dominated search; Amazon focused on retail. By seeking distinct niches like college students (Facebook) and professionals (LinkedIn), companies had time to mature before competition intensified.

Fifth, political influence now matters as much as market power. Earlier innovation waves did not require companies to engage with governments and regulators to the extent AI must. While social media platforms eventually faced scrutiny over their addictive effects, the perceived risks posed by today's emerging technologies are deeper, and, in many ways, existential, given AI's potential to cause job displacement, exacerbate inequality, and undermine democratic governance. With AI companies confronting both market forces and political pressures, firms that can shape regulation, influence public opinion, and absorb reputational risk are better positioned to succeed.

Lastly, AI may be less susceptible to winner-take-all dynamics. Scale, near-zero marginal costs, and strong network effects enabled companies such as Facebook, Google, Amazon, and Apple to dominate social media, search, e-commerce, and smartphones, respectively. The AI sector, at least initially, is unlikely to follow that pattern. Rather than converging on a single monopolistic winner, it could support multiple dominant players, each controlling its own niche.

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Opinion

The New York Times

COLUMNIST | LYDIA POLGREEN

In Minneapolis, I Glimpsed a Civil War

MINNEAPOLIS

LATE ON THE NIGHT of Jan. 14, I was standing on a street corner in the Hawthorne neighborhood in North Minneapolis when I witnessed an extraordinary confrontation. A federal agent marched up a narrow residential sidewalk flanked by modest bungalows, kitted out in gear fit for the battle of Falluja: full body armor, military boots and camouflage fatigues and helmet, with a heavy machine gun slung by his side. His carriage was erect, his gaze fixed straight ahead, seemingly oblivious to the crowd of protesters who blew whistles and shouted curses as he passed, enraged that one week after Renee Good was gunned down by an ICE agent, another civilian had been shot by ICE in their city.

Suddenly, the tense scene dissolved into slapstick. The federal officer slipped on a patch of ice and tumbled to the ground. A raucous roar of laughter and jeers erupted from the protesters surrounding him. He scrambled to his feet and marched on. But a few seconds later one of the protesters shouted, "He dropped his magazine!"

And sure enough, lying on the patch of ice was a fully loaded magazine from his automatic weapon. Dan Engelhart, one of the city's parks commissioners, was standing nearby. He grabbed the magazine and turned it over in his hands.

"Well, we're fucking close to civil war," he told me.

As a longtime foreign correspondent, I have covered civil wars in countries across the globe. Not so long ago, I would have rolled my eyes at the notion that one could erupt anywhere in America. And yet there I was, eyes stinging and throat burning as tear gas wafted over me, watching heavily armed agents of the federal government invade a quiet residential neighborhood.

Like many Americans, I had watched the video of the killing of Good by an ICE officer on a residential street in Minneapolis with horror and sorrow. From afar, this tragic and possibly criminal act of violence could plausibly be seen as incidental to President Trump's mission to deport undocumented people from the country. But when I landed in Minneapolis earlier this month and saw the size, scope and lawlessness of the federal onslaught unfolding here, I understood that Good's killing was emblematic of its true mission: to stage a spectacle of cruelty upon a city that stands in stark defiance against Trump's dark vision of America.

Thousands of masked, heavily armed agents, some with minimal training, have been unleashed on the streets of an American state. They have been promised near-total legal immunity by the president, effectively unshackled from any constitutional constraints.

They have been given limitless license to abduct anyone, not just the undocumented immigrants but American citizens who happen to look foreign, whatever that might mean. Anyone who gets in their way — by protesting, filming their actions or simply being in the wrong place at the wrong time — is presumed to be a domestic terrorist.

But it was the quiet yet pervasive fear that stunned me most. St. Paul's new mayor, Kaohly Her, who came to the United States as a Hmong refugee at the age of 3, told me she has started carrying proof of citizenship with her at all times, just in case she is stopped by ICE agents. There are empty desks in school classrooms across the Twin Cities as immigrant children stay home, afraid that they or their parents will be snatched up by ICE agents who lurk in idling S.U.V.s near schools during drop-off and pickup. Restaurants and shops have closed because their employees are too afraid to come to work, even if they are here legally, because the informal policy of federal agents seems to be to detain first, ask questions later.

Minnesota is under siege. It might not yet be a civil war, but what the White House has called Operation Metro Surge is definitely not just — or even primarily — an immigration enforcement operation. It is an occupation designed to punish and terrorize anyone who dares defy this incursion and, by extension, Trump's power to wield limitless force against any enemy he wishes.

"This is tyranny," Keith Ellison, Minnesota's attorney general, told me. "There is no other way to put it. We're all shocked by it. Nobody ever thought America would look like this. We now don't have to speculate as to what American fascism looks like. It's right outside the door."

Minneapolis is not the first city to face an influx of federal agents at the behest of Trump. Federal immigration enforcement officers and, in some cases, the National Guard were sent into Washington, Chicago, Denver and Los Angeles in the past year. But what is happening in Minnesota is of an entirely different scope and character: Administration officials have called it the largest immigration enforcement effort in the nation's history.

Compared with the other Trump administration targets, Minnesota is an odd choice for such a huge operation. Its percentage of undocumented immigrant residents is less than half the national average, far lower than in states like Texas, Florida, California and New York. The Trump administration claims the federal incursion was necessary because of a vast welfare fraud scheme initially prosecuted by the Biden administration that involved dozens of Somali and Somali American defendants. Trump and his top aides have used vile, racist language to describe the community.

"We always take people from Somalia, places that are a disaster, right?" he said in December. "Filthy, dirty, disgusting, ridden with crime," he told reporters at a cabinet meeting. "They contribute nothing. I don't want them in our country, I will be honest with you." He added, "Their country stinks."

But Trump's animus toward Minnesota seems to be driven by something even deeper. The state is a political outlier in the Upper Midwest; the five states that surround it voted for Trump at least twice. On paper, Minnesota might look like friendly territory for MAGA: It is significantly whiter than the national average, and it has a substantial rural and exurban population.

Trump is convinced that Minnesota belongs in his column, insisting that he won it all three times he ran for president but that his victory was snatched away by devious local election officials. His administration seems to think that riling up resentment against the state's roughly 100,000 residents of Somali origin is a ticket to luring the state's white supermajority into his xenophobic camp.

But Minnesotans are unlikely to take the bait. The state has a long tradition of welcoming refugees, and Somalis — along with Hmong, Cambodians, Ethiopians and Ukrainians — have become part of the fabric of the state. Representative Ilhan Omar and several other elected officials are of Somali descent.

Minnesota hasn't given its electoral votes to a Republican presidential candidate in 50 years. For decades, Minnesota has been a bastion of defiantly progressive politics.

The state has been able to absorb the shock of the murder of George Floyd, as Minneapolis became ground zero for a nationwide protest movement. It has weathered a long season of sometimes destructive protests but managed not to tear itself apart.

By American standards, it has a generous social safety net and among the lowest rates of uninsured residents. Despite its relatively high taxes, it is one of the sought-after destinations for people moving from state to state, offering a surfeit of good jobs at numerous Fortune 500 companies headquartered in the Twin Cities. It has an excellent and well-funded public university system and highly rated public schools. It has its problems, including the deep inequality and segregation that fueled the protests in the wake of Floyd's murder. But for the most part, it is a nice place, filled with nice people who seem quite happy to take care of one another.

