**INTERNATIONAL RELATIONS**

**An act of self-defence**

**India makes a successful case for surgical strikes to the world. Now government must address doubts within.**

According to current international law, there are only two scenarios in which armed intervention by one state in the territory of another is permitted: With the authorisation of the UN Security Council or in self-defence. All other use of force is illegal. The Security Council’s authorisation comes in the form of a resolution under Chapter VII of the Charter. Thus, the American intervention in Afghanistan in 2001 was legitimate since it had been approved by the Security Council whereas its invasion of Iraq in March 2003 was illegal since it did not have the UN’s endorsement.

As for the right of self-defence, it has been strictly defined in Article 51 of the Charter. This right is available only in the event of an attack by another state. It cannot be invoked in anticipation of an attack.

India’s surgical strike carried out in the early hours of September 29 is justified on two counts. It was clearly an act of self-defence after the Uri attack; the Charter does not say the right of self-defence must be exercised within a prescribed time limit. Secondly, it was not legally speaking, an armed action in the territory of another state. After the partition of the Subcontinent, Pakistan signed a Standstill Agreement with the ruler of the state of Jammu and [Kashmir](http://indianexpress.com/tag/kashmir/). India did not sign this instrument. Pakistan launched an invasion of Kashmir despite having signed the Agreement. The ruler asked for India’s help, but India refused in the absence of the ruler concluding the Instrument of Accession with India. Only after he did so did India rush troops to repulse the invaders. Thus, India’s military action in 1947 and all subsequent such actions, including the one on September 29, were within our own territory and hence not a violation of international law.

In an address on “India’s Foreign Policy” to the Indian Council of World Affairs on March 22, 1949, Prime Minister Nehru said about relations with Pakistan: “There is no doubt at all in my mind that it is inevitable for India and Pakistan to have close relations — very close relations sometime or the other in future, situated as we are, with all our past. We cannot really be just indifferent neighbours. We can either be rather hostile to one another or very friendly with one another. Ultimately, we can only be really friendly, whatever period of hostility may intervene in between”. Nehru’s conviction was understandable since he did not have to deal with another aggression by Pakistan after 1947-48.

What Nehru said in 1949 about hostility has been proved right. Unfortunately, his confidence that ultimately there have to be really good relations at some time in future has yet to be borne out after a 70-year history, mostly of hostility.

Many analysts have criticised the government’s “flip flop” policy towards Pakistan. Consistency is not necessarily a virtue in diplomacy; it might even indicate lack of adaptability to changing circumstances. Pakistan is consistent in its India policy; it is consistently hostile. But we, most of us anyway, genuinely wish for “non-hostile” relations with Pakistan. Hence, we need to be pragmatic, flexible and subtle in diplomacy. We also need to be realistic.

PM Modi was right to have tried the friendly approach by inviting Nawaz Sharif to his inauguration ceremony and also to drop in in Lahore to wish Sharif on his birthday. It is better to have tried and failed than not to have tried at all.

Many Pakistan watchers believe that Nawaz Sharif genuinely wants better relations with India. Well, so far, he has given no evidence that he is unhappy with the military’s anti-India stance.

There was also a question about the wisdom of raking up the Balochistan issue. The government must have thought through the possible consequences and the end result that it might have in mind. However, unlike J&K, Balochistan is not on the agenda of the UN Security Council.

It was Prime Minister Manmohan Singh who had agreed to bring Balochistan into the bilateral agenda at Sharm el-Sheikh. The government has been careful in not calling for secession or independence for the Baloch people which will not get support from any other country. “Bangladesh” cannot be repeated in Balochistan. Perhaps the government has another objective in mind. Focusing on the hazardous security situation in Balochistan as well as in Gilgit Baltistan might give China second thoughts on the China Pakistan Economic Corridor. At a minimum, it will slow down the pace of work on the Corridor. Already, China has asked Pakistan to ensure security for the projects which form part of the scheme.

The government’s campaign to diplomatically isolate Pakistan has succeeded at least beyond this writer’s expectations. In South Asia, Pakistan has been forced to postpone the SAARC summit. All other members of SAARC have condemned the Uri attack. Each of these countries has its own reasons for the decision. Nevertheless, the fact that they announced their non-participation so soon after India did suggests a solidarity with India. Internationally, all major powers have supported India. Pakistan’s effort to raise the issue in the Security Council has been rebuffed. Uri has had an impact the Pakistan establishment simply did not anticipate.

But this does not mean total isolation. Pakistan is a significant military power and has at least one reliable friend in China. The concern that some countries have expressed at the tensions and their advice to both countries to resume dialogue is legitimate and should not be taken as unfriendly to India. In this context, it is imperative for us to keep in close touch with those powers, not least with Russia.

Some political parties have expressed doubts about the army’s claim of having carried out the surgical strikes, quoting Pakistan’s denial as well as UN observers. We should dismiss the UN part of it since we do not recognise its jurisdiction. As for Pakistan, what else can one expect? The government is justified in not wanting to release the video of the operation. The Pakistan establishment is still smarting from 1971.

Releasing the video will add to their humiliation and make it impossible for them not to react in some fashion. Nevertheless, the government can and ought to take responsible politicians into confidence and arrange a private, confidential screening of the video to remove all doubts.

**The Pakistani epicentre of terror**

The footprints of many terrorist attacks in the West have been traced to Pakistan. US should use its leverage to ensure that the Pakistani military is brought to heel

**Berlin:** Almost seven decades after it was created as the first Islamic republic of the postcolonial era, Pakistan is teetering on the edge of an abyss. The economy is stagnant, unemployment is high, and resources are scarce. The government is unstable, ineffective, and plagued by debt. The military—along with its rogue Inter-Services Intelligence (ISI) agency, comprising the country’s spies and secret policemen—is exempt from civilian oversight, enabling it to [maintain and deepen](https://www.amazon.com/Deadly-Connections-States-Sponsor-Terrorism/dp/0521548683/ref%3Dsr_1_1_twi_pap_1?ie=UTF8&qid=1476012965&sr=8-1&keywords=Deadly+Connections%3A+States+That+Sponsor+Terrorism) its terrorist ties.

Nuclear-armed Pakistan is now [**at risk**](http://fsi.fundforpeace.org/) of becoming a failed state. But even if it does not fail, the nexus between terrorist groups and Pakistan’s powerful military raises the specter of nuclear terrorism—a menace so large that the United States has prepared a contingency plan to [**take out**](http://investigations.nbcnews.com/_news/2011/08/03/7189919-us-prepares-for-worst-case-scenario-with-pakistan-nukes) the country’s [**fast-growing**](http://www.nti.org/learn/countries/pakistan/nuclear/) nuclear arsenal should the need arise.

Make no mistake: Pakistan is “ground zero” for the terrorist threat the world faces. The footprints of many terrorist attacks in the West have been traced to Pakistan, including the 2005 London bombings and the 2015 San Bernardino killings. Two key actors behind the 11 September, 2001, terrorist attacks in the United States—Osama bin Laden and Khalid Sheik Mohammed—were found [**ensconced**](https://www.washingtonpost.com/opinions/from-pakistan-answers-needed-about-osama-bin-laden/2012/04/03/gIQAKliytS_story.html?utm_term=.14673d1a950e) in Pakistan. In the recent Manhattan and New Jersey bombings, the arrested suspect, Ahmad Khan Rahami, was radicalized in a Pakistan [**seminary**](https://www.theguardian.com/us-news/2016/sep/23/ahmad-khan-rahami-pakistan-taliban-new-york-bombing-terrorism?CMP=share_btn_tw) located near the Pakistani military’s hideout for the Afghan Taliban leadership.

But it is Pakistan’s neighbours that are bearing the brunt of its state-sponsored terrorism. Major terrorist attacks in South Asia, like the 2008 [**Mumbai strikes**](https://www.theguardian.com/world/2010/oct/18/pakistan-isi-mumbai-terror-attacks) and the 2008 and 2011 assaults on the [**Indian and US embassies in Afghanistan**](http://www.reuters.com/article/us-usa-pakistan-idUSTRE78L39720110922), respectively, were apparently orchestrated by the ISI, which has reared terrorist organizations like Lashkar-e-Taiba, Jaish-e-Mohammad, and the Haqqani network to do its bidding. This is no hearsay; former Pakistani military dictator Pervez Musharraf has largely [**acknowledged**](http://www.thehindu.com/news/international/south-asia/pakistan-supported-trained-terror-groups-like-lashkaretaiba-pervez-musharraf/article7813284.ece) it.

In India, in particular, the Pakistani military—which, despite being the world’s [**sixth largest**](http://data.worldbank.org/indicator/MS.MIL.TOTL.P1?order=wbapi_data_value_2013+wbapi_data_value+wbapi_data_value-last&sort=desc), would have little chance of winning a conventional war against its giant neighbour—uses its terrorist proxies to wage a clandestine war. This year alone, Pakistani military-backed terrorists have crossed the border twice to carry out attacks on Indian military bases.

In January, Jaish-e-Mohammad struck India’s Pathankot air base, initiating days of fighting that left seven Indian soldiers dead. Last month, members of the same group crossed the border again to strike the Indian army base at Uri, killing 19 soldiers and prompting India to carry out a [**retaliatory surgical strike**](https://www.project-syndicate.org/commentary/india-strikes-pakistani-militants-by-shashi-tharoor-2016-10) against militant staging areas across the line of control in disputed and divided Kashmir.

Afghanistan and Bangladesh also accuse ISI of undermining their security through terrorist surrogates. They blame Pakistan for the recent grisly attacks in their respective capitals, Kabul and Dhaka, in which a [**university**](http://www.dawn.com/news/1279904)and a [**café**](http://www.hindustantimes.com/world-news/bangladesh-blames-pakistan-s-isi-homegrown-militants-for-dhaka-terror-attack/story-XSJLchOPFuwksSkMxfTsXN.html) were among the targets.

Such activities have left Pakistan isolated. Just recently, its regional neighbours—Afghanistan, Bangladesh, Bhutan, India, Nepal, and Sri Lanka—pulled the plug on a South Asian Association for Regional Cooperation (Saarc) summit that was scheduled for early next month in Pakistan’s capital, Islamabad. Sri Lanka’s prime minister, Ranil Wickremesinghe, has [**warned**](http://gulfnews.com/news/asia/india/cross-border-attacks-core-issue-for-saarc-sri-lankan-pm-says-1.1907670) that “cross-border terrorism” imperils the very future of Saarc.

But diminished international standing and growing regional isolation have been insufficient to induce Pakistan’s dominant military to rethink its stance on terrorism. One reason is that Pakistan retains some powerful patrons. Beyond receiving financial support from Saudi Arabia, Pakistan has, in some ways, become a client of China, which provides political protection—even for Pakistan-based terrorists—at the United Nations Security Council.

This month, China torpedoed, for the fifth time in two years, proposed UN sanctions on Masood Azhar, the Pakistan-based head of Jaish-e-Mohammed, which the UN designated as a terrorist outfit years ago. The sanctions were backed by all other members of the Security Council’s [**anti-terror committee**](https://www.un.org/sc/suborg/en/sanctions/1267), not least because India had presented evidence linking Azhar to the terrorist killings at its two military bases.

In terms of financial aid, however, it is the US that serves as Pakistan’s biggest benefactor. Yes, even after finding the likes of Bin Laden on Pakistani soil, the US—the country that has spearheaded the so-called War on Terror—not only continues to deliver billions of dollars in [**aid**](http://www.nytimes.com/2016/05/12/opinion/time-to-put-the-squeeze-on-pakistan.html) to Pakistan, but also supplies it with large amounts of lethal [**weapons**](https://www.fas.org/sgp/crs/row/pakarms.pdf). US President Barack Obama’s administration also opposes a move in Congress that would officially [**brand**](http://poe.house.gov/2016/9/chairman-poe-introduces-the-pakistan-state-sponsor-of-terrorism-designation-act) Pakistan a state sponsor of terrorism.

This approach reflects Obama’s commitment to using inducements to coax the Pakistani military to persuade the Taliban to agree to a peace deal in Afghanistan. But that policy has failed. The US remains stuck in the longest war in its history, as a resurgent Taliban carries out increasingly daring attacks in Afghanistan with the aid of their command-and-control structure in—you guessed it—Pakistan. No counterterrorism campaign has ever succeeded when militants have enjoyed such cross-border [**havens**](http://www.cbsnews.com/news/leon-panetta-us-reaching-the-limits-of-our-patience-with-pakistan-terror-safe-havens/).

Achieving peace in Afghanistan, like stemming the spread of international terrorism, will be impossible without making the Pakistani military accountable to the country’s civilian government. The US has a lot of leverage: Pakistan has one of the world’s lowest tax-to-gross domestic product ratios, and is highly dependent on American and other foreign aid. It should use that leverage to ensure that the Pakistani military is brought to heel—and held to account. **© 2016/Project Syndicate**

**Leading the divided nations**

The United Nations Security Council’s broad consensus in [nominating António Guterres for the post of Secretary-General](http://www.thehindu.com/news/international/portugals-guterres-to-be-next-un-secretarygeneral/article9189247.ece?css=print) is an auspicious start to what could be a more assertive UN in wrestling with the many crises of the world. Last week, 13 of the 15 members of the Council, including the five veto-wielding permanent members, sent the name of the former Portugal Prime Minister to the General Assembly for final approval. If the Assembly passes his nomination, then as the UN’s ninth Secretary-General Mr. Guterres will have to expediently attend to a number of pressing issues, including the worsening international refugee crisis and the scourge of terrorism, both in part linked to the debilitating Syrian war. His experience as the UN High Commissioner for Refugees will come in handy as he goes about negotiating to find shelter for and rehabilitate refugees from Syria, who at last count numbered well above four million worldwide. At the UNHCR, Mr. Guterres is said to have focussed on organisational reform and innovation by taking funding out of the headquarters and pushing more money out to the field. It is clear that he is passionate about the cause of refugees; he has frequently appealed to the international community over the migrant crisis and has vowed to continue being their spokesman.

An equally challenging agenda point facing Mr. Guterres is to find creative ways to bridge the chasm between Western powers on the one hand and Russia and China on the other. Ironically, owing to his very commitment to address the refugee crises, he may be considered an “activist”. This could be a recipe for stasis, if not disaster, in any campaign to broker a peace deal in Syria. Mr. Guterres can ill afford such obstructionism. As an institution, the UN is frequently accused of being “bloated and bureaucratic”, and has come under fire over allegations of sexual abuse by its peacekeepers in the Central African Republic. Although he has a reputation for being an instinctive strategist, Mr. Guterres will have to hand-pick a capable team of advisers. But has he already struck bargains with China or Russia over who will get some key political posts? Will he stay true to his promise, made earlier, to ensure that the higher echelons of the UN have 50 per cent women employees? That goal, set 20 years ago by the UN, is far from being met. In fact, Mr. Guterres’ own candidacy came as a disappointment for some, given that there were no fewer than seven women in the race and not one of them even came close to winning.

**Address the ‘new normal’ in Kashmir**

***India has won the battle against militants and terror outfits from Pakistan. But it now confronts a far graver problem of winning over the youth of Kashmir***

Generals are, perhaps, not the only ones who fight today’s battles based on the ideas, tactics and lessons derived from previous wars. As Jammu and Kashmir confronts one of its gravest crises, a similar syndrome is playing out in Delhi and Srinagar. All shades of political leaders, strategic analysts, intelligence professionals, and almost everyone else seem to have reached a common conclusion that Kashmir’s present troubles are due solely to Pakistan and India’s mismanagement of the situation. History will not, however, spare those who do not make a distinction between current realities and past situations.

Right since Independence, Kashmir has been a contentious issue between India and Pakistan. Keeping a wary eye on Pakistan’s activities in Kashmir has been an important charge on the country’s intelligence and security services. Three unsuccessful wars and numerous failed terror attacks have not deflected Pakistan from continuing along this path.

**Rise of the ‘unattached’ militant**

The[**death of Burhan Wani in a July 8 encounter**](http://www.thehindu.com/news/national/burhan-wani-killing-violence-erupts-in-kashmir/article8828671.ece) (Kokernag, Anantnag district) would in the past have routinely led to a minor flare-up. Pakistan’s involvement in such instances was a given. Hence, this long spell of continuing violence in the Valley needs somewhat deeper introspection to understand the real causative factors responsible for this situation.

Almost a hundred days of a daily diet of violence, more than seventy days of curfew across the State, very high figures of individuals killed and injured, including security personnel, all point to an extraordinary situation. No evidence has surfaced that the Lashkar-e-Taiba (LeT) or the Jaish-e-Mohammed (JeM) are involved in the violence, though Hizbul Mujahideen cadres are present in sizeable numbers. The vast majority of those involved in the agitation are, to all intents and purposes, ‘unattached’. Many come from the ranks of the educated unemployed. Some of the agitators are hardly ten or twelve.

The ‘unattached’ militant involved in the current violence is a new phenomenon — and a far cry from the erstwhile ‘foreign’ militants. Kashmir had become accustomed since end-1988 to the presence of foreign militants and their involvement in stoking violence. The ‘Afghan jihad’ of the 1980s had a mesmerising effect, and provided much of the inspiration for the subsequent agitations in Kashmir during the 1990s. As the Afghan War wound down, many of the LeT and other modules operating in Kashmir had some Afghanistan-returned jihadis.