"Minnesota represents everything that the administration hates," said Mukhtar Ibrahim, a Somali American journalist and entrepreneur who came to Minnesota as a refugee 20 years ago. "If he can do this in Minnesota, nothing else will stop him. This is, I think, ground zero. If Minnesota falls, the country will fall."

The Minnesotans I met on the streets of Minneapolis and St. Paul were determined to fight back. The Trump administration has tried to paint the anti-ICE activists as hard-left agitators. But I found they looked a lot more like a woman I met named Hillary Oppmann, a 50-something solar energy consultant who lives in South Minneapolis.

I stumbled upon Oppmann on a frigid morning the other week, when I rolled up on a corner near a high school in South Minneapolis. She lives in the neighborhood and is part of a school parent group that began patrolling the streets at the beginning and end of the school day after the ICE incursion began, trying to protect students and parents from arrest. Many such groups have sprung up across the Twin Cities, staffed by volunteers who track ICE vehicles, follow them, record their movements and try to delay and distract them.

A few minutes before I met her, Oppmann heard the sound of whistles like the one that she wears around her neck and hustled to the spot. On her phone, she showed me a video of agents detaining two girls. One seemed to be a teenager, the other a little younger, and they had been in a pickup truck with a small white dog. The officers appeared to handcuff the younger girl in one of the videos and put her in their vehicle.

She told me she wasn't surprised by how quickly her neighbors had sprung into action. The community groups that formed in the wake of the murder of Floyd quickly reactivated, she told me, making it much easier to organize a response. The killing of Good was a horrific shock, but it has not deterred the volunteer observers. If anything, Oppmann said, their ranks have swelled.

"Minnesotans are really good at chipping away at ice," she dryly noted.

As we were talking, a minivan pulled up. The driver was a Native American woman named Nicole who was also on patrol, fueled by Red Bull and Marlboro 100s. She was looking for homeless people who might need supplies like tarps, blankets and food. One of the bizarre ironies of the ICE abductions is that several Indigenous Americans — people whose roots on this land predate anyone else's — have been detained.

"I got my tribal," she told Oppmann, gesturing at the card that identifies her as a member of a Native American tribe.

A few blocks from where we stood, the Pow Wow Grounds coffee shop has become a nerve center of the Native American response to the ICE incursion. An art gallery attached to the cafe has been transformed into a supply depot: Volunteers pick up essential supplies for families too frightened of ICE to leave home, as well as masks, gloves, goggles and first-aid kits for observers and protesters.

There I met Crow Bellecourt. He told me that his father started the Indigenous Protector Movement in the 1960s to fight harassment of Native Americans who lived in the area and that his community has put its long history of fighting the violence of the federal government in service to vulnerable newcomers.

"I really hate using the word 'immigrant' or 'illegal immigrant' because them are brown people just like me," he said. "These are our relatives."

He said that the community response has been disciplined and robust, with none of the property destruction that marked the protests after the murder of Floyd, when a police precinct burned to the ground. Back then, it was internal tensions that exploded. Now, it is an outside force besieging the city.

"I think we've learned as a community to try to keep it calm this time around," he said. "And I also think our Minneapolis Police Department learned from that incident, and we're all trying to keep our calm. It seems like the feds want to incite something here."

The exceptionally broad solidarity I saw across the Twin Cities is emblematic of the qualities that have made Minnesota such an irritant to Trump. For all the efforts to paint those opposing the ICE incursion as domestic terrorists, the kinds of people who came out were not just activists but also people like Ryan Ecklund, a suburban real estate agent who was detained and shackled while filming ICE vehicles he spotted after dropping his son off at school.

"My goal isn't to become a political activist," Ecklund told Minnesota Public Radio. "It is our responsibility as citizens, whichever side of the aisle you lean toward, to protect the Constitution, and we are all given inalienable rights via that Constitution."

It echoed something I heard from a 17-year-old high school junior I met named Jesse Fee, who was among hundreds of students who walked out of class to march on the State Capitol to demand that ICE leave Minnesota.

"ICE might not break into my house and try to take one of my family members, because we're all white," Fee told me. "But I'm not going to not care just because it's not going to happen to me. That's irresponsible, that's disrespectful, and it's sinful, honestly."

For all their military gear and unchecked power, the federal agents flooding this city, like the president ultimately commanding them, seem unprepared for what they are facing here. Like the agent who slipped on ice, they have misjudged the ground beneath their feet: a state full of ordinary people — real estate agents, high school students, solar energy consultants — who've decided that watching their neighbors being dragged away is an intolerable sin.

PHOTOGRAPHS BY MARK PETERSON FOR THE NEW YORK TIMES

There I was, tear gas wafting over me, watching agents invade a quiet street.

MARK PETERSON FOR THE NEW YORK TIMES

COLUMNIST | DAVID BROOKS

The Coming Trump Crackup

LAST WEEK MINNEAPOLIS'S police chief, Brian O'Hara, said the thing he fears most is the "moment where it all explodes." I share his worry. If you follow the trajectory of events, it's pretty clear that we're headed toward some kind of crackup.

We are in the middle of at least four unravelings: The unraveling of the postwar international order. The unraveling of domestic tranquillity wherever Immigration and Customs Enforcement agents bring down their jackboots. The further unraveling of the democratic order, with attacks on Fed independence and — excuse the pun — trumped-up prosecutions of political opponents. Finally, the unraveling of President Trump's mind.

Of these four, the unraveling of Trump's mind is the primary one, leading to all the others. Narcissists sometimes get worse with age, as their remaining inhibitions fall away. The effect is bound to be profound when the narcissist happens to be president of the United States.

Every president I've ever covered gets more full of himself the longer he remains in office, and when you start out with Trump-level self-regard, the effect is grandiosity, entitlement, lack of empathy and ferocious overreaction to perceived slights.

Furthermore, over the past year, Trump has been quicker and quicker to resort to violence. In 2025 the United States carried out or contributed to 622 overseas bombing missions, killing people in places ranging from Venezuela to Iran, Nigeria and Somalia — not to mention Minneapolis.

The arc of tyranny bends toward degradation. Tyrants generally get drunk on their own power, which progressively reduces restraint, increases entitlement and self-focus and amps up risk taking and overconfidence while escalating social isolation, corruption and defensive paranoia.

I have found it useful these days to go back to the historians of ancient Rome, starting with the originals like Sallust and Tacitus. Those fellows had a front-row look at tyranny, with case studies strewed before them — Nero, Caligula, Commodus, Domitian, Tiberius. They understood the intimate connection between private morals and public order and that when there is a decay of the former, there will be a collapse of the latter.

"Of all our passions and appetites, the love of power is of the most imperious and unsociable nature, since the pride of one man requires the submission of the multitude," Edward Gibbon wrote in his 1776 classic, "The Decline and Fall of the Roman Empire." He continued: "In the tumult of civil discord, the laws of society lose their force, and their place is seldom supplied by those of humanity. The ardor of contention, the pride of victory, the despair of success, the memory of past injuries and the fear of future dangers all contribute to inflame the mind and to silence the voice of pity. From such motives almost every page of history has been stained with civil blood."

The 18th-century English historian Edward Wortley Montagu distinguished between ambition and the lust for domination. Ambition can be a laudable trait, since it can drive people to serve the community in order to win public admiration. The lust for domination, he wrote, is a different passion, a form of selfishness that causes us to "draw every thing to center in ourselves, which we think will enable us to gratify every other passion."

History doesn't record many cases of a power-mad leader who regained his senses.

The insatiable lust for domination, he continued, "banishes all the social virtues." The selfish tyrant attaches himself only to those others who share his selfishness, who are eager to wear the mask of perpetual lying. "His friendship and his enmity will be alike unreal, and easily convertible, if the change will serve his interest."

Those historians were impressed by how much personal force the old tyrants could generate. The man lusting for power is always active, the center of the show, relentless, vigilant, distrustful, restless when anything stands in his way.

Tacitus was especially good at describing the effect the tyrant has on the people around him. When the tyrant first takes power, there is a "rush into servitude" as great swarms of sycophants suck up to the great man. The flattery must forever escalate and grow more fawning, until every follower's dignity is shorn away. Then comes what you might call the disappearance of the good, as morally healthy people lie low in order to survive. Meanwhile, the whole society tends to be anesthetized. The relentless flow of appalling events eventually overloads the nervous system; the rising tide of brutality, which once seemed shocking, comes to seem unremarkable.

As the disease of tyranny progresses, citizens may eventually lose the habits of democracy — the art of persuasion and compromise, interpersonal trust, an intolerance for corruption, the spirit of freedom, the ethic of moderation. "It is easier to crush men's spirits and their enthusiasm than to revive them," Tacitus wrote. "Indeed, there comes over us an attachment to the very enforced inactivity, and the idleness hated at first is finally loved."

I don't have enough imagination to know where the next crackup will come — through perhaps some domestic, criminal or foreign crisis? Though I was struck by a sentence Robert Kagan wrote in an essay on the effects of Trump's foreign policy in The Atlantic: "Americans are entering the most dangerous world they have known since World War II, one that will make the Cold War look like child's play and the post-Cold War world like paradise."

And no, I don't think America is headed toward anything like a Rome-style collapse. Our institutions are too strong, and our people, deep down, still have the same democratic values.

But I do know that events are being propelled by one man's damaged psyche. History does not record many cases in which a power-mad leader careening toward tyranny suddenly regained his senses and became more moderate. On the contrary, the normal course of the disease is toward ever-accelerating deterioration and debauchery.

And I do understand why America's founding fathers spent so much time reading historians like Tacitus and Sallust. Thomas Jefferson called Tacitus "the first writer in the world, without a single exception." They understood that the lust for power is a primal human impulse and that even all the safeguards they built into the Constitution are no match for this lust when it is not restrained ethically from within.

As John Adams put it in a letter in 1798: "We have no government armed with power capable of contending with human passions unbridled by morality and religion. Avarice, ambition, revenge or gallantry would break the strongest cords of our Constitution as a whale goes through a net."

LETTERS

To Halt Trump's Abuse of Power, Vote

TO THE EDITOR:

"For Trump, Justice Means Vengeance" (editorial, Jan. 18) concludes, "On behalf of Americans who are now living without a functioning system of federal law and order, Congress should step up and end this self-interested destruction." Yet all three branches of government are failing, and hoping that one branch will rescue us from the others is a form of magical thinking.

Citizens' last real safeguard is the continued ability to participate in fair elections. Preserving that right is essential to saving this grand experiment in self-government — and increasingly, it is the only hope to which we can reasonably cling.

Many Americans view participation in self-governance, particularly voting, as a moral or civic duty. Yet even in 2024, fewer than two-thirds of eligible voters cast ballots. If and when there is a return to more normalized leadership, we must confront voter inertia directly.

Term limits deserve renewed consideration; lifetime appointments to the Supreme Court and six-year Senate terms limit voters' ability to reassess their choices in a timely way. What appears to be apathy may instead reflect a form of learned helplessness.

To everything there is a season. Ours is not a season for street rioting, nor even for making "good trouble," to use the civil rights leader John Lewis's phrase. It is a season to vote — to use the remaining tools of democracy to end this madness before it is too late.

BENNETT KASHDAN
WAKEFIELD, R.I.

TO THE EDITOR:

Reading this editorial, I was reminded of the famous dissent of Justice Louis Brandeis in Olmstead v. United States (1928), in which he warned of the consequences of government lawlessness: "If the government becomes a lawbreaker, it breeds contempt for the law; it invites every man to become a law unto himself; it invites anarchy."

What the United States is now facing is as ominous a situation as Justice Brandeis could have envisioned. Your editorial beyond a doubt makes clear the dangers this administration poses to America's commitment to constitutional governance and the rule of law.

I have never been more concerned, indeed frightened, about the future of America and the directions in which this administration is taking our society.

LEE A. SPIELMANN
NEW YORK

Americans Who Protest

TO THE EDITOR:

Re "They Were Ordinary Germans. We Are Ordinary Americans," by Shalom Auslander (Opinion guest essay, Jan. 16):

I disagree with Mr. Auslander. Ordinary Americans today are not at all similar to ordinary Germans during Hitler's reign. There are large protests throughout the country every weekend. There are confrontations with government forces every day. There are numerous lawsuits being brought against President Trump. He has lost many of them.

Ordinary Americans detest what happened to Renee Good; ordinary Americans are speaking up against this regime every single day. This is not fascist Germany! We ordinary Americans are not going about our everyday lives accepting this despicable attempt to turn our democracy into a dictatorship.

RUTH MENKEN
MOUNT KISCO, N.Y.

Open-Ended Questions

TO THE EDITOR:

I eagerly read "The Two Questions We Should Stop Asking This Year," by Carlos Lozada (column, Jan. 4), as I teach a course on dialogue facilitation as well as history and religious studies, and know the importance of potent questions. I teach students to write research essays, and one of the most critical skills to hone is that of asking worthwhile questions.

But I took issue with Mr. Lozada's criticism of the following question: "What has surprised you most about [fill in the blank]?" I think that this is often a useful place to start, as it suggests that the person asking the question is open to thinking about the topic from new angles. If we are willing to ask only targeted questions, we may miss a lot.

Sure, Mr. Lozada is correct that follow-up questions are a necessary aid for pushing toward deeper analysis, but if we don't start with the very open questions, we may find ourselves missing out on an individual's unique and valuable perspectives.

And I believe we live in an era when we cannot afford to overlook anyone's distinct perspectives, as you never know whose ideas may lead us to a better world.

ELIZA YOUNG BARSTOW
CORVALLIS, ORE.

COLUMNIST | MICHELLE GOLDBERG

No One Should Be Afraid to Point Out That Crockett Can't Win Texas

THIS MONTH SOME of the worst elements of 2020-style online progressive politics made a brief return, thanks to a controversy involving a couple of comedians and Representative Jasmine Crockett of Texas. It merits attention, despite its seeming triviality, because the underlying issue could cost Democrats the Senate this fall.

The contretemps started with an offhand comment on "Las Culturistas," a podcast hosted by the actors and comedians Bowen Yang, until recently a star on "Saturday Night Live," and Matt Rogers. Rogers was dunking on Gov. Gavin Newsom of California, arguing that Democrats need genuinely populist leaders, not those who simply excel at trolling Donald Trump. From there, he dismissed Crockett's campaign to move up to the Senate.