Operating alongside the foreign militants were the relatively more indigenous Hizbul Mujahideen members, though they also drew inspiration and support from Pakistan. The Hizbul Mujahideen sported a distinctly different ‘terror sub-culture’ and identified more closely with the aspirations of the local Kashmiri youth. By the turn of the century, the Hizbul Mujahideen had lost out to the more powerful Pakistani outfits, though it still remained in contention.

The security forces tended to take strong action to contain the foreign militants, while reaching out to the Kashmiri youth and even some Hizbul Mujahideen elements, trying to persuade them to come to the negotiating table. Every Prime Minister since 1988, especially Atal Bihari Vajpayee and Manmohan Singh, also extended a hand of friendship to Pakistan in an attempt to reduce their capability to stir up trouble in the Valley. This met with mixed results, but did have some merit in preventing the situation from going out of control. The outreach to the Kashmiri youth yielded better results, with a sizeable majority seeking better employment opportunities, greater economic benefits, improved communication facilities, etc.

**Signs of change**

Treating the current turmoil in the Valley as an extension of the earlier spells of unrest could be highly simplistic. Since end-2013, signs of a change in atmosphere had become visible. This was apparently missed. Even now, and in the wake of the extraordinary situation that prevails in the Valley (several weeks of curfew, a total media blackout, and spontaneous eruption of street violence), no meaningful attempt has been made to understand what is happening beneath the surface. Few seem to think that this could well become a dangerous watershed in the troubled history of Kashmir.

A proper appraisal cannot wait for much longer. Who was Burhan Wani? How was he perceived as a martyr by the Hizbul (even though he was appropriated by the group very recently)? More important, how is it that he is being compared to someone like Che Guevara in stature? Such a transformation — of a base metal into gold in such a short time — has never occurred before in the chequered history of violence in Kashmir. Hence, Delhi and Srinagar have reason to worry as to whether this points to a new inflection point in Kashmir’s three-decade-old militancy.

The character of the struggle has also altered, and the reasons for this also need deeper introspection. It is not a case of rumours metamorphosing into a violent movement. The particularly ferocious public reaction to Burhan Wani’s death should be troubling to everyone — politicians, authorities, the security establishment and even ordinary people. The movement gives the impression today of being on autopilot, without any known leaders.

Students of history may find some parallels with what occurred in Prague in 1968, but authorities here need to find ways and means to deal with a situation where ‘spontaneous’ violence is being directed at each and every symbol of authority, and not orchestrated by separatist leaders or Pakistan. This is what distinguishes 2016 from what was witnessed during 2008, 2010 and 2013. Former Chief Minister Omar Abdullah’s purported remark that “Burhan’s ability to recruit into militancy from the grave will far outstrip anything he could have done on social media” possibly contains greater received wisdom than what he was possibly aware of.

Hackneyed arguments to explain the current upsurge in Kashmir can prove counterproductive. The Burhan Wani phenomenon will not go away by sympathetic references to the accumulated animosities and suspicions of Kashmiri youth against atrocities perpetrated by the security forces, or by attributing the situation to Delhi’s lack of understanding of the Kashmiri Weltanschauung. It must not also be mistakenly attributed to a new generation of youth from the educated classes exploiting the social media seeking ‘freedom from India’. The basic causes are much deeper. The presence of over 200,000 people at Wani’s funeral needs a satisfactory explanation.

To try to retrieve this situation, it is necessary to recognise that, in marked contrast to earlier phases of trouble in Kashmir, the present movement is almost entirely home grown. The spontaneity of many ‘mini-uprisings’ demands a different explanation from earlier ones, for it smacks of near total alienation of an entire generation of young Kashmiris angry with the present state of affairs. Many are even willing to commit suicide to vent their anger.

Simply repeating phrases like ‘Insaniyat, Kashmiriyat and Jamhooriat’, or reiterating our commitment to Article 370 of the Constitution, removal of the Armed Forces (Special Powers) Act (AFSPA), or provision of additional doses of development assistance, will not resonate with the current generation of agitators. Suggestions and ideas thrown up in the course of meetings of the Round Tables, Working Groups, and Group of Interlocutors (2007-2011) will likewise meet with little response (even though had they been acted upon at the time, the present situation might not have occurred). Talking to separatist leaders may make good copy, but they are irrelevant in today’s context, and out of sync with the younger generations now in revolt.

**A most frightening prospect**

This is turning into a battle for the minds of the Kashmiri youth. Using force of the kind employed against the Lashkar, Jaish and Hizbul against today’s 10 and 12-year-old schoolchildren would only inflame passions further. India has decisively won the battle against the foreign-based militants and terror outfits from Pakistan, but it now confronts a far graver problem of winning over the youth of Kashmir before an entire generation gets detached from India, a most frightening prospect.

Chief Minister Mehbooba Mufti and her current advisers are hardly in a position, or possess the necessary intellectual or political acumen, to deal with what is taking place. Delhi, for its part, also does not appear better positioned to appreciate and deal with the kind of seismic shift occurring beneath the surface in Kashmir. Hence, it may be necessary to seek assistance from social scientists and psychologists, apart from strategic thinkers and political leaders, to come up with some fresh ideas on how to retrieve the situation.

**The ground beneath our feet**

India needs a different approach to grow its economy and must remove bottlenecks so that foreign investors can operate in the country just as its own corporates expand their global footprint, [Singapore Prime Minister Lee Hsien Loong said during his India visit last week.](http://www.thehindu.com/news/national/india-needs-to-remove-bottlenecks-singapore-pm/article9189369.ece) His remarks may appear out of sync with the official discourse on India’s recent economic performance, especially the liberalisation of foreign direct investment and record inflows clocked since the Modi government was sworn in. Mr. Lee’s concerns, however, don’t stem from FDI policy *per se*, but two intertwined reform showpieces of the NDA — one abandoned after hot pursuit in its first year and another that remains a work in progress. These are amendments to the land acquisition law and improvements in the ease of doing business, respectively. Indian officials told business leaders accompanying the Singapore Prime Minister that they are free to invest in India if they can, on their own, acquire the land to set up shop on. As Mr. Lee pointed out, that makes investing in India virtually impossible — industrial parks that Singapore had proposed in the past remain non-starters. The Centre may not be used to such public plain-speaking, even from Western leaders with longer reform wish lists, but it must take the Prime Minister’s cue for introspection and course correction.

Modernising India’s land laws was high on the government’s agenda in 2014-15; an ordinance was promulgated thrice to effect necessary changes till Parliament could pass a law. Global investors were assured that land acquired under the ordinance would be safe from any subsequent changes to the law. But the Centre wilted in the face of Opposition resistance. A model land-leasing law formulated by the Niti Aayog was mooted for States to adopt instead, but a billion-dollar plant is unlikely to come up on leased foundations. Since then, a proposed nuclear plant has moved out from Gujarat owing to land acquisition problems, India’s largest FDI proposal from South Korea’s Posco is all but off, and job creation has hit a five-year low. India moved up 12 places in the World Bank’s Ease of Doing Business index last year and may rise further. But the index is only based on speed of paperwork in Mumbai and Delhi, where there is little space for big new industries; such rankings don’t directly translate into more FDI. The Prime Minister has set a target for India to reach the top 50 ranks in the index, but getting a construction permit online is no good if large tracts of land cannot be provided job-creating investment. If the idea to bury the land reform was to secure farmers’ votes and, in the process, alternative jobs are not created for the young and those who want to move out of agriculture, castles in the air are all that will be built.

**A Tragedy that implicates us all**

***If India fails to respond to the suffering in Yemen, and all we do is pat ourselves pompously for a few air evacuations from West Asia, we fail as a moral community and a democratic nation.***

Catastrophes are no longer the epic tragedies that they were earlier. There is something stereotyped about the way we look at them. They become an event in somebody else’s backyard and therefore need not disturb us. Our everydayness is not touched by the others’ starvation. As we gorge on pizza and watch BBC reports on starvation, I sometimes wonder what happened to my generation. Years ago when famine struck Biafra, in Africa, there was at least a protest, a concern, a consternation. Biafra became a metaphor and, like Sahel, created some impact. Yet today the death and starvation in Yemen hardly affect people. You watch a child withering, dying a slow death and flip the page. He does not touch us. We are able to move on without batting an eyelid. There is no anger, no pain. It is as if ‘not caring’ is an essential part of surviving the global world.

**Failure of our imagination**

I realise part of the problem is Yemen does not capture the imagination. Yemen seems an Arab backwater, an agricultural country, not oil rich like Saudi Arabia. The contrast itself captures the realpolitik of the situation. Saudi Arabia is the paradigm of Arab respectability and hypocrisy. It is backed by America and Europe. The West, in fact, helped create the Islamic respectability of Saudi Arabia at a time when Indian and other Islams were far more creative and plural. In this moralistic contrast, Saudi Arabia is as respectable as its banks and its oil wells while Yemen is backward, a failed country in terms of the Arab dream. To an Indian, going Saudi is to search for a fortune. Yemen hardly enters the imagination.

The structure of perception also determines the way we see a country. We look at countries in terms of success and rankings. There is a clinical and technocratic attitude here that is startling. One can see it in the UN reports on starvation. There is almost something botanical about Yemen, as if it is a failed or endangered species. The State of Food Insecurity in the World report of 2014 states: “Yemen is one of the poorest countries in the world, with a Human Development Index ranking of 160 out of the 187 countries. Progress in economic and social development over recent years has been slow, mainly as the result of the political crisis of 2011, ongoing instability and weak governance....” The language is antiseptic. It is as if Yemen suffers from an epidemic instead of a man-made catastrophe orchestrated by the Saudis. It is almost as if food security books measure hunger, starvation and record them like temperature, without comment.

Being obsessed with the political economy of the struggle alone will not do. To reduce Yemen to a surrogate war between Iran and the Saudis explains little. There is an ethics here which transcends politics and asks a deeper set of questions. Writers like Vijay Prashad and those of the International Crisis Group have captured it competently. They are able to pin down the responsibility of the West and the Saudi government for starving a nation to death. Yet what one misses is a voice of conscience which asks a deeper set of questions. Years ago a Bertrand Russell could create, with great courage, a tribunal to try the U.S. for war crimes in Vietnam. A Noam Chomsky would follow suit, but today few have the courage to demand and label the U.S. and Saudi Arabia for a crime against humanity. People often blame it on disaster fatigue, observing that the world is tired of reacting to disasters, that mass death and refugee politics haunt every page of international relations. The bold clarity of the Russellian statement is missing. Even Pope Francis, one of the few great voices of our time, had only elliptical comments to make. He expressed shock and sadness at the diabolical attack on one of the Mother Teresa homes in Yemen, where four Missionaries of Charity and 12 others were murdered. Yet Yemen as a whole seems to elude the Pontiff. We are in a strange situation where charity and humanitarianism are equated to conscience, where politics creates the demologies of our time, but ethics and the everydayness of citizenship have nothing to say. The standard narrative is of a civil war between Houthi rebels and the deposed President now backed by Saudi Arabia and the U.S. The very logic of the power struggle seems to permit and exonerate a slow genocide.

**A narrower citizenship**

I was wondering whether India has any stand on it. One senses that the BJP government in its narcissistic pursuit of India as a great nation state has no sense of global issues. One would have thought a nation which sends so many workers to the so-called Gulf would have something to say about Yemen. There is a little apart from a few notes on Aden, a little fragment of nostalgia. For Prime Minister Modi, Aden or Addis Ababa creates no trigger of action. He knows it is not a topic for Davos. But beyond the ethical illiteracy of regimes, one has to think of the India, the middle class, it’s sense of ethics and citizenship. I sometimes wonder whether apart from feeling a paranoid superiority over Pakistan in ethical terms, whether any crisis of conscience haunts India. We want to be global in terms of economic and technological participation; we are not international in our concern. Our media is America-centric or obsessive about India. To transform an old observation, we think a dog fight in Brooklyn is more important than the starvation of half a million children in Yemen.

There is a deeper problem in terms of civil society and our social movements. Our movements have been theoretically acute and organisationally substantial on issues like the right to information, the question of biotechnology, but they have been parochial, failing to combine the local and the international in creative ways. At a time when civil society should have reinvented the UN and its idea of peacekeeping, it has been retreatist and parochial. India has to step out and take stands on starvation, rights, energy, violence, sustainability without being knee-jerk and imitative. We cannot wait for the power game of the West to code our responses. In terms of responses to Syria, Afghanistan, Somalia, Yemen, India has been complicit with the West or tongue-tied. Its moral imagination in a post-Cold War world lacks the confidence to stand up, to challenge current frameworks. It has little empathy with the downtrodden and in fact tries to distance itself from what the West calls “the failed societies” of Asia and Africa, lest it be tarred with the same brush.

It behaves like a newly upwardly mobile nation, pretending that poverty and violence are things of the past. India’s new obsession is captured in the idea of “governmentality”. The emphasis creates a sanitised, technocratic space which has no sense of empathy or solidarity with other struggling nations. It is captured in the opposition of the idea of the migrant versus the refugee. The Indian elite feels Syria, Somalia, Bosnia are refugee material at the mercy of the West. India feels that along with its non-resident Indians it shares the American dream. Sadly, it also replicates the American need for hegemony and its lack of political ethics. Otherwise one cannot grasp what India has in common with sordid states like Israel and Saudi Arabia.

**Responding as a community**

Years ago, one could attend an art or history of science lecture where a portrait of Vesalius’ anatomy lesson would trigger a lecture on power of the linear perspective, about the need for alienation and objectivity, of the necessary distance between observer and observed. Today, as I see a picture of a mother watching a starved and staring child, standing helpless as it dies without food and medicine, I think of an anatomy class. The face of the child and the distorted body of the child haunt me. I pray and apologise for my previous indifference. I realise that the body, sculpted by pain into a surrealism of suffering, challenges our sense of empathy, haunts the everydayness of our conscience. I have to respond. India has to respond as a community. Caring has to go beyond aid to create a new sense of community. If India fails, and all we do is pat ourselves pompously for a few aerial rescues from the Gulf, we fail as a moral community and a democratic nation. Yemen might survive but India’s moral idiocy may take decades to rehabilitate.

**Stop the Saudi war in Yemen**

**Saudi Arabia’s 18-month-long military operation in Yemen** has been replete with attacks on civilian centres and mass casualties. But even by recent standards, the horrific strike on a mourning hall in Sana’a on October 8 that left at least 140 people dead and more than 500 injured, most of them civilians, was unprecedented. Since its start in March 2015, the brutal military campaign in one of the poorest Arab countries has evoked international criticism against the Saudis for the use of excessive force, even allegations of war crimes. But Saudi Arabia has appeared to pay no heed. Riyadh claims it is defending the internationally recognised regime of President Abd-Rabbu Mansour Hadi, which operates out of the southern city of Aden, against Shia Houthi rebels. But while “defending” a government that doesn’t seem to enjoy any legitimacy at home, Riyadh and its allies have turned Yemen into a humanitarian catastrophe. The UN estimates that over 10,000 people, mostly civilians, have so far been killed and millions displaced since the Saudi intervention. Besides, the country’s already poor healthcare system has crumbled and its economy is in a shambles. More than half of Yemen’s 28 million people do not get enough food, while close to 400,000 children endure severe malnutrition. Even from a strategic point of view, the Saudi intervention is a disaster. After 18 months of incessant bombing, the Houthis are still defending their bases, including the capital city, while the Hadi administration operates out of some pockets. Neither the human suffering nor the futility of the campaign has compelled Saudi Arabia to look for other solutions.

This is because Riyadh sees this war as part of its rivalry with Iran. It considers the Houthis to be agents of Iran, and does not want Tehran to have a proxy presence in its backyard. But Saudi Arabia cannot be allowed to destroy Yemen further to defend its narrow geopolitical ambitions. Washington supports the campaign through intelligence-sharing and by vetting targets. Moreover, the Obama administration announced a $60-billion arms deal for Riyadh months after the Yemen operation began. It expressed “deep concern” after the Sana’a bombing, but stopped short of taking any action. The U.S., which recently pulled out of the Syria peace talks citing Russia’s bombing of Aleppo, should ask similar questions of the Saudis, and use its ties with Riyadh to find a diplomatic solution to the Yemen crisis. What Yemen needs is an immediate ceasefire between the Houthis and the Saudis, followed by talks involving all parties, not more bombings.

**Brussels or Budapest?**

***The referendum is only the latest of a series of measures Viktor Orban has undertaken to keep Hungary off limits for refugees.***

Viktor Orbán, Hungary’s Prime Minister, was handed a pyrrhic victory in the country’s October 2 referendum where the public was asked to vote on the country accepting its share of 1,294 of the 1,60,000 refugees to be resettled from Greece and Italy under a legally binding European Union (EU) scheme. Apart from the loaded wording on the ballot paper, Mr. Orbán effectively had no constraints on the budget for his anti-migrant campaign, which included billboards across the country linking migrants to increased terrorism and attacks on women. About 98 per cent voted to reject mandated resettlement quotas, but the results were not constitutionally valid as only about 40 per cent of Hungary’s almost 8.3 million voters voted in the referendum, short of the minimum threshold of 50 per cent.