"Anytime a politician is making it too obviously about themselves, I'm already done," he said. "And don't waste your money sending to Jasmine Crockett. Do not do it." Yang added, "I must agree."

Online, there was a backlash from Crockett fans, many of whom accused the "Las Culturistas" hosts of racism and misogyny. The reaction was intense enough that both Rogers and Yang issued abject apologies. "I have great respect and admiration for Rep. Crockett," wrote Rogers, who promised to "be better." Yang pledged to use his platform "more responsibly."

But Rogers and Yang were right to be skeptical of Crockett, who almost certainly cannot win a general election in Texas. Those who disagree have every right to criticize them, and me. But progressives shouldn't let a retrograde style of internet discourse inhibit them from pointing out the obvious.

It can be tricky, of course, to discuss electability concerns about Black female candidates. It's not always easy to draw the line between analyzing the voters' putative prejudices and reifying them. If liberals decide in advance that Black women are at an electoral disadvantage, they risk making that disadvantage real. But it's not race and gender that make Crockett a bad candidate, though both obviously shape perceptions of her. The problem with Crockett is that her theory about how Democrats can win Texas is wrong.

I understand why lots of Democrats adore Crockett. She's charismatic and often funny and knows how to command attention. "I think that we have to take a page or two, or three or four, out of Donald Trump's book," she told Vanity Fair in 2024. Some of her insults are in bad taste — she has called Texas' governor, Greg Abbott, who uses a wheelchair, "Hot Wheels" — but it's easy to see why Democrats who feel brutalized by Trump want champions willing to go low.

Still, Democrats cannot win Texas, a state where Trump beat Kamala Harris by almost 14 percentage points, without flipping at least some Republican voters. James Talarico, Crockett's opponent in the Democratic primary, showed that he could do that in his 2018 election to the Texas House, turning a red seat blue and winning a district that was also carried by Abbott. Crockett, by contrast, has always represented a deep blue district and has never had to run a seriously contested general election campaign.

She has been openly contemptuous not just of Trump but also of the Texans who cast their ballots for him. In that Vanity Fair interview, she described Latino voters who agreed with Trump's pitch on immigration — a demographic where Democrats need to make inroads — as having a "slave mentality."

Rather than focusing on peeling off Trump voters, Crockett is staking her candidacy on a promise to motivate Texans who rarely, if ever, go to the polls. "The theory of my case has always been that we could expand the electorate," she told a Texas news station last month. "We could get people that normally don't participate in politics to be excited about getting involved."

This theory is dubious. In a detailed article last month, Texas Monthly called the idea that Democrats can prevail in the state simply by juicing turnout "the biggest lie in Texas politics." It noted that in 2018, when Beto O'Rourke came close to defeating the Republican senator Ted Cruz, he did so by winning over hundreds of thousands of Abbott voters who split their tickets. In that year's midterms, races across the country saw presidential-level turnout. But much of the reason there was a blue wave, according to the Democratic data firm Catalist, was that swing voters who opted for Trump in 2016 supported Democrats two years later.

Of course, some candidates have succeeded in part by inspiring low-propensity voters, most notably Trump and Zohran Mamdani. Both were outsider candidates who were able to motivate people who distrust conventional politicians. Crockett, however, isn't offering an alternative to the Democratic Party's status quo.

In Vanity Fair, she described Harris as a "perfect candidate" who "did everything right" and whose main flaw was a failure to get her message across. The video announcing Crockett's candidacy featured a close-up of her face with audio of Trump insulting her. His disdain is indeed a badge of honor, but it is probably not enough to activate voters who couldn't be bothered to vote against him when he was on the ballot.

Texas is a difficult environment for Democrats, but there are a lot of disaffected Trump voters in the state; according to the Texas Politics Project, the president's approval ratings are underwater there by seven percentage points. Crockett, however, is poorly positioned to pick up Trump defectors. In November, 49 percent of Texas voters told pollsters they would definitely not vote for her. Only 40 percent said that of Talarico.

The left mustn't let retrograde internet discourse stop it from saying the obvious.

Such numbers may explain why Republicans, according to the political news site NOTUS, worked behind the scenes to push Crockett into the race. The National Republican Senatorial Committee disseminated polls showing her winning a potential primary. Further, an anonymous source told NOTUS, Republicans ran an AstroTurf phone and text campaign urging Democrats to contact Crockett and ask her to run. Those efforts might have worked. "The more I saw the poll results, I couldn't ignore the trends, which were clear," Crockett said in her announcement speech.

Speaking to The Washington Post this week, Crockett seemed to suggest that the race was such a long shot that Democrats could afford to take chances. Addressing her critics, she said: "If you think it's a losing cause, then who cares? But at least you could say we tried something new and we learned something from this experience."

This gets things backward. Texas is not a lost cause, and Democrats cannot afford to treat it like one, given that they must flip four Republican seats if they are to retake the Senate.

If people hesitate to make the case against Crockett because they fear online pile-ons, only Republicans benefit. There is very little that's good to say about Elon Musk's transformation of Twitter into a white nationalist propaganda factory, but one tiny silver lining is that it has lessened the platform's malign influence on progressive politics. As Politico reported this week, now Republicans are the ones dealing with the site's toxic dynamics, as esoteric debates and influencer feuds tear at the MAGA movement.

But social media is much bigger than X, and the "Las Culturistas" episode shows that bad-faith social justice arguments still have a lot of power on the internet. The fault for this lies not with the people making those arguments but with those who let themselves be cowed by them.

The FT View

FINANCIAL TIMES
'Without fear and without favour'

ft.com/opinion

The dystopian world of Trump

He may have pulled back on Greenland, but a rupture of the old order is under way

The world today feels different from a week ago. A US president has threatened to use economic coercion against European allies to take territory and undermine the sovereignty of one of them. He has, for now, made a partial retreat; the western alliance clings on. But the president's capricious disregard for allies, rules and norms crystallised the sense that something fundamental has changed. This is Donald Trump's world now — and it is a dangerous place.

It is, of course, good news that the president on Wednesday backed away from suggestions that he might use military force to seize Greenland. He later withdrew his threat of tariffs on eight European countries if they blocked his Greenland ambitions, saying the framework of a deal was in place. European leaders displayed a defiance they have previously struggled to muster — and once again, faced with jittery markets and counterparts seemingly prepared to inflict pain on America, Trump gave some ground.

Indeed, in his terms, this week has hardly brought unalloyed success. It ended with him little closer to "owning" Greenland. Trump's Board of Peace initiative, which has morphed from an oversight body for Gaza into a would-be alternative UN, attracted a few dozen developing countries and autocracies. But democratic allies have mostly stayed away, along with emerging powers such as India and Brazil.

None of this, though, should offer too much comfort. The Greenland crisis could easily return. The terms of the framework deal, and whether it can really satisfy Trump, remain unclear. More importantly, through his readiness to trample on their rights and the disdain he displayed for them in his speech in Davos, the president has severely damaged the trust that cemented European and Nato allies' partnership with the US.

Two broad risks now loom. One is what the president himself might do next. Trump has been emboldened by his — admittedly successful — seizure of Venezuela's president. An unpredictable narcissist now combines a belief in his own and America's power with a propensity to act on his gut. Trump's partial pullback on Greenland followed one on intervention in Iran a week earlier. Just because he has pulled back before, though, does not mean he always will — and there is no telling where his attentions may turn. At some point he may make a serious mistake, and the rest of the world will pay.