While Mr. Orbán has claimed the results as evidence of overwhelming support for his position against migrants, the opposition, which issued calls to boycott the referendum, has said that the relatively low turnout was an indication that most Hungarians were not on board with Mr. Orbán’s plans and therefore did not come out to vote. Though the validity threshold was not met, the Prime Minister has said the referendum’s results will have legal consequences, including a possible constitutional amendment allowing Hungary to flout the EU mandated resettlement plan.

Building fences

Mr. Orbán’s animus to the idea of Hungary accepting refugees is not entirely new; the referendum is only the latest of a series of measures he has undertaken to keep Hungary off limits for refugees. Last year, Hungary built a 500 km razor wire fence along its borders with Serbia and Croatia to block migrants, some 4,00,000 of whom had passed through the country en route to western and northern Europe. Mr. Orbán now plans to extend that fence. His actions on the ground are matched by his polarising talk — he has couched the refugee resettlement issue in terms of “Brussels or Budapest” and repeatedly questioned the ability of Muslims to integrate into his Christian Europe, further stigmatising Islamic communities. Mr. Orbán has been the most vociferous in his anti-migrant stance but his government is by no means alone. Its views are broadly shared by fellow members of the Visegrád group, Poland, Slovakia and the Czech Republic. Hungary and Slovakia have already sued the European Commission over the legality of the refugee resettlement scheme.

Hungary’s stance touches upon at least two important themes: the EU’s integrity and the refugee question. Mr. Orbán has said the EU will have to take note of the results. In this he is right. In recent months, the EU has made clear to Britain that access to the single market will have to come hand in hand with the free movement of people. The oft cited ‘Norway option’ too gives Norway, which, unlike Hungary, is not even a member of the EU, access to the European Economic Area in return for Norway paying into the EU budget and allowing EU citizens access to its labour market.

The EU should stand firm that all member countries have obligations and responsibilities towards the Union and that an ‘à la carte approach’ as suits their appetite cannot be accommodated, not least because Hungary gets subsidies from the EU and single market access for its citizens. The European Structural and Investment funds allocated to Hungary in the current period (2014-2020) alone amount to €25 billion. Official Hungarian data reveal that the number of Hungarians leaving the country as emigrants has shot up from 7,318 in 2010 to 32,852 last year — that is, 25 times more than Hungary is being asked to resettle within its territory.

**The EU under scrutiny**

A larger question also remains around the extent to which the EU is fulfilling its legal and moral obligations towards the international protection of displaced persons. Financial support to countries such as Turkey and Afghanistan for repatriating or hosting refugees does not automatically imply a meeting of these obligations. During an international conference to raise funds for Afghanistan’s development, held in Brussels last week, the EU announced a deal with Afghanistan which could see tens of thousands of Afghan refugees being repatriated. The EU, along with other countries, pledged $3.5 billion in development assistance but a leaked memo linked European aid to Afghanistan’s willingness to take back refugees. These developments have happened at a time when the security situation in Afghanistan is possibly deteriorating.

Not too long ago, another October in 1956, 2,00,000 people fled Hungary in the anti-Soviet revolution, pouring into Austria and Yugoslavia. According to the UN refugee agency, 1,00,000 of these Hungarian refugees were resettled across 37 countries within just ten weeks. Perhaps it would do Mr. Orbán and his friends well to remember that October instead.

**India unhappy over Russia-Pakistan ties**

***Indian envoy tells Moscow that military cooperation with Islamabad will only create further problems***

India’s ties with Russia are likely to be affected if Moscow continues to expand military relations with Islamabad. Criticising Pakistan-Russia ties, Indian Ambassador to Russia Pankaj Saran warned of “problems” ahead in bilateral ties, even as both sides planned a major summit on the sidelines of the upcoming Goa BRICS summit.

“We have conveyed our views to the Russian side that military cooperation with Pakistan, which is a state that sponsors and practises terrorism as a matter of state policy, is a wrong approach. It will only create further problems,” said Mr. Saran in an interview with Ria Novosti, the Russian official news agency.

**Third occasion**

Mr. Saran’s comments mark the third occasion in less than a month when India officially conveyed unhappiness over the growing Pakistan-Russia ties after both countries held the first ever joint military exercise in Pakistan’s northwest. India had expressed concern over the exercise with Pakistan during the 22nd India-Russia Inter-Governmental Commission (IRGC) that was held on September 13. Subsequently, MEA spokesperson Vikas Swarup had also highlighted India’s discomfort over Islamabad-Moscow ties.

The statement of the Indian ambassador is significant as it set the mood for the 17th India-Russia Annual Summit on October 15 in Goa. The summit, to be held in the backdrop of the BRICS summit, will witness signing of a number of bilateral pacts. During the summit, both sides will also plan the 70th anniversary of the establishment of diplomatic ties between the two nations.

**Terror issue**

India is likely to take up the issue of terrorism at the BRICS summit, pushing the case for an international counter-terror convention. Russia condemned the September 18 terror strike in Uri which claimed the lives of 19 Indian soldiers but went ahead with the military exercise with Pakistan even as India blamed Pakistan for not acting against the terror modules.

However, Russian government think tank sources indicated that Russia may not be on the same page with India on Pakistan. Boris Volkhonsky, head of the Asian division of the Russian Institute for Strategic Studies in Moscow, said Russia had re-evaluated its ties with Pakistan.

“We believe that terrorism is a global problem and Pakistan is a victim of terrorism as well. We have therefore revised the Cold War assessment of Pakistan as a supporter of the Afghan mujahideen,” said Mr. Volkhonsky, highlighting that Moscow did not want to leave Pakistan alone.

**Robust cooperation**

Mr. Saran, however, laid out the robust technical and military cooperation between Russia and India, which, he said, was expected to grow. Recently, India-Russia ties reached a new landmark in nuclear energy cooperation with the dedication of Unit 1 of the Kudankulam nuclear power project jointly inaugurated by Prime Minister Narendra Modi and President Vladimir Putin through video conference. Both sides also agreed to work together on the remaining stages of Kudankulam 2,3,4,5 and 6. Other projects are also likely to come up under the ‘Make in India’ programme.

**Raja Mandala: Bay of Bengal’s glad tidings**

Dhaka and Colombo’s commitment to regionalism indicates that the climate is right for bringing South and South East Asia closer.

As the Subcontinent looks beyond the SAARC for a productive regional forum that is not constrained by Pakistan’s veto, the Bay of Bengal beckons. The moment for turning the Bay of Bengal into a zone of regional cooperation may finally be with us thanks to a number of recent developments. If the collapse of the SAARC summit in Islamabad has made the consideration of alternatives an immediate imperative, the extraordinary enthusiasm of Sri Lanka’s prime minister, Ranil Wickremesinghe, for Bay of Bengal regionalism is showing us a way forward. Prime Minister [Narendra Modi](http://indianexpress.com/profile/politician/narendra-modi/)’s special interest in linking South and South East Asia and Dhaka’s traditional commitment to regionalism have now aligned the stars.

In a series of recent speeches in Tokyo, Jakarta, Singapore and Delhi, Wickremesinghe has laid out an agenda for both sub-regional — between Sri Lanka and south Indian states — and trans-regional economic integration among the South and South East Asian nations bordering the Bay of Bengal littoral. He points to the fact that Sri Lanka and India’s five southern states together have a population of 272 million people and a combined GDP of over $500 billion. The Sri Lankan PM insists that if Delhi and Colombo work together this economic zone can emerge as one of the world’s most dynamic. Dhaka meanwhile has championed sub-regional integration in the eastern subcontinent.

Last week in Delhi, Wickremesinghe called for a tripartite trade liberalisation agreement between Lanka, India and Singapore. The Lankan PM wants India and Singapore to collaborate in the development of a port in Trincomalee on Sri Lanka’s eastern seaboard. Familiar with the Japanese role in the economic modernisation of South East Asia, Wickremesinghe is betting that Tokyo could contribute to the rapid economic transformation of the Bay of Bengal littoral.

The Lankan PM reminds the region of the rich history of maritime commerce across the Bay of Bengal between peninsular India, Sri Lanka and South East Asia. He believes the Bay of Bengal could rival the Caribbean as a high-end tourist destination. He imagines cruise liners sailing from Kochi to Singapore via Maldives, Sri Lanka, Andamans and Thailand. Wickremesinghe sees enormous possibilities for regional economic cooperation among the members of the BIMSTEC forum that brings five nations from South Asia — Bhutan, Bangladesh, India, Nepal and Sri Lanka — and two from South East Asia — Burma and Thailand — under one umbrella. He also suggested inviting Indonesia, Malaysia and Singapore into the BIMSTEC forum. The BIMSTEC or the Bay of Bengal Initiative for Multi Sectoral Technical and Economic Cooperation has been on top of Delhi’s mind for some time now. Well before the SAARC crisis, Modi had decided to invite the leaders of the BIMSTEC to the outreach segment of the BRICS summit in Goa this week. Modi is eager to breathe some new life into BIMSTEC that had remained moribund since its formation two decades ago. The prospect of the Bay of Bengal emerging as a vehicle for regional cooperation was also presaged by the formation of the BBIN grouping that brought four contiguous states — Bangladesh, Bhutan, Nepal and India — in the eastern subcontinent together after Pakistan’s reluctance to sign on to the South Asian connectivity agreements at the SAARC summit in Kathmandu in November 2014.

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The new hopes for Bay of Bengal ride on the fact that Lanka and Bangladesh have long been champions of regionalism. In the 1960s and early 1970s, when Delhi was smug about its self-imposed economic isolation, Lanka was eager to join the ASEAN institutions. In the 1980s, it was Bangladesh that took the lead in promoting the idea of SAARC. It also now hosts the secretariat for the BIMSTEC. Colombo and Dhaka are raring to go forward in uniting the Bay of Bengal.

Delhi, which chafed at Pakistan’s reluctance to allow progress under the SAARC framework, now has the opportunity to demonstrate that it can do a lot better in the Bay of Bengal. The PM’s meetings with the leaders of Bay of Bengal in Goa this week provides a big opportunity to set a new agenda for regional cooperation under the BIMSTEC forum. The initiatives could range from coastal shipping to counter-terrorism and from the development of underwater resources in the Bay to protecting the marine environment.

**A New Framework**

India is one of the largest and fastest growing economies in the world. It is a key player in the G-20, BRICS and other global formations.

As India prepares to host the BRICS Summit in Goa this weekend, its role as a key leader in international relations and South-South cooperation will be in the spotlight. India is one of the largest and fastest growing economies in the world. It is a key player in the G-20, BRICS and other global formations. The upcoming BRICS summit has acquired a new significance not only in terms of the new initiatives like the BRICS bank, but also in relation to the future of development cooperation of India in the context of its responsibility as an emerging leader of the global South.

Since the turn of the present century, a drastic shift has taken place in India’s development cooperation activities. From a predominantly aid-receiving country, India has transformed itself to a donor to other developing countries. A high-growth economy and the accumulation of huge foreign exchange reserves have provided India the flexibility and confidence to stop accepting aid from most countries. Although India continues to be an aid receiving country, the share of grants (as against loans) in the overall assistance has drastically declined. For instance, the share of grants was just seven per cent in the total assistance India received ($8,287 million) in 2010-11 compared to 19 per cent in 1981-82.

India’s development cooperation framework has changed significantly since 2003. For the last 10 years, it has increased the allocation for international development cooperation every year. The development cooperation framework is based on grants, technical training and capacity development and lines of credit involving soft loans. In the last six years, India has allocated almost $7 billion for development assistance and since 2011, there has been an average increase of 32 per cent in the allocation for development assistance. While the largest recipient of development assistance are countries in South Asia, India has recently increased the development assistance and lines of credit to African countries as well.

In the emerging narrative of BRICS, G-20 and South-South development cooperation, we need to locate India’s role and relevance. It must develop a vision based on sustainable development goals. India’s development assistance has been more demand-driven, with relatively less emphasis on aid-conditionality. However, many scholars and civic leaders point to the need to focus on development effectiveness in recipient countries and more transparency and accountability in terms of the exact volume and impact of the assistance. This requires a major shift in the way development cooperation is conceptualised, managed and evaluated. A larger ethical perspective of shared responsibility requires all countries to eradicate poverty, injustice and violence. For that, resource-rich countries need to share a part of their resources. Countries like India could draw lessons from their own development experience and offer solutions more appropriate to the requirements of other developing countries through the BRICS/IBSA (India, Brazil, South Africa) platforms.

India needs to revamp its development cooperation programme in order to enhance aid-effectiveness. In 2007, the government had proposed a specialised agency for India’s development cooperation. The promise is yet to be fulfilled. Presently, India’s development cooperation is coordinated by Department of Development Partnership within the external affairs ministry. The time has come for India to rise to international expectations and establish a specialised agency such as India International Development Agency with a minister in charge. This will ensure greater aid effectiveness and bring about greater clout and visibility to India’s development cooperation initiatives.

**The alphabet soup at Goa**

***As Indian foreign policy looks westwards, the BRICS summit offers India an opportunity to calibrate its outreach to multiple powers.***

This weekend will see Prime Minister Narendra Modi and his foreign policy team undertake a complex and significant manoeuvre. This comes at a time when relations with Pakistan have discovered a new trough, the SAARC grouping is gasping for breath, the Chinese continue to demonstrate obstinate determination to hurt, harm and impede India on multiple fronts and the relationship with Russia is in dire need of resuscitation.

The annual BRICS (Brazil, Russia, India, China and South Africa) summit in Goa on October 15-16 is undeniably the main course but hidden in the main course is a set of ingredients with an independent chemistry, the IBSA (India, Brazil and South Africa), along with the *plat d'accompagnement*, BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation), that has as much potential as the main course. South Block will need to use this opportunity to respond to the current realities in India’s north and west, even as it consolidates India’s diplomatic push east and south, while opening new avenues for engaging its western partners in innovative ways.

The American factor

Even a cursory reading of India’s foreign policy under Mr. Modi reveals an unmistakable shift of its locus westward. A concrete manifestation of this shift is the vigorous engagement with the U.S. on defence, counterterrorism, as well on global-commons issues such as climate change. Both countries find themselves now (more often than not) speaking in the same voice, articulating the same objectives, and confronting similar challenges, be it the rise of Islamist terror or Chinese ambivalence towards a rules-based order.

Arguably and beyond the ‘values’ discourse, this deep engagement with the geographical west is a lynchpin of the Indian strategy towards being a putative great power seeking to shape international norms in the 21st century. Even so, it cannot and should not disengage with other powers such as China and Russia, howsoever different their value systems may appear today. They are in one instance a large neighbour with historical antipathy, and in the other India’s only resort to strategic arsenals and high technology pursuits.

There is also genuine convergence in certain areas — such as non-interventionism and on political-economy issues, between India and China and India and Russia. In the case of China, the tyranny of bilateral disputes (mostly on the strategic side) has prevented both countries from exploring much common ground. And with Russia, the U.S.-India entente is being understood by Moscow as a substantial shift in the intent of India towards the bilateral relationship. In fact, there seems to have been a serious underestimation in both capitals of the drift in the India-Russia relationship. Perhaps the Uri terror attack was an important moment for both to realise that extent.

This is where BRICS comes in. Through the presence of two other actors, Brazil and South Africa, not party to complicated triangular geopolitical dynamics, India in BRICS seeks to downplay its bilateral disputes with China and engage with it on issues where there is space for beneficial cooperation. The China relationship today is heading south, and with effort, it may at best become a well-managed one. With Russia on the other had, India needs to use this summit meet and the BRICS engagement to reclaim its traditional space and reassure the Kremlin that Moscow is India’s foremost global partner.

The decision to invite BIMSTEC countries, in place of SAARC, to the BRICS summit is clearly a decision that relocates India’s ‘neighbourhood first’ policy to its east. With this decision, Mr. Modi seeks to bring his neighbourhood policy, India’s ‘act east’ policy, and its global governance goals, engaged with through the BRICS, in sync with each other. Brazil, Russia and South Africa have very limited in-roads into the Bay of Bengal littorals and may discover merit in engaging with this community. By playing the role of a ‘sincere interlocutor’ between BRICS and BIMSTEC, India stands to gain influence in both (despite China’s growing presence) as a benign transcontinental bridge.

The IBSA potential

This BRICS summit will also be an occasion for the three democracies in that grouping to meet on the sidelines and plot their future course. IBSA is in many ways more organic than BRICS. Beyond the shared commitment to democracy, the three countries are truly southern and developing economies and have the potential to emerge as a marquee example of south-south cooperation of emerging liberal economies across three continents. Without the presence of two military/economic behemoths, IBSA is a grouping of equals, more than BRICS can ever be. However, IBSA, it seems, struggles to excite either South Africa or Brazil, who feel sated in the presence of China and Russia at the BRICS.

This can be changed. Going forward, IBSA should engage with both the U.S. and one European power, like Germany, to promote a true concert of democracies across each continent, bringing advanced economies alongside emerging ones. At a time when illiberal impulses are in ascendancy, IBSA in tandem with the U.S. and the sole resurgent European power, Germany, can emerge as strong defenders of the rules-based open order across political and economic spaces.

Brazil and South Africa have had differences with China in the past over Beijing’s heavy-handed economic policies. Brazil, under its new president Michel Temer, wants to pivot back to its traditional economic partners, the U.S. in particular. This bodes well for IBSA to emerge as a liberal bridge between the north and the south. Put differently, the antidote to the common (if somewhat misplaced) perception of BRICS as a pawn in the grand strategy of China and Russia lies within BRICS itself, the IBSA. Along with BIMSTEC, IBSA points to the multiple collateral possibilities at Goa, and to a new moment that may see recalibration of Indian foreign policy.

**Optimistic that BRICS Summit will strengthen intra-BRICS cooperation: PM Modi**

PM Modi also highlighted that as the BRICS Chair this year, India will be emphasising on promoting "people-to-people linkages in diverse fields".

Ahead of the BRICS summit on October 15-16, Prime Minister [Narendra Modi](http://indianexpress.com/profile/politician/narendra-modi/) on [Facebook](http://indianexpress.com/tag/facebook/) welcomed the leaders of the BRICS and BIMSTEC families. In his statement posted on Friday, he announced that India was delighted to host the BRICS summit “followed by a first-ever BRICS-BIMSTEC Outreach Summit.”

He also announced in the statement the meeting with Russian President Vladimir Putin for India-Russia Annual Summit and Brazilian President Michel Temer for a bilateral meeting. He highlighted that the meeting with Putin will rejuvenate the years-long friendship between India and Russia while the meeting with Temer will open new avenues  for cooperation with Brazil.

PM Modi also highlighted that as the BRICS Chair this year, India will be emphasising on promoting “people-to-people linkages in diverse fields”.

“As Chair of the BRICS this year, India has embraced a stronger emphasis on promoting people-to-people linkages in diverse fields including trade, sports, education, films, scholarship, and tourism,” the statement said.

He also said that new initiatives will be launched at the summit to bring about successful operationalising of other BRICS initiatives.

“It is anchored in the belief that our people are pivotal partners in our effort to craft responsive, collective and inclusive solutions. We will launch new initiatives in Goa even as we mark the successful operationalization of initiatives like the BRICS New Development Bank and the Contingent Reserve Arrangement,” his statement said.

This is the first time an outreach Summit with the BIMSTEC leaders of Bangladesh, Bhutan, Myanmar, Nepal, Sir Lanka and Thailand is being facilitated and India is spearheading it.

Focusing on the importance that the BRICS nations have in the world, Modi said he hoped bring together all of them for further development of the region.

“Representing nearly two thirds of humanity together, we hope to tap the potential for cooperation and the dividends this will bring. India looks forward to building bridges to new partnerships and finding common resolve and solutions to our entrenched problems,” he said.

India and Russia are expected to ink defence deals worth billions of dollars during the meeting in Goa on Saturday between PM Modi and Putin, on the sidelines of the BRICS summit. They include the procurement from Russia of four stealth frigates and five units of the S-400 anti-aircraft system, and the announcement of a joint venture for the manufacture of 200 Kamov-226T helicopters in India.

Ahead of the weekend meeting with PM Modi, President Xi Jinping of China had said it was “ready” for talks with India on the latter’s entry into the Nuclear Suppliers Group (NSG).

**BRICS summit: Putin, Xi, Modi**

The example of NATO, the world’s most powerful military alliance, is instructive. The US and West European states came together in 1949 to counter what they saw as an assertive Soviet Union after World War II.

What happens when the glue that binds a set of nations comes unstuck? That is when the contradictions within the members of the set begin to loom larger than the force that brought them together in the first place. That is the current strategic condition of the BRICS forum involving Brazil, Russia, India, China and South Africa whose leaders are gathering in Goa this weekend. It is the quest for a multipolar world that brought these geographically disparate states under one umbrella after the Cold War. But when the multipolar world is already upon us, can the BRICS hang together?

The example of NATO, the world’s most powerful military alliance, is instructive. The US and West European states came together in 1949 to counter what they saw as an assertive Soviet Union after World War II. Keeping NATO afloat as a coherent alliance after the collapse of the Soviet Union in 1991 has not been easy.

The differences within NATO broke out barely a decade later when the US decided to invade Iraq in 2003. Turkey, a member of NATO, refused to back the intervention. France and Germany stepped back. Britain joined the fight, but has regretted it ever since. Unlike in Iraq, the fight in Afghanistan seemed a “good war” for most members of NATO. But as the Taliban, nurtured back to life by the Pakistan army, began to destabilise Afghanistan since the mid 2000s, the alliance members are finding it hard to sustain their national military commitments to Kabul.

BRICS, too, may have passed the moment of peak solidarity. The challenge now is to manage the growing differences among them. The political origin of BRICS lay in the concept of a “strategic triangle” that was articulated by the Russian Prime Minister Yevgeny Primakov in the early 1990s. Primakov wanted Russia, China and India to blunt the edge of American power in the post-Cold War world. Brazil and South Africa joined the forum a little later and lent it greater credibility as the voice of the emerging powers. Although Brazil and South Africa are important partners, it is the shifting dynamic among the three Eurasian powers — Russia, China and India — and their relationship with the US that will shape the future of BRICS.

That brings us to the current double bind faced by BRICS. One is the decline of America and the other is the rapid rise of China. If the fear of unrestrained American power dominated the global strategic discourse in the early 1990s, the discussion today is about American retrenchment, if not decline. If China had its head down in the 1990s, Beijing is now convinced that its moment is at hand.

Thanks to President [Barack Obama](http://indianexpress.com/tag/barack-obama/)’s refusal to take America into another war in the Middle East, it is Russia that is shaping the regional dynamic. America, much dreaded in the 1990s as a “hyper power”, has become a virtual bystander in the Eurasian theatres. In Europe, Russia is running rings around NATO. In the South China Sea, America warily watches China’s assertion of expansive territorial claims. Worse still, Washington has the mortification of seeing one of its oldest military allies — the Philippines — toyed with by Beijing.

That has put Delhi in a triple bind. One, in the 1990s, India joined Russia and China as part of its hedge against American power in a unipolar world. It was a decade when Washington was trying to roll back India’s nuclear weapons programme, raising questions about [Kashmir](http://indianexpress.com/tag/kashmir/)’s accession to India and threatening to mediate Delhi’s disputes with Islamabad. Today, it is China’s power that India rubs against all the time — whether it is the membership of the Nuclear Suppliers Group or getting the UN to act against Pakistan’s support for cross-border terrorism.

Two, although Delhi continues to argue with the terms of US-led globalisation, India’s bigger problems are with China. Delhi has a tidy trade surplus with the US — about $23 billion in 2015 and $16 billion in the first eight months of 2016. India’s trade deficit with China swelled to $52 billion in 2015-16. While China may be India’s growth opportunity over the longer term, Delhi is struggling to come to terms with the rise of Chinese capitalism and its impact on regional and global economic systems in the near term.

Three, China’s rise has also begun to constrict India’s room for manoeuvre in the neighbourhood. In the past, India worried about America’s sweeping political influence in the neighbouring states. Today, India’s regional challenges are complicated by China’s expanding political, economic and military influence in all South Asian capitals.

Some in India argue that it is India’s recent “tilt” towards America that is creating problems with China and Russia. The fact, however, is that both Russia and China are looking for their own deals with America. President Vladimir Putin has not embarked on an ideological crusade against Washington. He wants a better geopolitical accommodation than what America gave Russia in 1991. China’s supreme leader Xi Jinping too wants to build a “new type of great power relationship” with the US. Translated, it means Washington should accept China’s primacy in Asia and share responsibilities with Beijing in managing the global order.

For Putin and Xi, BRICS is part of a geopolitical play to advance their national interests amidst a tectonic shift in global power distribution. Prime Minister [Narendra Modi](http://indianexpress.com/profile/politician/narendra-modi/)’s commitment to realpolitik is probably no less. Delhi’s public discourse may continue to pretend that it is Indian foreign policy’s “dharma” to lead the construction of a non-Western global order; Modi, however, knows that Delhi’s enduring “karma” is to work for a balance of power system that favours India’s rise. To figure out the meaning of the Goa summit, ignore the collective BRICS rhetoric and focus on what Putin, Xi and Modi might say and do separately.

**The C in BRICS**

Ajit Doval’s speech to his BRICS counterparts on the need for joint global action against terrorism underlined one issue on which there are real divisions among the ranks: China will not abandon key ally Pakistan.

This weekend, as BRICS leaders meet in Goa for their eighth summit, India’s foreign policy establishment needs to think hard about just what it hopes for from this most unusual of global alliances. The case for BRICS is a simple one. Born, in 2001, from the imagination of Goldman Sachs chief economist Jim O’Neill, the acronym reflected his understanding that Brazil, Russia, India and China — to which South Africa was later added — would grow faster than the developed countries.

This, they have done. Brazil, Russia and India have caught up with the smallest G-7 economy, Italy, while China has become the second largest economy in the world. Yet, Europe and the United States are over-represented in global institutions like the International Monetary Fund and the World Bank. BRICS economies played a key role in hauling the world out of the global financial crisis. They also have some solid achievements to their credit, like founding the New Development Bank.

Having said this, it is far from clear the BRICS countries are — or even can — speak with one voice on issues of significance. National Security Advisor Ajit Doval’s speech to his BRICS counterparts on the need for joint global action against terrorism underlined one issue on which there are real divisions among the ranks: China will not abandon key ally Pakistan, while Russia is profoundly distrustful of the United States’ intentions. There are other, deeper, fissures. Brazil, South Africa and India want expansion of the United Nations Security Council; China does not. China wants an expansion of free trade amongst the BRICS states; the three smaller economies do not. Even on relatively minor issues, like breaking with tradition and finding a non-European to lead the International Monetary Fund, BRICS states were unable forge a consensus.

Further problems lie ahead, for China’s economic growth will, almost certainly, tend to reduce BRICS to a Beijing-led club. China’s nominal GDP is now larger than that of the other club members combined. The New Development Bank has come into existence precisely because it fits into China’s grand “One Belt, One Road” vision, helping to finance the welter of road and rail links that Beijing hopes will link its industries to markets in Central Asia and beyond. NDB lending will also provide a counterweight to Latin American and African states now pressured by the IMF and World Bank, but it is China that is best positioned to capitalise on that. In Goa, BRICS leaders will talk as equals — but there’s little doubt the grouping can only move forward with China as its engine. Is this something that in fact serves India’s interests, and, if so, what benefits does New Delhi seek to extract in return, is the question.

**Stealth frigates, missiles among big-ticket defence deals with Russia**

BRICS summit: The defence deals come in the backdrop of the first-ever joint military exercises between Russia and Pakistan on Pakistani soil after the Uri terror attacks.

India and Russia are expected to ink defence deals worth billions of dollars during the meeting in Goa on Saturday between Prime Minister [Narendra Modi](http://indianexpress.com/profile/politician/narendra-modi/) and President Vladimir Putin, on the sidelines of the BRICS summit. They include the procurement from Russia of four stealth frigates and five units of the S-400 anti-aircraft system, and the announcement of a joint venture for the manufacture of 200 Kamov-226T helicopters in India.“India and Russia have come back to a point where we are making a significant investment in the relationship with Moscow. The S-400 procurement is an example of our commitment to the relationship. We might have a better relationship with the US but it doesn’t change the content of our relationship with Moscow,” top government sources told [The Indian Express](http://indianexpress.com/).

Sources confirmed that the deal would be worth billions of dollars but did not provide an overall estimate — the missile systems alone may cost $4.5 bn.

The defence deals come in the backdrop of the first-ever joint military exercises between Russia and Pakistan on Pakistani soil after the Uri terror attacks. India had expected the exercise to be rescheduled but New Delhi understands that the Russian relationship with India remains “strong and unaffected” by Moscow’s engagement with Islamabad, said sources.

The deal for four Admiral Grigorovich-class (Project 11356) guided-missile stealth frigates will involve the direct supply of two vessels from Russia while another two will be made in India. The shipyard for making these frigates in India will be chosen by a competitive process, sources said.

The 3,620-tonne Admiral Grigorovich-class, which can be fitted with BrahMos missiles, is a derivative of the six Talwar-class frigates that Russia built for the Indian Navy between 2003 and 2013.

India will also sign an inter-government agreement for the supply of S-400 LRSAM anti-aircraft systems, which is one of the most advanced air defence options available and capable of destroying missiles, drones and incoming fighter jets within a range of 400 km.

The approval for procuring the S-400 missile systems was given by the Defence Minister Manohar Parrikar-led Defence Acquisitions Council (DAC) last December. India will be the second international buyer of the missile system after China.

Sources said that Hindustan Aeronautics Limited (HAL) will be the Indian partner for the JV to manufacture the light multipurpose Kamov-226T helicopters. An Indian private defence manufacturer may be involved at a later stage, said sources.

Kamov helicopters had undergone testing in India as part of the Reconnaissance and Surveillance Helicopter (RSH) acquisition programme, which was cancelled by the defence ministry in 2014. An agreement for these helicopters was signed by the two countries during Prime Minister Modi’s visit to Moscow last December.

“The Kamov helicopter is a new model and the first real ‘Make in India’ project in a way. The same is the case with the stealth frigates,” said sources.

However, no progress is expected on the Fifth Generation Fighter Aircraft (FGFA) being jointly developed by the two countries, which remains a “sore point” for Moscow, sources said. The R&D contract for the FGFA is not expected to be signed during the meet, as India is yet to make up its mind on various issues related to the fighter aircraft.

According to sources, the two sides have also “progressed through constant engagement in exploring new ways” to the problem of spare parts for military equipment of Russian origin. Nearly two-thirds of equipment with the armed forces is of Russian and Soviet origin. For instance, the serviceability of the Russian-origin Sukhoi fighter aircraft, the main workhorse of the Indian Air Force, has been a glaring issue with barely 50 per cent of the fleet being airworthy at any given time.

“Besides showing our commitment by buying new equipment, we have to also keep the older ones running. HAL has worked out a detailed list of spares for Sukhois. The Russians have understood our requirement and will designate an OEM (Original Equipment Manufacturer) or agency empowered to handle the supply of spares. This will be a long-term arrangement,” said sources.

**A return to Cold War tensions**

A big foreign policy challenge awaiting the next U.S. President is the [**frosty relationship with an angry, resurgent Russia.**](http://www.thehindu.com/opinion/lead/how-to-deal-with-russia-will-confront-the-next-us-president/article9008494.ece) Talk about a post-Cold War partnership between the world’s two greatest military powers is now a thing of the past. It looks like a throwback to the Cold War days with Russia and the U.S. fighting a proxy war in Ukraine, [**leading two competing military operations in Syria**](http://www.thehindu.com/news/international/details-of-usrussia-deal-on-syria/article9094180.ece) and raising allegations and counter-allegations on a host of issues, ranging from human rights violations and breaking international norms to interfering in each other’s domestic politics. Tensions came to a head this month when the U.S. pulled out of talks with Russia over the Syria conflict. This was immediately after President Vladimir Putin abandoned a key nuclear disarmament treaty with Washington, demanding the removal of sanctions on Moscow. If the belligerence and intransigence both countries display are any indication, international politics is set to get a lot more murky. There could be several triggers for this escalation, but the real problem is that the Cold War-era mistrust between Washington and Moscow was never really buried. Friction has been increasingly evident on the watch of President Putin, as he pursues an aggressive foreign policy framed around what he regards as Russian interests. This happened in Georgia in 2008, Ukraine in 2014 and Syria the year after. In turn, the Obama administration’s coercive diplomacy in dealing with Russia’s aggression has widened the rift. The [**suspension of Russia from the G8**](http://www.thehindu.com/news/international/world/russia-suspended-from-g8-france/article5800476.ece) moved Moscow farther away from the West, while sanctions negated the goodwill built, since the 1990s, between Moscow and the West.

To be sure, Russia is a shadow of what the Soviet Union was at its peak. Its economy is struggling in the wake of the slump in oil prices. Its currency is in a free fall. Its geopolitical influence is largely limited to the Central Asia and Caucasus. And its foreign policy doesn’t have any high moral ground—the interference in Ukraine was a direct threat to the modern international system, while in Syria it’s defending a brutal regime that’s accused of killing its own citizens. But in an international system largely dominated by the U.S., Russia, still an extremely consequential military power, remains the key player whose cooperation is necessary to resolve several of today’s crises. Treating it as a “rogue” nation or trying to isolate and weaken it through sanctions and other means could only be counterproductive. The **Iran nuclear deal** shows that even the most complex international issues could be resolved if Russia and the U.S. work together with creative diplomacy. Ideally, that should set the model for U.S.-Russia partnership.

**Protecting dissent**

In troubled times, it is a responsibility that must be owned by government — and by the media.

The Pakistan government has placed restrictions on a journalist who last week reported a face-off between the Nawaz Sharif government and the Pakistan army. The journalist, Cyril Almeida, working for Dawn newspaper, reported that at a meeting last Monday, some members of the government, and Prime Minister Sharif’s brother, the Punjab province chief minister Shahbaz Sharif, took on ISI Director General Lt. General Rizwan Akhtar, for protecting the [Lashkar](http://indianexpress.com/tag/Lashkar/)-e-Toiba, Jaish-e-Mohammed, and the Haqqani network, and their leaders. They said, according to the report, that Pakistan stood isolated in the world today for not acting against these groups. Extraordinarily, the government issued three denials of the report, even as the paper stood by it. The latest denial came on October 10, soon after a meeting between the prime minister and Army Chief General Raheel Sharif, alleging the report was “fabricated” and “clearly violative of universally acknowledged principles of reporting on National Security issues and has risked the vital state interests”. On Monday night, Almeida, who was scheduled to travel to Dubai, was told that he was on the Exit Control List, a restriction under a long existing ordinance that governments, both military and civilian, have used over the years against political opponents. While the episode points to a possible serious new rift between Pakistan’s powerful military establishment and civilian government, it is also an ominous reminder that freedom of the press is made vulnerable in the name of “national security”. Truth, it is said, is the first casualty of war, or the war-like situation.