The US president has turned geopolitics into a guessing game over whether he will "chicken out". The world is now relying to an alarming degree on members of Trump's circle, such as secretary of state Marco Rubio and Treasury secretary Scott Bessent, to rein him in, but they have calculations of their own.

> At some point the US president might make a serious mistake, and the rest of the world will pay

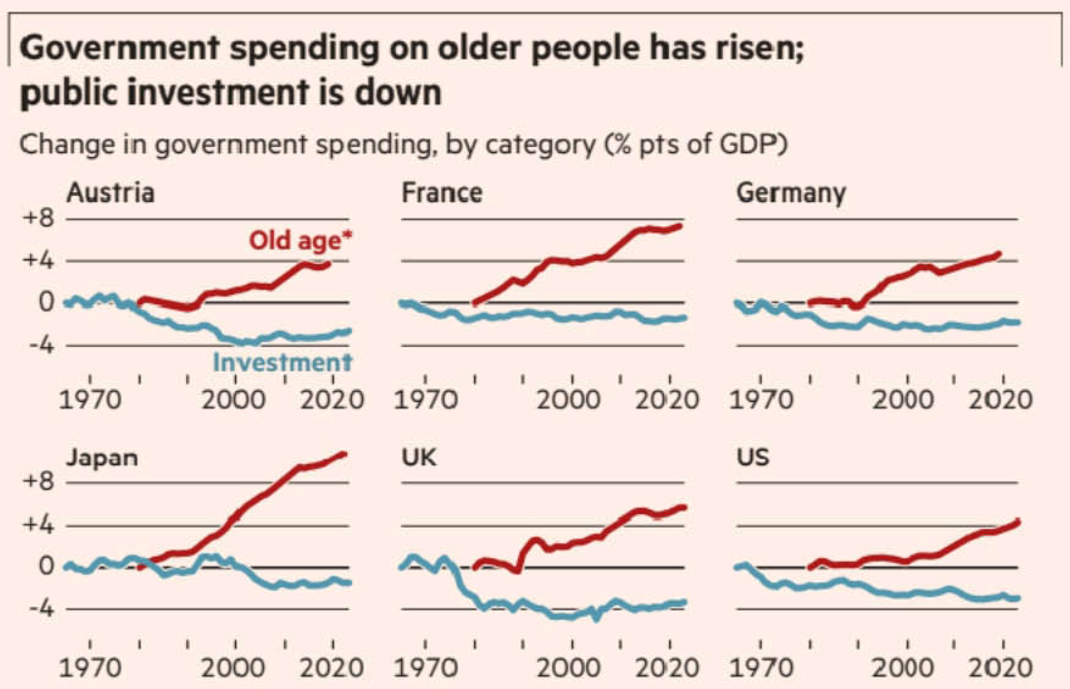
The second risk stems from what his behaviour may embolden others to do. Moscow and Beijing will focus more on Trump's signal that he sees it as acceptable for big powers to act as they see fit, and even seize territory, in their own spheres of influence, than on his failure to follow through on Greenland. At the same time, the president is undermining the US-led alliances that previously aimed to restrain great power rivals.

Canada's Prime Minister Mark Carney has set out a blueprint for how "middle" powers might co-operate to preserve some rules and institutions, and protect trade and security. European countries this week showed encouraging signs of recognising the need to stand up to Trump. The danger is they will lapse back into complacency if the immediate danger seems to recede. The real story of this week, however, is not that Trump blinked. It is, in Carney's words, that a rupture is taking place. The old order is gone, and it is not coming back.

Opinion Data Points

Is liberal democracy in terminal decline?

John Burn-Murdoch



*Old age spending includes pensions/social security as well as health spending on people aged 65+
Source: FT analysis of OECD, European Commission, UN Population Division

It can be easy to lapse into the view that the rise of liberal democracy over the past two centuries was an inevitable and natural part of humanity's forward march — a one-way journey to a better way of doing things. But this is not the case.

In a striking pattern most recently highlighted by US political economist Matthew Burgess, the advance of liberal democracy through the developed world has tended to track economic growth. This is not to rehash the view popularised by modernisation theory that growth automatically produces liberal democracies — look at China and the Gulf — but recent events suggest it may be necessary to sustain them.

Ominously, I find that when updating this analysis to the present day, the pattern has continued in reverse over the past 15 years: democratic backsliding, the advance of populists and the breakdown of the liberal world order have all tracked a clear economic and demographic slowdown. Viewed through this lens, the political and geopolitical turmoil of the past decade is not an aberration or a series of special cases, but the new normal.

This finding fits neatly with Canadian Prime Minister Mark Carney's observation at Davos that we are now in a fundamentally different world to the one of a couple of decades ago. Carney's comments were centred on geopolitics, but they apply just as well to this much broader sphere: the economic and demographic environment that allowed what he calls the "ruptured" liberal democratic order to take hold in the first place.

Crucially, this framing tells us that while Donald Trump is clearly a singularly disruptive figure, his rise is also symptomatic of much broader social and economic shifts — changed conditions that do not look set to reverse any time soon.

Research finds that key underpinnings of liberal democratic societies such as trust and co-operation between different communities and nations are fostered by rising prosperity. It creates optimism and serves as proof for core ideals such as the belief that we all gain if we put the greater good and long-term thinking ahead of narrow self-interest and short-termism. Economic growth also helps reduce ethnic and other inter-group tensions, increasing trust by weakening the sense of fighting over a fixed pool of resources.

The new low-growth world of zero-sum competition and ageing populations is fundamentally different, and it follows that it will have fundamentally different politics. Stagnation breeds a politics of impatience, self-interest, hostility towards out-groups and a "smash the system" disregard for norms and institutions that were centuries in the making.

Increasingly top-heavy demographics damp economic dynamism since older workers are less innovative and less likely to move jobs (a key source of creative destruction). The changing age profile of society places ever greater pressure on public finances, prompting unpopular tax rises and squeezing out the kinds of spending that provide visible evidence of progress or plant the seeds of growth in the years to come. The results are decaying infrastructure, weak productivity growth and record-high dissatisfaction with the governments and broader political systems that have overseen this slide.

Is liberal democracy, then, in terminal decline? The rise of Carney himself offers a glimmer of hope, fuelled as it was by a reaction against Trump. But electoral trends in Europe do not suggest a repeat. A broad-based recovery of the liberal order will probably depend on a turnaround in the underlying trends, and here the signs are less promising. Attempts to soften the impact of worsening demographics are routinely rejected by voters and parties on both left and right. And the most promising source of renewed economic dynamism — AI — is likely to worsen inequality and increase societal instability, further undermining faith in democracy and hastening the slide into a zero-sum world.

Events of the past year have shocked the democratic world out of its daze, but it is these more powerful and slow-moving forces that should be the lasting cause for concern. Trump may fade from view in a few years, but any expectation that the liberal order will snap back flies in the face of the evidence. The old system was one that worked under a particular set of conditions. Those conditions are no longer present.

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Letters

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Let the Fed do its job without Maga meddling

Brendan Greeley ("Trump is courting the old crises in America's money", The Long View, January 17) is square on the mark. Monetary policy is not supposed to be so exciting, nor so terrifying.