In contrast to Pakistan, the institutional lines that separate the army from the civilian establishment, and those that protect the freedom of the press, are strongly etched in India. Here, the bigger challenge is that sections of the media itself could become part of attempts to deny space and time to views that are different, or to voices that ask questions. There is a tendency to prevent dissent from being heard by labelling it against the “national interest”. There have been vicious campaigns on social media and elsewhere against those who have dared to ask questions or to disagree; party spokesmen routinely accuse a critic of being “pro-Pakistan”. This shrinks and vitiates public debate, reflects paranoia and insecurity, not confidence and freedom.Yet, at the same time, it is also true that those who seek to suppress the truth have never had it harder. Truth will out, if not this way, then, as the Cyril Almeida story shows, by that media.

Yet, at the same time, it is also true that those who seek to suppress the truth have never had it harder. Truth will out, if not this way, then, as the Cyril Almeida story shows, by that media.

**Asking why**

Questions are being raised in Pakistan about state’s intimacies with terror groups. Will they gain critical mass, is the question.

An important fallout of the Dawn episode in Pakistan — the targeting of a journalist by the government over a report that described a new face-off between the military and civilian leaderships amid the ongoing tensions with India — is that it has brought out into the open an issue the Pakistani state has attempted to paper over: Its support to the two main anti-India groups, [Lashkar](http://indianexpress.com/tag/Lashkar/)-e-Toiba, Jaish-e-Mohammed, and the Haqqani network. It was on this issue that the government and military are said to have clashed at the meeting last week, as reported by Dawn. From the reported proceedings of the meeting, it is apparent that at least the civilian leadership is seized of where Pakistan stands in the world today because of the security establishment’s long held policy of using proxy terrorist groups as an instrument to further its regional strategy. The Pakistan foreign minister, according to the report, delivered a blunt message: The world wants to know why Pakistan has not acted against Hafiz Saeed and Masood Azhar?

There is little in the unfolding of events to suggest that the isolation that Pakistan feels now is an inflection point at which those who run the country realise it is time to drop the bad guys, or their “good terrorists”. The Pakistan security establishment continues to believe that the benefits of nurturing the LeT, JeM for proxy war with India are far higher than the costs. In the aftermath of the 2008 Mumbai attacks, there was even greater world pressure than now on Pakistan to crack down against the LeT/Jamat-ud-dawa. The security establishment took a few steps, and then, almost defiantly, dug in its heels. Hafiz Saeed was allowed to develop a more public persona than he had before Mumbai. Indeed, there was even talk of “mainstreaming” him and the JuD. After the Pathankot attack, when Pakistan disclosed that it had taken Masood Azhar into “protective custody”, the real indicator of its intentions was whether it would arrest him. The JeM is banned in Pakistan, and the government could have taken that step without any reference to the attack on Pathankot under its own Anti-Terrorism Act. Yet it wants evidence from India, while Azhar openly appeals to the Pakistan government to “show courage” and give him a free hand to “solve” the [Kashmir](http://indianexpress.com/tag/kashmir/) problem.

Perhaps the only hope that the Pakistan army will turn over a new leaf lies in moderate opinion, which wants normalisation of relations with India, some day becoming strong enough to have its way. The stir caused in Pakistan by the Dawn report has revealed that questions are being asked about its closeness with terrorist groups. Till the time that those asking these questions do not gain critical mass, though, India has no option but to keep its guard up and strengthen the country’s security. Meanwhile, it would be useful to remember that the people of Pakistan are not the state of Pakistan.

**Small nuclear plant to power China’s big plan?**

The plan is to install it in the South China Sea, where China has for long been locked in a dispute with nearby nations and the US.

A research institute in China is developing the world’s “smallest nuclear power plant”, according to a report in the South China Morning Post. The plan is to install it in the South China Sea, where China has for long been locked in a dispute with nearby nations and the US.

What is China building?

According to the South China Morning Post, the Institute of Nuclear Energy Safety Technology at Hefei has been tasked with developing the power station. The report says work on the unit, dubbed the “hedianbao” or the “portable nuclear battery pack”, will be partially funded by the country’s Army.

How big is the ‘smallest’ reactor?

The lead-cooled reactor, 6.1 metres long and 2.6 metres high, roughly the size of a mini-bus, is said to be “small enough to fit inside a shipping container.” It is expected to generate around 10 megawatts of electricity to power close to 5,00,000 households. Chinese scientists say that it is capable of running for years, maybe even decades, without refuelling. State-run Global Times quoted the China National Nuclear Cooperation as saying that the country plans to build 20 floating nuclear power plants to bolster power and water supplies on the SCS islands.

Why does China need nuclear reactors in the South China Sea?

According to analysts, the reasons mostly seems political. China wants to assert political and military superiority in the region, which is under challenge from Philippines, Vietnam, Malaysia, Brunei and Taiwan. China has been building infrastructure on the disputed islands, even building man-made islands, to consolidate its hold on the area after an international tribunal quashed its claims over almost all of the SCS in July this year. The remoteness and size of some of these islands make it difficult for them to receive power from the mainland. And since the islands also lack freshwater sources, a large amount of electricity would be needed to desalinate seawater for potential inhabitants.

How groundbreaking is the technology?

Not very. Chinese researchers have mostly refurbished technology from the Soviet Alpha-class nuclear submarines of the 70s.

How safe is it?

Several unnamed Chinese researchers quoted in the South China Morning Post report have raised concerns. Should an accident happen or were a natural calamity to strike, the radioactive waste would not only damage countries and people living nearby, but may also spread across the world on the strong currents that are common in the region. Marine scientists at the Ocean University of China have also warned that the discharge of hot, radioactive water from the plant into the sea might significantly alter the region’s ecological system

**The Asian century beckons**

India and China should align development strategies and create mechanisms to handle differences.

The World Bank’s statistics shows that India’s GDP grew from $284.2 billion in 1993 to $2.091 trillion in 2015.

Over the past 20 years, China-India relations have improved in both breadth and depth. There has been a warming of political ties. This year, President Pranab Mukherjee paid a successful visit to China while President Xi Jinping has met Indian Prime Minister [Narendra Modi](http://indianexpress.com/profile/politician/narendra-modi/) twice, in Tashkent and Hangzhou. China-India business cooperation is booming. The two-way trade has soared from $272 million in 1993 to $75 billion in 2015. People-to-people exchanges exceeded one million for the first time last year, and 11 pairs of sister provinces/cities have been created between the two countries. There is close cooperation between India and China in international and regional affairs, with better coordination under the framework of multilateral regimes including the UN, G20, BRICS and the Shanghai Cooperation Organisation (SCO). Cooperation between the two has also strengthened in issues pertaining to climate change, global governance and reform of international financial institutions. Together we have contributed significantly to the building of a fair and more equitable international order.

As the 15th ambassador of the People’s Republic of China to India, I will work with Indian friends from all walks of life to promote the relationship between the two countries, so that it will live up to its true potential and make even greater strides. I will try to promote the relationship between the two countries in the following ways. First, keep up the momentum of high-level exchanges. Frequent exchanges between the leaders of both countries have injected dynamism into our ties. President Xi will attend the BRICS leaders’ meeting in Goa and meet PM Modi in a few days. This will be the ninth meeting between the two leaders since they took office, and the third this year. It is important to maintain regular exchanges between the senior members of the governments and legislatures as well as senior military officials of the two countries, and give full play to the existing mechanisms to enhance strategic communication and increase mutual understanding.

Second, align our development strategies. As the two largest developing countries, China and India share common ideas and complementary strategies of development. China is at a crucial stage of deepening reform and restructuring its economy comprehensively. We are implementing programmes such as the Made in China 2025, Internet Plus and Mass Innovation and Entrepreneurship. India too is at a critical juncture of reform and development. Prime Minister Modi has undertaken initiatives such as Make in India, Digital India, Smart Cities. We need to align our development strategies.

Third, deepen business cooperation. We may actively explore a China-India regional trading arrangement and encourage cooperation on major projects. We look forward to new industrial cities built by the Wanda Group and China Fortune Land Development Company in India. Such projects will help create jobs and boost India’s development. We can work together on new and renewable energy projects.

Fourth, promote people-to-people exchanges. We can start more direct flights to destinations in the two countries. We shall also continue our good work in matters pertaining to religious exchanges, and facilitate the Indian pilgrims who visit Kailash Manasarovar in China’s Tibet. Next month, a 200-member Chinese youth delegation will visit India and a Chinese art troupe will take part in the Delhi International Arts Festival.

Fifth, enhance international and regional cooperation. As two major developing countries and emerging economies, the scope of China-India relations have gone beyond bilateral matters. We have broad converging interests and face common challenges in Asia and beyond. We need to enhance cooperation in SCO, and work together to ensure the success of the Asian Infrastructure Investment Bank and the BRICS New Development Bank, increase strategic communication and coordination on international and regional affairs and become global partners in matters of strategic coordination.

Sixth, manage differences properly. As two large neighbours, it is natural that China and India do not see eye to eye on every issue. We should focus on cooperation while handling differences properly. We should reduce our differences by expanding the pie of cooperation and work for healthier bilateral relations by addressing differences.

China and India account for a third of the world’s population. The relationship between the two countries is one of the most important bilateral relations in the world. When Indian PM Rajiv Gandhi paid a historic visit to China in 1988, I was working in the Asian Department of the Foreign Ministry of China. I still remember what Deng Xiaoping said when he met him, “Only when China and India have developed will a real Asian century emerge”. I have high hopes and great optimism for the prospects of China-India relations.

**Regulating Rampal Power Project Could Mean Trouble Under the India-Bangladesh BIT**

**If Bangladesh were to adopt regulatory measures against the environmental impact of the power plant, Indian public sector investors could accuse the country of violating BIT obligations.**

The Rampal power project, a proposed 1,320-megawatt coal-based power plant in Bangladesh’s Rampal Upazila, has been facing stiff opposition. Given the proximity of the power plant to the Sundarbans, the world’s largest tidal halophytic mangrove, concerns have been raised regarding the widespread and pervasive damage that this power plant could have on the ecology of the area. In 1997, the UN Educational, Scientific and Cultural Organisation declared the Sundarbans a [world heritage site](http://whc.unesco.org/en/list/798). The Sundarbans have also been declared a protected wetland under the [1971 Ramsar Convention on Wetlands](http://www.ramsar.org/) – an international treaty for the conservation and sustainable use of wetlands.

However, the Bangladeshi government is batting for the project. The merits of the environmental impact of the Rampal power project have already been commented on in detail. Assuming that there is or will be an adverse environmental impact if Bangladesh decides to adopt environmental regulatory measures in the future – stopping the power plant from operating, for instance – it will have to be mindful of its international obligations under the [India-Bangladesh bilateral investment treaty](http://investmentpolicyhub.unctad.org/IIA/country/16/treaty/371) (BIT).

The power project is an outcome of the memorandum of understanding signed in 2010 between Bangladesh and India, which led to the establishment of the Bangladesh-India Friendship Power Company Limited (BIFPCL) in October 2015. The primary objective of BIFPCL is to construct, own, operate and maintain a coal-powered thermal power project in Bangladesh. BIFPCL is actually a joint venture between the Bangladesh Power Development Board, a public sector power company, and the National Thermal Power Corporation (NTPC), India’s leading public sector power firm. As part of the plans to execute BIFPCIL’s mandate, Rampal was chosen as the site for the construction of the coal-fired power plant. Bharat Heavy Electricals Limited (BHEL), India’s leading engineering and manufacturing public sector company, was awarded the contract to construct the plant. The Export Import Bank of India is the majorly financier of the project.

**Risk of investor-state arbitration**

Bangladesh and India signed a BIT in 2009 for the promotion and protection of foreign investment within each other’s territory. The BIT provides for an investor-state dispute settlement mechanism, wherein a foreign investor can drag the host country to arbitration before an ad hoc tribunal if the latter adopts regulatory measures that the former believes violate the BIT.

Can Bangladesh be dragged to arbitration by an Indian investor in case it adopts sovereign regulatory measures to mitigate the adverse environmental consequences of the Rampal project, which adversely affect the investor? To answer this question, one will first have to decide whether a BIT tribunal has jurisdiction over such a dispute. For the BIT tribunal to have jurisdiction, the company bringing the dispute must be an Indian investor that has made foreign investment in Bangladesh.

Proving this will not be difficult, given the very broad definition of foreign investment in the India-Bangladesh BIT. Under Article 1(b) of the India-Bangladesh BIT, an ‘investment’  means “every kind of asset invested by an investor of one Contracting Party in the territory of the other Contracting Party…..” and also includes “shares in and stock and debentures of a company and any other similar forms of participation in a company”. Thus, the definition clause is wide enough to cover NTPC’s investment in BIFPCL as foreign investment under the BIT. Since NTPC is an Indian company, it also satisfies the definition of investor in Article 1(c) of the BIT. Additionally, apart from NTPC, BHEL is also an investor under the BIT that has made foreign investment in Bangladesh.

Once the jurisdiction hurdle is crossed, the next question is what kind of claims these companies can bring under the BIT. The form of complaints will depend on the nature of regulatory measures. For example, if Bangladesh orders closure of the power plant to stop further environmental damage, NTPC or BHEL can challenge this as expropriation of their investment under the India-Bangladesh BIT if they are not compensated for the loss of their investment or if the quantum of compensation is not in accordance with the BIT. The India-Bangladesh BIT provides for both direct and indirect expropriation.

Another possible instance where Indian companies can mount a BIT challenge is a situation where the judiciary in Bangladesh, say on a petition filed by its citizens, passes an order awarding high amounts of compensation. A case on similar lines is pending before the Permanent Court of Arbitration, where Ecuador has been taken to arbitration by Chevron Corporation after the Ecuadorian Supreme Court ordered Chevron to pay an amount of $9.5 billion as compensation for the damages to the Amazonian rain forests due to its oil exploration activities. The bottom-line is that there can be several conceivable circumstances where regulatory measures taken by Bangladesh could be challenged under the BIT.

**Does Bangladesh have a defence?**

In such investor-state arbitration, will Bangladesh have any valid legal justification for the measures taken, even if against the interests of the investors? The India-Bangladesh BIT, which will be the most important source of international law applicable to the dispute, does not have any provisions that give space to host states (in this case Bangladesh) to act in furtherance of environmental objectives without worrying about breaching other substantive BIT obligations.

The only exception the BIT has is with respect to measures taken to protect essential security interests, that too only in circumstances of extreme emergency. This sets a very high threshold, making it difficult for Bangladesh to bring environmental measures under this exception. If not the BIT, Bangladesh can defend its regulatory measures to protect the Sundarbans by relying on international environmental law such as the [Ramsar Convention](http://www.ramsar.org/about-the-ramsar-convention), the [1972 World Heritage Convention](http://whc.unesco.org/uploads/activities/documents/activity-562-4.pdf) and the [1992 Convention on Biological Diversity](https://www.cbd.int/convention/), which casts an obligation on states to protect and preserve biodiversity within their territory. There are also other international laws Bangladesh can rely on. The BIT tribunal, under the rules of treaty interpretation given in [Article 31(3)(c) of the Vienna Convention on Law of Treaties](https://treaties.un.org/doc/publication/unts/volume%201155/volume-1155-i-18232-english.pdf) will be bound to “take into account” “together with the context” any “relevant rules of international law applicable in relation between the parties”, to interpret BIT provisions. Since the tribunal’s obligation is only “to take into account” these environmental provisions, one is unsure to what extent this will influence the interpretation of BIT provisions. Given the high ecological value of Sunderbans, perhaps an argument based on the concept of *erga omnes* obligations – obligations owed by a state to the entire international community – can also be made. However, there is considerable debate as to whether erga omnes obligations exist with respect to environmental protection.

Due to textual ambiguity in the India-Bangladesh BIT, the outcome of such a dispute, to a great extent, will not only depend on the kind of regulatory measures adopted by Bangladesh but, more importantly, on the approach of the arbitral tribunal. There have been several investor-state arbitrations where environment-related issues have been central to the dispute. However, the approaches of the arbitral tribunals have not been consistent throughout. On the one hand are cases like [*Methanex v. United States of America*](http://www.italaw.com/cases/documents/696)*,* where a foreign investor challenged an environmental regulatory measure as constituting expropriation. The tribunal said that non-discriminatory regulatory measures adopted for public purpose following due process do not amount to expropriation unless the state gave specific commitments to the foreign investor that it would refrain from such regulation*.* This is notwithstanding the effect of the regulatory measure on foreign investment. On the other hand, there are cases such as [*Pope and Talbot v. Canada*](http://www.italaw.com/cases/863)*,* wherein the tribunal focused primarily on the effect of the measures – *“*whether there is substantial deprivation or not*“* – of investment to ascertain expropriation. In another case, [*Santa Elena v. Costa Rica*](https://www.google.co.in/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&uact=8&ved=0ahUKEwirpcbLltLPAhUDqY8KHYBWDXUQFggdMAA&url=http%3A%2F%2Fwww.italaw.com%2Fdocuments%2Fsantaelena_award.pdf&usg=AFQjCNHhCGmXR-Fq15Sj3y7Jcs2L9CpFIA&sig2=xutArKeVMtC2cDA1e1PGYw)*,* which has some similarity to possible disputes under the India-Bangladesh BIT, Costa Rica adopted measures to secure the ecology of an area that was designated as a World Heritage Site. The tribunal held that the “expropriatory environmental measures – no matter how laudable and beneficial to society as a whole…are similar to any other expropriatory measure…and where a property is expropriated even for environmental purposes, *whether domestic or international,* the state’s obligation to pay compensation remains.”

We do not wish to even remotely suggest that Bangladesh cannot adopt environmental measures to protect the Sundarbans. It is also not to suggest that an Indian company shall necessarily prevail in a BIT dispute with the state of Bangladesh. However, it is critical that Bangladesh’s executive and judiciary are fully aware of the fact that its environmental regulatory measures could be challenged by Indian companies under the BIT between the two countries. Bangladesh needs to carefully look at its options and tailor its regulatory measures to ensure that it has the maximum impact without violating BIT obligations.

**NATIONAL, POLITY RELATED NEWS**

**Evolution of the education policy**

Poor quality of education, not gross enrolment, is currently the key issue with the Indian education system

A new education policy is in the process of being finalized by the ministry of human resource development (MHRD). The new policy is aimed at making education both emancipator and enabler while encouraging innovation over rote learning. District- and block-level consultation and public suggestions are also sought to make the new education policy more effective and relevant. The MHRD’s inclusive and participatory approach in formulating this policy is worth appreciating. Hopefully, it will lead to positive outcomes, important for every citizen of this knowledge economy.

Gross enrolment was the focus area in earlier schemes, i.e. Sarva Shiksha Abhiyan, Right to Education, National Literacy Mission and so on. However, poor quality of education is a burning issue at present—as reflected in several national-level surveys, third-party assessments, and at the employment stage. To address this challenge, we need to study various aspects of the Indian education system at the grass-roots level, i.e. quality of trainers, curricula upgradation, use of e-learning, assessment pedagogies, institutional accreditation, focus on extracurricular activities, common syllabi, foreign universities Bill, not-for profit model and so on.

Here are four important facets of our education system which should be incorporated in the new education policy to enhance overall credibility of the system.

**Regulatory:** In February, the Telangana government announced its education policy and brought most of the educational institutions under a single department of education rather than different regulatory divisions. Such reforms are essential at the central level where the list of regulatory bodies is even longer—the University Grants Commission, All India Council for Technical Education, National Council of Educational Research and Training and various course-specific councils and boards. The introduction of a single industry regulator along the lines of the Telecom Regulatory Authority of India and the Insurance Regulatory and Development Authority would be helpful in improving the overall productivity of the institutions. This would allow educational institutions to focus more on education delivery to students rather than spending more time in the paperwork of different regulatory bodies. In fact, too much control enables rent-seeking and corruption. Let market forces decide which player is better, as happens in other sectors.

**Accountability:** We often hear criticism of parallel education or the emergence of coaching institutions in the Indian education system. But the existence of this parallel education system is due to the failure of our main education system comprising schools, colleges and universities. Why can’t we have accountability for the desired output from our core education system? In the US’ new Every Student Succeeds Act, passed in December 2015, the federal role in establishing educational standards has been reduced while schools have been made more accountable and performance-oriented. Similarly in India, schools or colleges should not be allowed to consider themselves merely custodians of licences to grant degrees or certificates. They ought to be responsible for the final learning outcome. In this process, teachers should also be accountable. The government needs to address this issue, from reviewing the eligibility criteria for teachers to assessing their motivation.

**Reservation:** The idea of social equilibrium is excellent. Reservation is one of the efficient ways to achieve this. However, it need not necessarily be just caste-based reservation. When the practice was started just after gaining independence, caste was perhaps the only practical way to differentiate the privileged and underprivileged. But now we have huge databases and multiple ways to separate both categories. The social benefits of reservation for a poor family or deprived student from the general category (as defined currently) is far greater than reservation for an affluent reserved category individual (based on the current caste system). We know that no government would dare to change the reservation system to solve this issue. Therefore, we are unlikely to see any update on this in the new education policy. However, if education is listed among the “9 pillars” to transform India, then eventually, the issue will have to be addressed in order to foster excellence in education governance.

**Financing:** The Central government spends less than 4% of the gross domestic product (GDP) on education. The allotment in the last budget, with just 4.9% year-on-year increase, is actually lower as a percentage of GDP if inflation is factored in. If the government says that education is a national agenda, then it should get its proportionate allocation. In this context, I would even oppose the hefty fees at our premier institutions (Indian Institutes of Technology and Indian Institutes of Management). The fee may not look expensive in light of the salary packages of their graduates, but it should also not deter anyone from being an entrepreneur due to the burden of educational loans for studies at these institutions. It is our responsibility to provide the best education to deserving candidates. Even if education is made free at these powerhouse institutions, there would be an additional expense of only about Rs1,400 crore. It is less than 0.1% of our yearly budget or just 0.01% of national GDP, but could potentially have a multiplier effect on the development of an economy which has 54% of its total population below 25 years of age.

**Learning from good government**

The case studies on good governments in Judith Tendler’s book challenged the dominant pessimistic thinking about governance in the so-called ‘third world’

On 24 July 2016, Judith Tendler, professor at the Department of Urban studies and Planning at the Massachusetts Institute of Technology (MIT), Boston, passed away. She was 77. A Ph.D from Columbia University, Tendler spent several years at the United States Agency for International Development (USAID), before a long career as a professor at MIT. A significant share of her work focused on the Americas, but she also studied South Asia and parts of Africa over her long research career.

Tendler’s book, *Good Government in the Tropics* (1997), is one of the most influential books in the field of international development—essential reading for students of governance and public policy studies. In the book, Tendler and her research associates studied four cases of successful government in Ceara, a poor state in north-eastern Brazil. In each of the cases, the government at different levels played an effective role, facilitating and brokering relationships, and submitting itself to mechanisms which could be used to hold themselves accountable. Those were rare but rich examples of ‘good government’.

Overall, the case studies on good governments in the book challenged the dominant pessimistic thinking about governance in the so-called ‘third world’. Tendler argued that much of the advice from international development agencies to developing countries was based on an analysis of poor performance of the public sector and governments. This resulted in a tendency to ‘import’ good practices from the successful developed countries, as well as a resistance to looking deeply into poor countries to identify variations in performance. In many ways, Tendler consistently challenged the pre-suppositions that development agencies and policy advisors nurtured—and which, as a result, shaped the advice they dispensed into narrow straitjackets often unfit for the context in which they were to be applied.

One of the interesting, if surprising, conclusions of Tendler’s research for the book is that local governments (or non-government organisations, for that matter) were not inherently found any better at service delivery. In the 1990s, the push for decentralized governance was very strong, and several countries, including India, made significant progress in decentralizing power to tiers of government closer to its citizens. At the same time, policymakers and advocates were locked in a battle to determine whether decentralization led to positive outcomes. In this context, a call to look beyond established models of decentralisation and look for variations in implementation in different contexts was highly valuable.

The researchers found that service delivery improved in Ceara not because the Central government got out of the way and allowed the local governments and civic action a free hand, but because it involved itself in a self-interested fashion, monitoring delivery by local governments, and playing an active role in civic education. This was quite unlike the conventional thinking around decentralisation at the time, and we are better off for it. Tendler does not argue in her book that her cases represented the norm. Instead, her point was that the politics of implementation merit far more attention than they had so far received. More and more now, researchers studying public policy are expected to focus on ‘implementation’—looking beyond ‘what works’ to the ‘why’ and ‘how’. The learning agenda that is fast gaining currency too has been enriched by this focus on implementation, as it steers organisations towards reflecting deeper on how to make change happen.

The questions posed about an uncritical belief in the merits of decentralisation, the ability of civil society as an agent to hold the government accountable, and the fatalism that prevails regarding the commitment of public sector employees, are highly relevant today in India. It has been clear for some time now that the model of decentralised governance in India will look different in each state, and rightly so. A single framework for analysis therefore, will not work. Similarly, hybrid forms of civic action continue to thrive, as there is increasing pressure to work with government, and yet retain independence. Finally, the implementation capacity of the state remains a challenge as the state attempts to restore credibility. The experiments with technology-enabled solutions and motivational messages directed at the bureaucracy are efforts in that direction.

As we analyse public sector reforms, the work of Judith Tendler will remain a great source of insight: there is no silver bullet, other than incremental improvement, and evidence-based iteration.

**The Politics Of Victimhood**

**The demands of the agitating Marathas are not reasonable**

The form and content of the Maratha agitation sparked off by the rape and murder of a 14-year old school girl in Kopardi village in Ahmednagar district of Maharashtra, notorious for its record of caste atrocities, has stunned observers. The form of muk morcha (silent rally) adopted by the protesters is novel and puzzling since the community is not known for such patience, individually or collectively. The content is confusing since all the culprits were arrested within a week of the crime and the chief minister himself promised that they would be hanged to death. The original demand — justice to the victim — has been overshadowed by the plea to introduce reservations for the Maratha community and repeal of the SC and the ST (Prevention of Atrocities) Act.

The call for capital punishment to the culprits of the Kopardi incident — they belong to a Dalit caste — was supported by all, including the Dalits. But the protests took a distinct caste turn after it was raised in the state assembly by NCP leaders, Radhakrishna Vikhe-Patil and Ajit Pawar. A massive muk morcha on August 1 demanded reservations for Marathas and the repeal of the SC and the ST (Prevention of Atrocities) Act. NCP bigwigs including party supremo Sharad Pawar supported the morcha. A spate of similar morchas, over 40 so far, have since taken place all over Maharashtra. Some of the NCP leaders have accepted that they provided logistic support to the rallies. These morchas have no face or clear leadership. The spokespersons are like school girls. Established politicians have been scrupulously kept out.

The Marathas, who account for a third of electorate, are divided into three classes. The top layer is made of the wealthy Marathas who control the cooperative sector, run businesses, and hold political power. They are called gadhivarcha (fort-dwelling) Marathas. The NCP is their party. The second layer comprises rich landlords, who control small cooperatives and institutions of local self government. They are described as wadyavarcha (mansion-dwelling) Marathas. They support the [Congress](http://indianexpress.com/tag/congress/) and the [BJP](http://indianexpress.com/tag/bjp/). The third section, the vadivarcha (the commoner) Marathas, is facing the brunt of the mounting agrarian crisis. They support parties like the Shiv Sena, MNS and other such lumpen outfits. None of these parties could inspire the Marathas masses in such large numbers and incur the electoral risk of identifying openly with the demands raised by the agitators. However, each party imagines that it could partake of the gains of this mobilisation.

The demand for Maratha reservation is not a new one. Similar demands have been raised by the Gujjars, Jats, and Patidars, their counterparts in other states. The Marathas are the kunabis (tillers) of Maharashtra, but would not identify themselves as so when the kunabis were classed as OBC by the Mandal Commission. Instead, the Marathas have claimed kshatriya-hood for themselves.

History apart, are these demands feasible? The political class, including Chief Minister Devendra Fadnavis, who appears to be the target of the NCP, has supported the claims, notwithstanding the failure of earlier attempts to secure them. The Maratha community, which has complete dominance over the politics and economics of the state, can never establish through constitutional means that it is socially and educationally backward and establish the claim for OBC reservation. If the political class manages the inclusion through fraudulent means, the existing OBCs are likely to oppose it and the courts will stall it. The second demand — the claim to repeal the SC and the ST (Prevention of Atrocities) Act has now changed to modification of the act — is directed against the Dalits. The basis of the demand that convictions are few — the rate of conviction is as low as six per cent — only indicates the dominance of the dominant castes over the state apparatus, which works to ensure that cases booked under the act fail at every node of the justice delivery system. Moreover, it is a national act and cannot be tinkered under false pretexts.

Though both the demands are unlikely to be fulfilled, the consciousness of victimhood among the Marathas achieved by the morchas is going to serve the interests of the political parties. The Maratha youth must realise that their own leaders have been responsible for their current plight. The current mobilisations are unlikely to alleviate their misery.

**Play the music, face the music: What the Copyright Act says**

**A 2012 amendment recognises singers’ rights to royalty whenever their songs are sung or played commercially — and 2 cases have been decided in court.**

Over the last couple of months, Delhi High Court has passed two orders which, if enforced in letter and spirit, could change the way bars and restaurants use music — live or recorded — to entertain patrons.

On August 12, Justice S Muralidhar ruled that a South Delhi restaurant had violated the “inalienable Right to Receive Royalty (R3)” of performers by playing their songs “without obtaining Rights Clearance Certificate”, and asked the “defendant to render to the plaintiff the accounts of all the monies earned by it from the performance of the repertoire… of the performers”. On September 30, Justice V Kameswar Rao passed similar orders against a lounge bar in North Delhi. Both cases were filed by Indian Singers’ Rights Association (ISRA), a body of 290 singers, which has Lata Mangeshkar, Sonu Nigam, Alka Yagnik, Kumar Sanu and Pankaj Udhas on its Board of Directors.

What rights does a singer have over his or her music? What do the orders of the High Court mean for the playing of such music in commercial establishments?

What are “Singers’ Rights”?

Section 38 of the Copyright Act, 1957, as amended in 2012, recognises “Performer’s Rights” of the Singer of a commercially recorded song for 50 years from the “beginning of the calendar year next following the year in which the performance is made”. During this period, the performance, or “a substantial part thereof”, cannot be recorded, reproduced, broadcast or communicated without the Perfomer’s consent. Performers (which includes Singers) have the Right to Receive Royalty (R3) in case their performances are commercially utilised. While a Singer can sign over the rights to a song to a producer/third party, R3 for the song cannot be given over. This means that once a Singer has recorded an original song, everyone except the producer/copyright holder needs to get permission and pay royalty to play/perform it in public.

Performers (Singers) can, under the Copyright Act, license their R3 to Copyright Societies to administer their right, i.e., issue licenses and collect royalty on their behalf. ISRA, a registered Copyright Society under the Copyright Act, was formed to create tariff rules, and to collect and distribute royalties to Performers. Most commercial performers in the Indian film and music industry are its members, and ISRA can take legal action on their behalf for violation of copyright. Any person making commercial use of a performance must obtain a “Performer’s Rights Clearance Certificate” from ISRA and pay royalties.

And what exactly is “commercial utilisation” of a performance?

It includes both live performance of a song, as well as the playing of recordings (using CDs etc.). In effect, all commercial performances — playing music in a restaurant, or over the radio/TV/Internet, in shops, hospitals, airports or restaurants, or by DJs at commercial events, or on any other commercial platform — are included. Organisers of sports events such as the IPL, where music is played for general entertainment, must pay royalty or licence fees at the rate of Re 1 per seat calculated on total capacity basis. Under Section 39 of the amended Copyright Act, the Performer’s Right is not infringed only in cases of private use, teaching and research.

Who decided these copyright charges?

ISRA did, soon after it was created. The tariff rates and distribution scheme were communicated to the Copyright Office under the Union Ministry of Human Resource Development. According to ISRA Managing Director Sanjay Tandon, the Copyright Act gives the Performer, as the owner of the copyright, the power to decide tariff rates. Anyone who objects can challenge the rates before the Copyright Board or High Court. The rates, available on the ISRA web site, cover all types of public performances — at public events, restaurants, clubs, malls, shops, dance schools, and even on board commercial vehicles such as buses and taxis.

So, strictly speaking, a restaurant can’t be playing copyrighted music?

A restaurant is a public space using music for commercial purposes, and needs to pay royalty to the Performer. It needs to get a No-Objection Certificate from ISRA, and pay the price of “the least priced drink on the menu card” per day to each singer whose song it plays. Thus, if a restaurant at which the cheapest beer costs, say, Rs 200, plays Sonu Nigam’s Deewana tera every evening of the year, it has to pay the singer an annual royalty of Rs 73,000.

The HC’s August order came in response to ISRA’s suit against Delhi’s Chapter 25 bar and restaurant. The petition cited, as a sample, songs being played in the restaurant for two hours without obtaining the Clearance Certificate or paying royalty, which, the court noted, “constitutes an infringement of the R3 of the members of the Plaintiff Society”. The court directed the restaurant to stop playing music until it had obtained clearance, and to produce accounts of the money earned from the performance of the songs, so that the dues of the ISRA members could be calculated.

Any public performance of a song, even at a public event which does not charge a price of admission, needs an NOC from ISRA, and payment of royalties. In fact, under copyright law, the copyright rests with the Producer, the Composer, as well as the Performer. And, according to rules created by the Copyright Societies, royalties are due to all three, and NOCs may be required for a performance from the owner Societies.

What other actions has ISRA initiated?