When President Donald Trump treats the Federal Reserve like a personal ATM with loyalty tests attached, we are flirting with far more than a 1970s-style inflation drama. We are fast-forwarding through a replay of the very crises the central bank was — after considerable trial and error through history — designed to prevent.

Remember 1907, when the financier JP Morgan had to play firefighter because there was no lender of last resort. Or the wildcat banking era before that, when every town had its own scrip, or alternative currency, and "sound money" meant you were lucky not to get robbed by your local banker. We have spent over a century building institutions precisely so that economic stability is not hostage to one man's Twitter — sorry, Truth Social — feed or his golf buddies' whims.

The right loves to scream "socialism" at any hint of public oversight, but nothing screams oligarchic central planning like turning the world's reserve currency into a political loyalty programme. If we want to avoid the kind of chaos that once required literal bank holidays, perhaps we should let the experts do their job without the Maga interference.

Thanks are due to your columnist for the reminder: history does not repeat, but it does love a good sequel — especially when the audience has forgotten how badly the last one ended.

Mariano Torras
Professor of Economics
Adelphi University, Garden City, NY, US

Europe's dinner table divide

Janan Ganesh (Life & Arts, January 17) argues that parts of Europe's hard right are warming to the idea of a United States of Europe, not out of liberal idealism but as a conservative project to defend European civilisation.

For many Europeans, one barrier will be that of language. As a non-French-speaking Finn living in Paris, who likes to think he has a decent grasp of art and knows how to order the right wine, I am rarely taken for a Frenchman. If shared civilisation struggles to bridge the dinner table divide, what difficulties will be faced trying to forge a deeper political union.

Robert Mathur
Paris, France

Language learning, from Chomsky to Kubrick's 2001

I was disappointed with Yann LeCun's Lunch with the FT (January 3). If this guru's definition of intelligence is as basic as he claims, I doubt we will ever make transformative progress with AI. He reduces it all to a crass example of learning as "stimulus and response" — you pinch me as a stimulus, I feel pain as a response, and act accordingly in future exchanges.

This mechanistic model is exactly what Noam Chomsky, whom LeCun cites disapprovingly, rubbished in his seminal polemic with the psychologist BF Skinner discussing how we learn a language. The process is in fact far more complex, and, dare I say, beautiful. Simple observation shows that any child brought up in a poor to middling verbal language environment will, in the space of a few years, go from nothing in terms of linguistic ability to being able to articulate a potentially infinite number of well formed sentences in one language. This cannot be adequately explained in terms of stimulus and response alone — human beings are not laboratory rats. Chomsky's life's work has been directed to trying to define and understand the links between language and mind, psychology and consciousness.

It is a shame that Professor LeCun appears to miss one of the central conceits of the film *2001: A Space Odyssey* — namely that perhaps learning and the acquisition of knowledge need not be incremental, but may well come in seismic shifts in what is most probably the most complex organ we know of in the universe.

Steve Priddy
Spetisbury, Dorset, UK

Corner shops repurposed as ersatz fulfilment centres

Re Carlo Ratti's column, I do enjoy these sorts of rigorously pragmatic urban rethink topics in your paper ("How to unclog our crowded cities", Opinion, January 3).

Naturally, weaning people off the 20th-century profligate fantasy of lightning-fast, free, doorstep delivery is long overdue. We need to temper our outdated consumer fascinations and culture of instant gratification while calming our crowded roads, though I'm afraid as a Gen-Z reader I can't resist offering my own solution.

My generation's expansive uptake of Vinted, and other second-hand marketplaces, has unleashed torrents of inexpensive after-market goods which are distributed through a network of parcel shops. This portfolio of struggling newsagents and family-run corner shops has been transformed into a fleet of ersatz fulfilment centres, juggling masses of goods wholly distinct from the ageing and grotesque phenomenon of what online retail resembles today.

It may perhaps be a feat of undue and radical sanity to many conventional economic minds to democratically distribute goods for piecemeal prices at walkable distribution hubs established within existing commercial premises when there's an overpriced and increasingly unpopular consumer goods industry to prop up, but this arrangement does seem rather sensible to me, not least because, in the newsagents, I'm within arms reach of my prized FT Weekend.

Laurence Russell
Young person & anti-consumerist,
London N5, UK

Sheilah Graham 'kept a watchful eye' on F Scott Fitzgerald's drinking

Magazine piece that has reader up in arms

I read with dismay Miles Johnson's excellent magazine article about how a failed baseball player and former stock broker became a major arms dealer ("Empire of shells", Spectrum, Life & Arts, December 20).

As a human being and a secondary school teacher I find it unbelievable to think there are people for whom "war is economics".

My wife is Bosnian. She miraculously survived a Serbian shell explosion in Tuzla in 1995. It enrages me to know that somebody considers a weapons plant in Sarajevo to be normal business. That's something I'll never accept.

We are living in a time where peace treaties and war reconstruction plans become business deals. This is a moral apocalypse. It makes me suffer so much, even at the age of 64. But until the last minute of my life I'll try and do my very best to expose this shameful business.

Thanks very much to your investigative journalist, Miles Johnson.

Giancarlo Sestini
Civitella Val di Chiana, Tuscany, Italy

EU groupthink manifests itself as polite silence

Simon Kuper's excellent magazine essay on Europe's governing elite captures something essential about the continent's political paralysis (Spectrum, January 17). I would add one further, decisive factor: groupthink has become not merely a flaw of Europe's elites, but a systemic constraint on their ability to perceive reality.

Groupthink does not manifest itself through loud conformity, but through polite silence. I experienced this directly in 2021, at several policy conferences in Brussels.

At the time, I argued that Russia was deliberately destroying the European gas market — not through prices alone, but as part of a broader hybrid strategy aimed at politically squeezing Europe. This was happening simultaneously with the orchestrated migration pressure on the eastern borders of Poland and Lithuania.

The response was striking. There was no counter-argument, no debate. Just silence. In subsequent panels and papers, the gas crisis was framed almost exclusively as the outcome of market forces: post-pandemic demand, supply bottlenecks, weather effects.

The geopolitical dimension was treated as impolite speculation, something too "alarmist" for serious discussion.

Europe does not lack expertise or values. What it lacks is a culture that encourages early, uncomfortable truths. Until dissent is treated as an asset rather than a reputational risk, Europe will continue to react late, cautiously and find itself collectively surprised.

Piotr Arak
Chief Economist, VeloBank, Warsaw, Poland; Non-resident Senior Fellow, Atlantic Council, Washington, DC, US

Healing for hedgehogs

I missed the online comments for the latest "Patrick Grant's diary of a garden rescue" ("Hedgehog heroics", House & Home, FT Weekend, January 17).

However, I shared his lovely hedgehog observations with my brother, Dr Vincent Forte, who having retired from mending people now rescues hedgehogs and other animals.

He commented: "Really lovely article but a few things missing that may assist. Don't offer a hedgehog milk, mealworms, peanuts or sunflower hearts. Don't feed a cold hedgehog until it has warmed up."

The FT Weekend is bursting with so much fantastic content. I've torn out so many pages for future reference, the paper now lies in bits across my living room floor. Thank you so much for consistently great journalism.