According to Advocate Pravin Anand, whose law firm Anand & Anand represents ISRA, the Society has issued nearly 750 claim letters since its creation in 2012 to restaurants, hotels, production houses, radio stations, TV channels, mobile operators, web sites, DJ events, and sporting events. The aim so far has been to “educate and then collect royalties for singers, as it is a new right that has come into effect only from July 21, 2012”, Anand says. Apart from the two cases decided by the Delhi High Court in August and September, ISRA had, in April, initiated a suit against the use of copyrighted music at IPL matches. The High court had issued an injunction against the use of songs belonging to ISRA members, following which IPL organisers and team owners agreed to pay tariffs. However, Kings XI Punjab contested ISRA’s claim to royalties, and the suit is now scheduled to be heard by a commercial bench of the High Court in December.

**Shortcut to scholarship**

Encouraging students to photocopy course material instead of reading real books only perpetuates India’s poverty of ideas.

It needs considerable myopia to celebrate the recent verdict of the Delhi High Court upholding the legal validity of photocopying as a means to promote knowledge and learning. The case had originated from a practice involving the use of “course packs” containing hundreds of photocopied pages from books. The argument that books are much too expensive for students to buy proved strong enough to prevail against the plea made by some prominent publishers that bulk photocopying infringes copyright. There was an obvious David and Goliath feel to the case. David has won, but the victory conceals a dark hole. Even as the photocopying shop at Delhi University’s Library of Social Sciences resumes preparing its fat course packs, we must take some time off to peep into the dark hole.

If we do, we will encounter the reality of higher education in India and institutions like Delhi University, especially their libraries. It is no news that the university has been facing an acute financial crisis for several years. All central universities are affected by the slashing of funds suffered by the University Grants Commission (UGC). All aspects of university life are suffering, and some of the pain has now become a routine reality. The use of ad hoc teachers instead of tenured faculty is one aspect of the new reality. The decline of library services is another. Retiring staff has not been replaced for years. A paucity of funds has forced libraries to cut down on new book purchases and subscriptions to journals, especially those published overseas. The use of “course packs” is a reflection of this larger context.

Libraries in India are victims of a compounded misunderstanding. Many new age academic administrators believe that libraries need not be a priority anymore because the internet now provides plentiful access to knowledge. This is a typical Third World delusion that has taken many forms over the years. Each time a new technology comes in, our administrators get excited. They love to entertain the fantasy wherein India overtakes Western nations by taking a short cut in the fourth gear. Online access to knowledge is the current version of this fantasy. Vice-chancellors who regard [Google](http://indianexpress.com/tag/google/) as a global guru have willingly endorsed the government’s policy of hard kicking library infrastructure and permanent faculty. As a result, libraries can no longer buy major new titles or multiple copies of older, basic texts. The newly imposed semester system demands multiple copies of essential books because courses have to be completed within 16 weeks. Malnourished libraries can’t cope with the new teaching cycle; hence, the lure of photocopied packs.

The idea that photocopied material can substitute books needs to be examined on several scores. A student who has studied from photocopied “course packs” cannot enjoy revisiting a text later in student life or beyond. This is because the ink used by laser printers starts fading within a year or two. “Course packs” promote the values associated with an exam-centric culture of education. Far from creating a fascination for knowledge, such a culture reinforces an obsession with exams. “Course packs” contain the readings relevant for the exam. It matters little if the old pack fades because the student must rummage through the next when the new semester starts.

The acceptance of photocopying as a legitimate substitution for library holdings will perpetuate India’s academic poverty. The publishers who had protested against the photocopying shop located in the Ratan Tata Library are no enemies of higher education. They have published some of our best-known academic authors, providing them a global reach and reputation. No publisher of serious books anywhere in the world is currently having an easy time. Indeed, publishing as an industry is among the worst hit by global recession and budget cuts in education. If the measly profits on which academic publishing in India survives are to be nibbled away by photopying, the losses will have to be shared by all, including authors, teachers and students.

Students now come from a broader social spectrum than in the past. Many come from homes where no one had earlier gone to college. They deserve a well-stocked library to overcome the backlog of good schooling. Giving them a fading pile of A-4 sheets, instead of nicely bound books, compounds the injustice they have suffered throughout childhood. Among the rest of the student body today, many attended high fee-charging English-medium private schools. They have resources and impressive private possessions. It is the responsibility of an academic institution to induct them into a culture of owning, and not just reading, books. Good libraries do just that, by providing a physical ethos where books look beautiful. “Course packs” don’t.

By saving money on libraries and teachers, India can only sink deeper in the poverty of ideas and research. The rhetoric of quality education has already worn thin, and anyone can spot the brittle bones of our once-reputed institutions. No Indian university comes close to the world’s best. The three key criteria that push our institutions down in global rankings are: Teachers, libraries and significant research. All three are interrelated. Good teachers need assured careers with eager students and a rich library.

The greatest irony of the copyright dispute was the support that eminent scholars, including Amartya Sen, gave to the photocopy shop. Sen’s support saddened me because he belongs to the generation of teachers who believed that India’s nation-building would have to be original. It seems he too has reconciled to the prevailing view that the best option now left for India — and for Delhi’s old, struggling university — is to focus on photocopying.

**The right to copy**

In this age of copy-and-paste, plagiarism and piracy are rarely regarded as serious issues.

Who invented the revolver? I am not sure the question deserves an answer, since multiple people invented multiple things. Forced to give an answer, most people will opt for Samuel Colt. Thanks to Samuel Colt’s patent (there were separate British and US patents), he had a monopoly on manufacturing revolvers till 1856. The limited point is that because of Colt’s patents and his attempts to guard against infringement, innovations and development of firearms manufacture were impeded. Until the Colt patent expired, Smith and Wesson couldn’t do much.

Researchers agree, from a social welfare point of view, these patents did more harm than good. There is a similar hypothesis, though contested, about how patent wars impeded the initial development of aviation in the US, with the Wright brothers (holders of the patent) fighting Glenn Curtiss and others. Therefore, at the time of World War I, US airplanes weren’t good enough and the government had to enforce a patent pool. All forms of intellectual property right (IPR) protection involve a limited monopoly. That’s an incentive for placing details of the invention in the public domain and the static welfare loss (because of the monopoly) is compensated by dynamic welfare gains through new inventions and investments. The National Intellectual Property Rights Policy of May 2016 cites these arguments.

That trade-off between the static and the dynamic, the immediate short-term and the medium term, is an old debate and we have legislation (WTO, World Intellectual Property Organisation (WIPO), bilateral, unilateral) on IPR protection. There are various forms of intellectual property — copyrights and related rights, trademarks/service marks, geographical indications, industrial designs, patents, lay-out designs of integrated circuits, plant varieties, undisclosed information. Some implementation (patents, designs, trademarks, GI-s) is with the Department of Industrial Policy and Promotion and the Controller General of Patents, Designs and Trade Marks, plant varieties with the agriculture ministry, integrated circuits with Department of Information Technology and biodiversity with environment and forests ministry. Finally, copyrights are with the human resource development ministry. We may have reduced all kinds of IPR to a common conceptual template, such as through the WIPO, but the two roots and antecedents are different — the Paris Convention (1883) for Protection of Industrial Property and the Berne Convention (1886) for Protection of Literary and Artistic Works. In the general discourse and debate, irrespective of legislation, we have accepted IPR more for varieties of industrial property, trade marks, industrial designs, patents, integrated circuits. We haven’t quite accepted IPR for copyright and related domains such as performing artists, recordings, broadcasters. At the back of our minds, we accept the Paris Convention stuff as inherently commercial, the Berne Convention stuff less so.

There was a recent Delhi High Court judgement, involving Delhi University and a photocopying kiosk inside the Delhi School of Economics. The kiosk prepared study packs — photocopying parts of books — and a few publishers brought an infringement case. The court dismissed the suit.

Under Section 52(1)(a), this act of photocopying was “a fair dealing with a literary, dramatic, musical or artistic work”. My intention is not to get into the judgement. In any case, that is only about a very specific form of copying. How many people walk into a store and walk out with a stolen product? Barring thieves, this is a rare phenomenon. Within the set of honest people, how many have used pirated software, or downloaded and watched pirated films, musical performances and songs? Let’s ignore those who indulge in commercial counterfeiting and piracy. Barring them, even within the honest set, the number who have indulged in piracy will be high. Notice, a person will not typically steal a music CD from a store, but is quite amenable to downloading songs from the internet. Stated differently, there is a notion of theft when there is something physical or tangible, not otherwise. Copyright and related rights may assume physical form, but the notion is inherently that of something intangible and non-physical. We don’t accept these things as commercial. To the extent we accept copyright and related rights as commercial, we do it more for neighbouring rights and less for old-fashioned and narrow copyrights. Hence, plagiarism is rarely regarded as a serious issue, in this age of copy and paste.

Add to this a perception that copyrights benefit publishers, not authors (this debate on authors versus publishers goes back to the late 19th century). Books by Charles Dickens were published in the US for which he received no royalties. “Show me the distinction between such pilfering as this, and picking a man’s pocket in the street: Unless, indeed, it be, that the legislature has a regard for pocket-handkerchiefs, and leaves men’s brains, except when they are knocked out by violence, to take care of themselves.” This is a quote from Nicholas Nickleby by Dickens. Books by Edgar Allan Poe were published in Britain and he got no royalties either. Legislation for author versus publisher relationships may have improved since then, but there is still the perception that authors get little royalty from books. Those huge advances are extremely rare. An average (varies between hardback and paperback) royalty will be between 7.5 per cent and 12.5 per cent of the printed price, with a large part of that price swallowed up in the distribution chain. On royalties and sales records, few authors are happy with publishers and this undoubtedly reinforces the general impression of publishers being sharks. There is a famous economist with left-wing views. Being left-wing and anti-market, he doesn’t like IPR and vehemently argues against it. But his books always indicate the copyright is in his own name and he too rails against publishers

**Reading it wrong**

Ruling in DU copyright case reflects the inability of Indian courts to integrate legal outcomes with robust business models.

The recent verdict of the Delhi High Court in Chancellor, University of Oxford v. Rameshwari Photocopy Services has spurred extreme conclusions. Advocates of open access have considered it as vesting limitless authority to copy for all educational purposes while the publishing world laments its potential to destroy the creation of content. Both are wrong, because observations in this verdict that go beyond resolution of the dispute at hand are legally ineffectual and must be set aside on appeal.

At issue before the court was the photocopying of course packs by a Delhi University-authorised photocopier service without obtaining licences from academic publishers, with the extent of copying ranging from five per cent to 33.25 per cent of the contents of a book as per the publishers’ submissions. Copying beyond one-third of the text was thus not in dispute before the court and therefore, it would be fallacious for any free access advocate to contend that this verdict supports copying of entire books. Second, the photocopier service, though operating outside the library premises of the Delhi University, had a contractual relationship with the university to render course packs for its students and could be considered an “agent” of the university. Thus, acts by other photocopier services which have no such authorisation from formal educational institutions are completely outside the purview of this litigation, and will have to be independently tested.

Even with this limited construction, a third of a book is substantial, and can end up wholly devaluing its market value if freely copied. Justice Endlaw supports this by expansively interpreting the fair use provision that authorises copying by a teacher or pupil in the course of instruction. To him, “instruction” is not confined to educational institutions or establishments but would also cover non-institutionalised learning. Moreover, “in the course of instruction” would mean not only classroom lectures but also the “entire academic season for which the pupil is under the tutelage of the teacher”, including “the prescription of syllabus, the preparation of which both the teacher and the pupil are required to do before the lecture and the studies which the pupils are to do post lecture.” As Prashant Reddy and Sumathi Chandrashekharan demonstrate in their forthcoming work on Indian intellectual property law, the compulsory licensing provisions in the Indian Copyright Act were a historical compromise struck precisely because of India’s inability, in the light of her international copyright obligations, to resort to fair use to authorise unbridled reproduction of expensive books in the guise of educational use. These licensing provisions still remain in the statute, and an expansive construction of the fair use provision would leave them redundant, a cardinal violation of the principle of statutory interpretation that resists rendering any statutory provision otiose.

Apart from this interpretive concern, the verdict suffers from a deeper problem — a serious lack of vision. With no line drawing in sight, the verdict takes away all incentive on the part of academic publishers to put in the effort for professional editing and committed marketing. Even if one were to assume that academic authors are less interested in royalties from their writings, no academic author or publisher would like to see some cash rich venture-capital funded ed-tech start-up rampantly copying their work and cashing in on the licence-free pass granted by the Delhi HC. Unfortunately, the court in its mission to enhance access to subsidised students did not consider this logical consequence of its view on “instruction”. Anyone can be a teacher, and anyone a pupil, in the emerging world of smartphone-enabled “instruction”. When these new non-institutionalised actors in the education space start copying books without taking a licence, publishers will have no choice but to shut shop.

The court should instead have exploited the textual ambiguity of the fair use provision to signal the creation of a different access model, one not built on the present unimaginative, and convenient, idea of unfettered photocopying and unremunerated access. First, it could have signalled the growth of a library culture in India by mandating that beyond a certain quantitative limit, books can only be accessed through dedicated e-kiosks that are digitally locked and housed within an institutional, non-commercial, library. This would have incentivised our universities to create a vibrant and modern library culture for the sake of enhancing access to their students, rather than entering into unsavory arrangements with photocopiers, as well as help us in better tracking the consumption of academic content by students. Second, the court could have held that in the event of publishers making available digital versions of their books for reasonable prices, only reproduction below a certain quantitative limit would amount to “fair use”. By holding so, the court could have signalled the academic publishing industry to go the digital way, spend less on paper, and adopt an eco-friendly business model.

As a final takeaway, decisions such as this show the inability of Indian courts to integrate legal outcomes and robust business models. Unlike US courts that have used the transformative character exception in fair use doctrine to signal access models such as [Google](http://indianexpress.com/tag/google/) Books and Images, Indian courts confine themselves to binaries such as exclusive property or no property rights whatsoever. While Justice Endlaw rightly remarks that copyright is no divine right, divinity was never a pre-condition for creatively fashioned legal protection.

**Govt, Law Board: Framing the Triple Talaq argument**

What led the Centre to take this stand?

Almost three decades after the Supreme Court judgment in the Shah Bano case raised questions on the sanctity of personal laws, comes the Shayara Bano case that has once again stirred the religious orthodoxy versus gender justice debate. In February this year, Shayara, a resident of Kashipur in Uttarakhand who was given instantaneous triple talaq by her husband, approached the Supreme Court. Her petition challenged the long-standing practices of talaq-e-bidat (instantaneous triple talaq), nikah halala (prohibition on remarriage with the divorced husband without consummating marriage with another man) and polygamy. Now, the Union government has filed an affidavit that in-principle supports the petitioner’s demand for doing away with such practices.

Does the petition come in conflict with Islamic principles?

The Muslim Personal Law (Shariat) Application Act, 1937, allows Indian Muslims to be governed by the Shariat (Islamic law), based on the Quran and Hadith (utterances of the Prophet), in matters of personal law. In the absence of any codification even within the Quranic framework, however, the Shariat has been subject to interpretations by the Muslim clergy, who have held these practices as sacrosanct.

But stating that Muslim women, merely by virtue of their gender and religion, are being denied their right to equal protection under law and protection from discrimination, Shayara’s petition argues that talaq-e-bidat has no foundation in the Quran and that polygamy is not an integral part of Islam. It refers to several scholars who hold that in Islam, triple talaq is valid only if the three utterances are spread over a period of 90 days and after several attempts at reconciliation have failed.

Have there been cases in the past that have raised similar questions?

While there have been several cases that have challenged matters of the Muslim personal law, Shayara’s is the first to challenge it citing the fundamental rights guaranteed by the Indian Constitution. The petition invokes Articles 14, 15, 21 and 25 that deal with the right to equality before law, protection against discrimination on grounds of sex or religion, protection of life and personal liberty and freedom of religion respectively. With special mention to Article 25, it holds that it merely protects religious faith and not practices that are against “public order, morality or health”. It, however, steers clear of invoking the argument of the Uniform Civil Code.

Who are the various parties involved in the legislation?

While the petition was originally filed by the lawyers of Shayara Bano, over the last several months, it has been clubbed with several other petitions, including those filed by a few other affected women. Muslim scholars such as Irfan Ali Engineer through his Centre for Study of Society and Secularism and several Muslim women’s groups such as the Bharatiya Muslim Mahila Andolan (which has over 1 lakh members across 15 states) and Bebaak Collective (coalition of seven Muslim women groups across India) have also filed intervening petitions supporting Shayara’s demand. Also expected to join the fray is the All India Muslim Women Personal Law Board, which has in the past drafted its own Sharia Nikahnama that gives equal rights to men and women and repeatedly spoken against triple talaq.

The All India Muslim Personal Law Board (AIMPLB) has, however, decried all the groups that have spoken out in favour of reforming the Muslim personal law. The AIMPLB’s affidavit opposes any attempts at interference by the Supreme Court in matters of religious and cultural rights. It states that triple talaq, in fact, saves women the ignominy of divorce proceedings that could otherwise damage her chances of re-marriage and prevents the “murder of wives” at the hands of their husbands who may want to divorce them. It also backs polygamy on the grounds that “an unlawful mistress is more harmful for social fabric than a lawful second wife”.

So how did the Centre come into the picture?