Giovanna Forte
Brighton, East Sussex, UK

That's one way to serve up breakfast at Cliffs of Moher

In Tim Hayward's guide to cooking with cast-iron skillets (Spectrum, Life & Arts, January 17) he writes that he inherited his first cast-iron pan from his first wife.

I've been keeping a cast iron skillet as a pet since I rescued it from a car park at the Cliffs of Moher in County Clare, Ireland, back in the 1980s. We parked the car to walk to the famous cliffs and at the back of the parking space was a well used skillet containing the remains of someone's breakfast. On our return some six hours later it was still there, so I took pity on it . . .

If there is any one out there who has lost it, I have taken excellent care of it and can return it in "as found" condition . . .

Liz Woods
St Ives, Cornwall, UK

How did Fitzgerald turn out those Pat Hobby stories?

In his column "F Scott Fitzgerald's final Christmas wish" (Opinion, December 27), John Self writes that in 1939 "Fitzgerald was alone and struggling to stay off the drink".

This is unjust: during that fatal final year of his life, Fitzgerald was not alone. As Arnold Gingrich of Esquire magazine pointed out years later, Sheilah Graham, who was living with the writer, "kept a watchful eye" on his drinking while he was turning out the Pat Hobby stories.

Her eloquent testimony to Fitzgerald in her book *Beloved Infidel: The Education of a Woman* seems to have been sadly ignored by the Fitzgerald "industry". But would Pat Hobby have ever reached Esquire without her steadying hand?

Paul Tracy
Nice, France

A job for a monstrously risk-averse regulator

I think in identifying the reality that is the "monstrously risk-averse Building Safety Regulator", your contributor Camilla Cavendish may have provided a convenient diplomatic solution regarding China's new "mega" embassy (Opinion, FT.com, January 10).

The government should simply make construction of the embassy subject to BSR approval. As a consequence, there's no chance it will be built for a couple of decades or more. Problem well and truly kicked down the road!

Neil Milne
London W2, UK

Correction

● The nations of Sweden and Finland were transposed in a map in the Life & Arts section last weekend.

Opinion

What business should be thinking about post-Davos

FINANCE

Gillian Tett

A century ago, the economist Frank Knight argued in a book entitled *Risk, Uncertainty and Profit* that while some historical eras are shaped by measurable risks, others are plagued with unfathomable uncertainty.

It is a distinction that has haunted the World Economic Forum this week. The Davos elites are generally skilled at measuring economic and financial risks. Some model environmental ones too, such as extreme weather. But few feel ready for the current domestic and geopolitical uncertainty, which is being exacerbated by unprecedented technological change.

Just ponder what has happened in the past few days: US President Donald Trump started by threatening to invade Greenland, and slapping on tariffs; then he seemed to back down; and now he has unveiled a rather baffling "Board of Peace".

"We don't see any end to this turmoil," lamented the risk officer of a major pharmaceutical company. "In fact, we expect it to increase."

So how can chief executives or investors parse all this uncertainty? Judging from the chatter at Davos — which often felt akin to a C-suite therapy session — there are four key lessons to absorb.

The first, and most obvious, is to heed Mark Carney, Canada's prime minister, who declared this week that we face geopolitical "rupture". In practice, that means the three "P's" of populism, protectionism and extreme patriotism (or nationalism) have reappeared in ways reminiscent of the turbulent interwar years, as Christine Lagarde, head of the European Central Bank, told the WEF.

This has already prompted a reshuffling of supply chains, as protectionism has a significant impact on traded goods. But nationalism could affect finance, too. History shows that trade wars often turn into capital wars, as Ray Dalio, founder of Bridgewater, also observed this week.

Consumer markets may shift, as well. A new survey from the Edelman PR group, for example, shows that global consumers increasingly trust domestic brands more than foreign ones.

A second lesson is that we should also brace for rising government intervention, framed as patriotic and populist capitalism. Trump exemplifies this: although the Greenland issue grabbed most attention from his speech in Davos, what was striking was that he celebrated plans to impose new controls over US real estate investment and credit card fees.

This follows recent White House moves to meddle in the mortgage-backed securities market, as well as the mining, energy and defence sectors, for populist and national security reasons respectively. "This is state capitalism to the power of two. We are becoming like China!" says economist Nouriel Roubini, who argues this exceeds anything promised by Zohran Mamdani, the self-styled "socialist" mayor of New York.

European countries are not aping Trump quite yet. But this variant of patriotic and populist capitalism could easily spread. Companies thus urgently need to know how to get both a "government *and* popular licence" to operate, as Ngaire Woods, head of Oxford's Blavatnik School of Government, tells me.

> For executives or investors, ignoring upside risks is as dangerous as discounting downside ones

The third lesson for CEOs is that nobody can afford to stay in a cosy echo chamber. Consider, by way of one example, the tale of wind turbines. Back in 2021, Tucker Carlson, the Maga TV host, made a documentary lambasting turbines as an evil European invention.

Few liberal elites paid any attention or indeed even knew about it (as I noted at the time); our information systems today are tribal. But on Wednesday Trump himself ranted about those turbines, shocking those present. The lesson? Do not ignore anything political figures say, however weird or distasteful it might seem.

Or, to cite Woods again: while humans naturally cling to people like themselves in uncertain times, we need to do the opposite, and embrace more intellectual diversity, not less.

The fourth lesson, however, is that we shouldn't be consumed by pessimism, even if this is a natural human reaction to uncertainty. For executives or investors, ignoring upside risks is as dangerous as discounting downside ones.

Consider the US, once again. When Trump unleashed policy "rupture" a year ago, it sparked gloomy economic predictions. However, as he crowed at Davos, the American economy is booming in 2026, due to a mix of monetary, fiscal and regulatory stimulus.

More striking still, US officials told the Davos crowd that annual growth would soon top 5 per cent. This may be wildly over-optimistic; many CEOs are now muttering about a slowdown later this year. But the pattern shows the risks of ignoring upside scenarios.

That is why almost no corporate executive I spoke with this week plans to shun the US, whatever they think about the politics. And it is why big investors tell me they won't dump dollars, even if they hedge with gold.

To put it another way: the only rational response to the turmoil unleashed by Trump this week in Davos is to diversify madly, leave your echo chamber and embrace imagination about the future. And then dip into *Risk, Uncertainty and Profit* to remind yourself that this is not the first time humanity has experienced this challenge — and survived.

gillian.tett@ft.com

Nato's secretary-general has shown he is happy to use flattery in order to get things done, writes *Henry Foy*

Person in the News | Mark Rutte

Europe's Trump whisperer-in-chief

The morning after striking a deal with Donald Trump over Greenland that appeared to have eased the biggest crisis in transatlantic relations for decades, Mark Rutte was revelling in his now gold-plated reputation as Europe's ultimate Trump whisperer.

"The president and I agreed to implement his vision, which I think is spot on," the Nato secretary-general said on the sidelines of a Davos breakfast event, where he was strikingly ebullient, even by his own famously breezy standards. "We had a very good discussion."

Rutte's private conversation with Trump not only saw the US president withdraw his threat to impose tariffs on Europeans and ease his rhetoric about conquering Greenland, but it appeared to come at a very low price: a promise to open talks on the future US presence on the Arctic island.

A dozen friends, colleagues and former political allies and rivals of the former Dutch prime minister tell the FT that the feat was classic Rutte: a compromise built on personal connection and a laser focus on finding an outcome — lubricated by lavish praise for Trump that has often bordered on sycophancy.

"Fourteen years of leading Dutch coalition politics made him very good at finding compromises and making deals. And he seems unfazed by whatever crisis he has to deal with," says Ernst Dijxhoorn, assistant professor at Leiden University.

Rutte "has understood better than anyone else the submarine principle when dealing with Trump", says one European diplomat who has worked closely with him. "You stay below the surface, don't make waves, and surface only when you absolutely need to, to get something done."

After leading the Netherlands from 2010 to 2024, Rutte's political dexterity and his already good rapport with Trump made him the overwhelming choice to lead Nato through what the military alliance's European members knew could be a deeply difficult period should the Maga leader return to power.

Since taking the helm in October 2024, he has made "Trump-handling" his principal focus, leaning heavily on his ability to establish close ties with his interlocutors. One former Nato prime minister who shared private summits and meetings with Rutte described him as "warm, meticulous and an incredible relationship-builder".

Rutte never fails to respond to text messages from politicians within five minutes, and routinely follows up on reading suggestions, advice and ideas. A life-long bachelor, he works around the clock, often inviting other European leaders to dinner in The Hague to discuss issues in an informal setting.

The youngest of seven children, the 58-year-old was born and raised in the Dutch administrative capital, and worked as an HR manager for Unilever before entering politics. His down-to-earth political image, friends say, is genuine: as prime minister, he would cycle to work and taught a weekly social sciences class at a local high school.

Two people who negotiated with and against Rutte as prime minister say he would always deploy "industrial-grade charm" to force a deal. "Flattery, loyalty to the max and efforts behind the scenes to bring everyone on board," says one.

That trait was on display when Rutte referred to Trump as "Daddy" in a televised discussion at the Nato summit in The Hague last summer, where Trump was demanding European states vastly increase defence spending. He also sent a text message to Trump — later published online by the US president — that read: "Europe is going to pay in a BIG way, as they should, and it will be your win." Rutte's gushing praise drew widespread mockery and made many alliance officials uncomfortable, but people close to him say he didn't care about the backlash — the gambit worked.

"There was a lot of criticism of the 'Daddy' quotes," says the ex-Nato prime minister, "but in his mind it was like, 'Yeah, who cares? I got this thing done.'"

"He delves deep into what makes the other tick, and then bases his actions on that," says Robert de Groot, who was Rutte's ambassador to the EU when he was prime minister.

"As Nato secretary-general, his preoccupation is to keep everyone in the wheelbarrow, which is not easy," adds de Groot, who is now vice-president of the

> 'He delves deep into what makes the other tick, and then bases his actions on that'

European Investment Bank. "If Rutte has to flatter to get a result of which everyone says, 'Thank God this went well,' then he'll do that."

As Dutch prime minister, he led four different coalitions, almost all of which were unstable, fractious and required constant management. He found ways to make his centrist VVD work with parties from across the spectrum. His first coalition relied on a controversial confidence and supply deal with Geert Wilders' far-right nationalist PVV, demonstrating his ability to put pragmatism over ideology. "If you are looking for vision," he famously quipped, "you'd better visit an optician."

"He was able to work with everyone," says de Groot, citing Hungary's Eurosceptic leader Viktor Orbán, Turkey's Recep Tayyip Erdoğan and French President Emmanuel Macron.

"I'm not popular with you now because I'm defending Donald Trump, but I really believe you can be happy that he is there," Rutte told a Davos audience on Wednesday before his meeting with the US president. "He has forced us in Europe to step up . . . Without Donald Trump, this would never have happened."

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Additional reporting by Barbara Moens and Sam Fleming

Banning under-16s won't fix social media

Jay Graber

Social media was supposed to be a democratising force. But social platforms have given a handful of individuals more control over public discourse than any media executives in history. A few oligarchs now control what billions of people around the world see, hear and read.

This isn't a natural outcome of technological progress. Deliberate choices to eliminate competition, lock in users and optimise for engagement — regardless of the cost — have produced the toxic social media ecosystem that we find ourselves in today.

A social media company is one of the hardest businesses to start because it only works at scale and platforms don't want to let users leave with their data and connections. This has resulted in a situation in which the customer has little leverage. If you don't like what a platform does — you disagree with its moderation policy, say, or its use of your data — your only options are starting over from scratch or lobbying for change.

I'm convinced that the anger that people feel against Big Tech is a direct result of their powerlessness. They're shocked by the decisions the leaders of these companies have made, and frustrated that they have nowhere else to go.

The situation is not getting better. Recently X allowed users to generate non-consensual intimate images in seconds via its AI chatbot Grok, harassing women and endangering children. This crosses a line the industry held for decades. Yet it is also a symptom of the same distorted incentive: to keep you scrolling at all costs. The result is a growing campaign to protect the most vulnerable members of society: children.

Last year, Australia became the first country to ban children from 10 social media platforms, including Facebook and TikTok. The government there pointed to the deliberate design of features that encourage children to spend more time on screens.

France is debating bills that would prevent under-15s from accessing social media. In the UK, a consultation on banning under-16s has been backed this week by the House of Lords. Denmark, Norway and Malaysia are discussing similar restrictions.

I believe that competition and innovation could help better protect young people, without denying them the benefits of communication and sharing responsibly. There is so much we could do, if the regulatory framework was a partner rather than a cudgel.

While age-verification laws are sensible in theory, the way they're being implemented around the world risks compromising free expression and creating barriers to competition by favouring the giants they claim to police.

Public companies with thousands of employees can comply with cumbersome regulations, while start-ups with a few dozen engineers face serious, even existential burdens. Meta has more people working on compliance than Bluesky's entire team. Regulations that impose fixed costs on every company hit the smallest ones hardest.

We built Bluesky based on lessons learnt from earlier social media controversies. A decentralised, open network provides greater opportunities for innovation and experimentation, and for iterating improvements instead of dictating a one-size-fits-all approach to every problem.

Competition can be an effective way to change things. For years, regulators and users petitioned Meta to bring back a chronological feed. Meta ignored them until users started migrating to rivals. At that point Meta added it as an option. Closed platforms don't just lock in users, they lock out experimentation. The current outcry in response to the tools offered by Grok represents the latest demonstration of collective user frustration.

It doesn't have to be this way. Open networks like Bluesky are created in a way that means no one, including us, can lock in users or capture their data. The identity of users and their relationships are portable, so they can leave without starting over. The goal is to connect users

> Competition could help better protect young people online, without denying them the benefits

with what they want to see, not to extract as much attention as possible.

Open networks also let developers innovate. Right now, there are over 400 apps built on the same social graph, each trying something different. Skylight, for example, is a TikTok-style app built by two developers who are unaffiliated with Bluesky.

There are two futures before us. In one, closed platforms strangle competition, keeping everything we see under the control of a few companies with no incentive to make things better.

In the other, open networks let anyone with a good idea build a better version of social media. The second future won't happen on its own. It requires users choosing open alternatives and regulation that levels the playing field.

Social media was supposed to give everyone a voice. We can do this thoughtfully and responsibly, while protecting young people and promoting innovation. Social media can fulfil its original promise, but only if we build systems that make capture impossible.

The writer is chief executive of social platform Bluesky

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