In March this year, the Supreme Court had asked the Centre to make public a report by the high-level Pam Rajput committee on the status of women in India — the committee has sought a ban on gender discriminatory practices propagated by personal laws. It was only this month, however, that the Ministry of Law finally filed its affidavit where it took a stand that personal laws, regardless of the fact that they are meant to preserve the plurality and diversity of the country, “must be examined in the light of the overarching goal of gender justice and dignity of women”. It has also asked for re-examination of a 1952 Bombay High Court judgment that held that Article 13 of the Constitution doesn’t cover personal laws. Article 13 states that laws that are inconsistent with or in derogation of the fundamental rights are void. To drive in the point that such practices are not integral to Islam, the Union ministry gives detailed examples of personal law reforms in 10, mainly Muslim majority, countries. The union government’s affidavit states, “Secularism being a hallmark of Indian democracy, no part of its citizenry ought to be denied access to fundamental rights, much less can any section of a secular society be worse off than its counterparts in theocratic countries, many of which have undergone reforms.”

**Tread carefully**

Personal law reform is desirable. But a consensual approach will be needed to take it forward.

The Centre filed an affidavit in the Supreme Court last week supporting Shayara Bano’s plea against the practices of talaq-e-bidat (instantaneous triple talaq), nikah halala (prohibition on remarriage with the divorced husband without consumating marriage with another man) and polygamy. It referred to constitutional principles like gender equality and secularism, and cited international covenants, religious practices and marital law prevalent in various Islamic countries to emphasise that the practices need to be re-looked at by the court. Shayara Bano’s petition challenges these practices as being violative of the fundamental rights guaranteed by the Constitution, particularly Articles 14, 15, 21 and 25, which are concerned with the right to equality, protection against discrimination on grounds of sex or religion, protection of life and personal liberty and freedom of religion respectively. A slew of progressive Muslims groups and secular bodies have also come out in support of Shayara Bano in the court.

There is a strong case for reform of Muslim personal laws, but it needs to be pursued carefully and with the broad-based support of the community. In the Shayara Bano case, the Centre has held the view that the said practices are not an integral part of Islam. This could be taken to mean that they are subject to executive intervention. Yet, the way in which the debate has often been framed in the dominant narrative is disquieting, and stokes insecurity and fear in large sections of the minority community. Overlooking the vivid argument and disagreement even within Muslim groups on the subject of triple talaq, for instance, a neat opposition is painted between a conservative monolithic religion on the one hand and modern ideas of social and gender equality on the other. The conservatism espoused by sections of the clergy and the community has been held up as evidence of Muslim backwardness. The fact is, the call for reforms has periodically been raised from within the community, be it in the Shah Bano case in the 1980s or the Shayara Bano case now.

**So many complicities**

Aradhana Samdhariya’s death is a crime that calls for deeper questioning, it had many accessories.

Aradhana Samdhariya’s life didn’t end dramatically, the way the stories that get the media attention do. Her quiet death last week is, however, the most searing indictment of the brutalities millions of our children are subjected to. For 68 days, all those charged with the 13-year-old’s safety — her community, her school, and above all, her parents — watched as the child fasted, drinking nothing but water. Aradhana’s father, a well-known Hyderabad jeweller, had suffered business losses; the family encouraged what they insist was a voluntary fast, evidently believing their only daughter’s self-mortification would restore their fortunes. By all accounts, the spectacle of the fasting girl won the family considerable social status; local political notables are reported to have visited the family as Aradhana fasted, and thousands turned out for her last rites. Forced to act, by pressure from non-governmental organisations and the media, the Hyderabad Police has arrested Aradhana’s parents, accusing them of culpable homicide. Though the action is welcome, it doesn’t go nearly far enough.

It is profoundly misleading to cast Aradhana’s death as the outcome of her family’s ultra-orthodox Jain beliefs. Her parents’ beliefs notwithstanding, there were institutions of the state which should have stepped in. Aradhana, a minor, had no legal right to starve herself; in India, attempting suicide is illegal. Yet, the police did nothing to ensure her fast was terminated. Individuals in the community, including the local MP, visited the home while the fast was underway, and gave it their blessings. The murder happened in public, it had many accessories.

For years now, India has had a legal framework to prevent such outrages. It is a signatory to a UN convention guaranteeing wide-ranging protections to children. There is legislation guaranteeing every child a meal each day; laws guaranteeing there will be no corporal punishment in schools or homes; legislation promising children perpetrators of violence against them will be severely punished. Yet, we know from a 2007 government study that one in two Indian children experiences severe physical abuse, and one in seven sexual violence. Every day, Indian children go hungry and without basic medical care. There are institutions meant to protect these children when the police and community fail, like the National Commission for the Protection of Child Rights — but, as in Aradhana’s case, they are generally conspicuous by their absence. India desperately needs an independent institutional mechanism to enforce the rights of children. Letting violence and deprivation rule the lives of our children will ensure a society where savagery is the norm.

**When abuse meets silence**

Aradhana Samdhariya’s case points to a society bound together by violence against its children.

To do what Aradhana Samdhariya’s parents and the community around her did through the 70 days of her fast before her death involved a very special kind of sadism. It is hard to comprehend, this sadism, but it is also ordinary: It claimed Imtiaz Khan, the 11-year-old hanged to death from a tree in Latehar because his father was a cattle-trader; it scarred Dinesh Megwa, the 10-year-old Dalit beaten for touching dishes at his school; it brutalised the three boys stripped naked and beaten by police in Bengaluru for stealing food.

Every single day, to please their gods, families or bank balances, Indians mistreat their children. There are almost never mass protests at these outrages, no sit-ins, not even a candlelight vigil at India Gate. No one of consequence is outraged: Not one political leader made it their business to condemn Aradhana’s murder. In spite of mounting evidence that a large mass of children is vulnerable to abuse, the country is yet to set up an effective system to protect those in need. True culpability in the Aradhana case doesn’t lie with her parents, who indoctrinated her with fanatical religious beliefs that propelled her towards life-threatening behaviours. It is that institutions like schools and police, charged with protecting her, did nothing.

From the statistics we have on the welfare of children in India, we know the treatment of Aradhana was not unusual: India’s criminal justice system does next to nothing for those most unable to defend themselves, our children. In 2007, the Union Ministry of Women and Child Development released a terrifying study. Fifty-three per cent of children said they had encountered “one or more forms of sexual abuse”. More than a fifth reported severe sexual abuse, including assault, having been compelled to fondle adults’ private parts, exhibit themselves, or be photographed nude. Well over half reporting severe sexual abuse were boys. Nearly three out of four children reported having been physically abused — kicking, slapping or corporal punishment.

In all 13 states the study covered, the incidence of physical abuse directed at children was above 50 per cent. The worst victims were the very young. Forty-eight per cent of respondents reporting physical abuse were between five and 12 years old, while 26.29 per cent were 13 or 14 years old. “In all age groups”, the study states, “an overwhelming majority of children (65.01 per cent) reported being beaten at school”. Indian homes weren’t any safer. Fifty-three per cent of children not going to school said they had been sexually abused in their family environment. Just under half said they’d encountered sexual abuse at their schools.

Most vulnerable were children in workplaces; 61.31 per cent had been sexually abused. In all but four states — Gujarat, Madhya Pradesh, Delhi and Maharashtra — boys were found to be more at risk of sexual abuse than girls. In Delhi, a staggering 65.6 percent of boys reported having been sexually abused. Maulana Azad Medical College’s Deepti Pagare found over three-fourths of children in Delhi’s Child Observation Home reported being subjected to physical abuse. Fathers made up over half the reported perpetrators. Save the Children and Tulir, in a 2006 study in West Bengal, found almost three-quarter of child domestic workers had been physically abused. In their 2005 study on the trafficking of women, S. Sen and P. M. Nair estimated upto half a million girl children from across the region work as prostitutes in India.

Part of the reason for the silence in the Aradhana case is religion: Politicians and the criminal justice system are notoriously fearful of being seen as intruding into sacred space, witnessing barbaric practices like child marriage. There is also a more profound problem: The notion that children are the property of their families, with no independent rights.

Children across the world are subjected to horrific violence. In the United Kingdom, 5.9 per cent of under-11s and 18.6 per cent of 11-17s reported severe maltreatment, including contact sexual abuse. In the US, a staggering 6,76,569 victims of child abuse and neglect were reported in 2011 — more than nine out of every 1,000 children. Hideous as these figures are, they are still well below levels the government of India’s study suggests are prevalent in our country. Moreover, years of sustained efforts in the US have driven down child sexual abuse levels over 60 per cent from 1992.

Child abuse scars its victims for life. In 2009, Michael Meaney at McGill University found child abuse left markers on victims’ genes, which made them more likely to commit suicide as adults. In India, we’re barely even beginning to talk about the problem. Parliament, institutions, media and most importantly, our society haven’t found the time to discuss or implement high-minded national policies to protect child rights. The country’s criminal justice system simply doesn’t have the legal instruments or police infrastructure to deal with crimes against our children.

Few pre-industrial societies understood the value of treating children in a humane fashion: It wasn’t until 1842 that the United Kingdom legislated to stop kids under 10 working in coal mines. The Italian intellectual Antonio Gramsci documented the costs for Europe. Fascism, he argued, arose in a society: “Where mothers educate their infant children by hitting them on the head with clogs”. Perhaps it shouldn’t surprise us then, our child abuse statistics show, that we inhabit a society where lathis are the preferred mode of argument. The ways we educate our children shape the society we live in. In Indian society today, violence is not an aberration; it is the tie that binds us.

**Excluding the people**

Cultural practice does not recognise borders. Militarising it reduces it to a dangerous monolith

The masks came off soon after condoling writer Mahasweta Devi’s death. Unmasked, the right-wing pseudo-nationalists were on the prowl for their daily target. They found it in a play staged in the University of Haryana; the play was based on Mahasweta’s story, Draupadi. The ABVP attack was to convince us that a story, a story that exposes violence against a woman activist, a story by a writer you have just praised, can turn anti-national.

Is this hypocrisy? Ignorance? Habitual hate-mongering? Or all this and something more, a choice between culture that includes people and culture that excludes people? The other day, inaugurating a conference organised by the Indian People’s Theatre Association (IPTA) in Indore, filmmaker M.S. Sathyu criticised the shrill calls to keep Pakistani artistes out of India. What has now become the standard of “debate” followed: The IPTA conference was disrupted. This attack, by the right-wing Bharat Swabhiman Manch, was to convince us that IPTA is anti-national. Either the Manch “nationalists” don’t know of IPTA’s role in the independence movement, or its attempts to strengthen people’s culture; or of the conspicuous absence of the RSS in the freedom struggle. Or the pseudo-nationalists want militarised culture, so that the practice of people’s culture — inclusive, with no borders within India or across the world — becomes “anti-national”.

Consider the project of shrinking culture by drawing borders within India. There’s a fear lurking in the strident accusation of “anti-national” that so much of our cultural work, and so many of our cultural events, is now charged with. It’s the fear of what happened last year. The powerful chorus of voices raised by writers, artists, performers, academics and scientists across caste, gender, community, language and region, insisted that Indian culture is a living system of multiple voices, multiple narratives and counter-narratives.

It’s the fear of what continues to happen: The re-energised Dalit movements, the revulsion caused by atrocities against tribals, the murder of rationalists and Muslims such as Akhlaq, the suppressing of youth in campuses, and, of course, the insistence that educational and cultural institutions are spaces for discussion and debate. The pseudo-nationalist opponents of culture are afraid of the insistence on democratic rights, freedom of speech, dissent, reason, a scientific temper. They are afraid of all those who speak for an inclusive culture, rather than a militarised culture that excludes more and more people.

A militarised culture finds new ways to exclude people every day; whether it is actor Nawazuddin Siddiqui kept out of the Ramlila or Muslims out of garba events, or whether it is asking Urdu writers to sign an undertaking that they will not write anything “anti-national”. This is the context for the call to ban actors with Pakistani citizenship in Indian cultural projects. The target here is not Pakistani “artistes”. It’s our own citizens, whether writers, filmmakers or artists, and their commitment to practising culture that does not follow an officially sanctioned script. With all the jingoism in the air (and on air), the time is ripe to extend militarising the nation to militarising cultural practice. The right-wing dreams of India in uniform, preferably khaki.

If we let this happen, there will be no Indian culture left. Indeed, we will lose any kind of culture, because cultural practice does not recognise borders within or outside India. We can condemn the terror, or the wars states and state-backed groups inflict on people, ours and theirs, wounding people, jawans and civilians, killing them, taking them away from the real business of life. But do we condemn people? Men, women and children who have nothing to do with the power games states play, people who are not hate-mongers, who only want peace so they can farm their fields, earn for their families, study, pray, and make their music and film and poetry?

People’s culture shows us the way out of the jingoist, militarised nightmare of borders within India, and borders between Indians and other nationalities. People have practised their own borderless culture in the past, during times more tumultuous than ours. Only a decade after Partition, there was an example of collaboration between Indian and Pakistani artists; the kind of inclusion that can and must happen in people’s culture. A 1958 Urdu film, Jago Hua Savera, was not about rulers, borders or patriotism. It was about the hard lives of common people — the fishing community in a village near Dhaka, suffering in the clutch of moneylenders. The script, lyrics and dialogue was by Faiz Ahmad Faiz. Faiz’s script was inspired by a Bengali story by Manik Bandopadhyay. The music was by Timir Baran of Calcutta.

Closer in time, in 1997, six of us Indian writers were invited to talk to six Pakistani writers on the fiftieth anniversary of independence. The grand old man of letters, Intizar Husain, spoke for the cultural community on both sides of the border. He said, “So much that is important to me as a writer is on the other side of the border. The Jataka Tales, Meerabai’s bhajans, the Delhi I knew. How do I remain a writer if I pretend all these are no longer mine?”

So what kind of culture should we strengthen? History has examples of the choice we have, both as a nation and as people. In 1935, one of the best known propaganda films was made. Leni Riefenstahl’s film Triumph of the Will was commissioned by Hitler. The theme Hitler had in mind was Germany’s glory under his leadership. But even as the film glorifies the official narrative of the Nazis, we can see how the nation’s “glory” involves excluding people, whether Jewish, Communist, or Germans with a more inclusive, humane view of the world. In stark contrast, Mahmoud Darwish, often referred to as the Palestinian national poet, wrote the Palestinian declaration of independence in 1988 and many poems of resistance that are an integral part of every Arab’s consciousness. But he also wrote, just after the 1967 war, a tender poem about an Israeli soldier, A Soldier Who Dreams of White Lilies. Darwish responded to criticism with what could be the motto of every practitioner of an inclusive people’s culture: He would, he said, “continue to humanise even the enemy”.

Who do we want to emulate, we who own culture, we who make culture to express our strongest hopes, dreams and fears? Riefenstahl or Darwish? ABVP or Mahasweta Devi? Bharat Swabhiman Manch or IPTA? Only a culture in touch with people’s lives, open to dissenting voices, this side of the border or that, can keep culture, its myriad voices, from being reduced to a single dangerous voice.

**Of politics and administration**

Do smaller units make for better administration? It is no surprise that Telangana Chief Minister K. Chandrasekhar Rao thinks so. After all, that was an important reason for the movement demanding the bifurcation of Andhra Pradesh and statehood for Telangana. But it is a telling commentary on the development so far, that people geographically removed from the district headquarters feel a sense of alienation from centres of power. Actually, Chief Minister Chandrasekhar Rao originally intended to create just 14 new districts; this was one of the election promises for the 2014 polls. Later, on the basis of the report of a Cabinet subcommittee, a draft notification was issued for 17 new districts. But after fresh demands from sections of the people, the [**Chief Minister finally settled on 21 new districts for a total of 31**](http://www.thehindu.com/news/national/telangana/telangana-gets-21-new-districts/article9208039.ece). Also, 25 additional revenue divisions, 125 new mandals, four new police commissionerates, 23 new police subdivisions, 28 new circles and 91 more police stations have been carved out. The new units could facilitate better monitoring of government schemes, and provide a more even distribution of resources. Indeed, one of the few intended benefits of the Members of Parliament Local Area Development Scheme (MPLADS) is just this: an even spread of resources, and local inputs into framing of development work. A bottom-up approach to development that allows local stakeholders greater say in decision-making on issues directly affecting their lives is certainly welcome, if undertaken after studying the cost to benefit ratio.

But the government’s reasons for creating new districts morphed from administrative to political. The decision to increase the number of districts was taken following the spiralling of an agitation in Jangaon, Sircilla and Gadwal. Undivided Andhra Pradesh had fewer districts. Alongside the benefits in terms of ease of governance of smaller districts, there are costs to be borne: creation of additional administrative infrastructure, transfer of personnel, and replication of paperwork. The Rs. 1 crore sanctioned for each district for initial arrangements will hardly suffice. At present, the existing staff are being redeployed, and existing buildings are being utilised for administrative purposes. But in the longer term the State will have to incur huge expenditure to create administrative infrastructure in each new district headquarters town. Increasing bureaucratic work at the village level will not automatically lead to better governance outcomes. The Chief Minister must use this opportunity to involve local communities in all decision-making on the development road map in their areas.

**Time to decongest our prisons**

The overcrowding of prisons in the country is a long-standing problem that is seldom addressed effectively. Even though the Supreme Court has, from time to time, raised the issue of prison reforms in general, and that of overcrowding in particular, measures to decongest jails have been sporadic and half-hearted. The issue is once again in the news, with the Supreme Court bemoaning that prisons in Delhi and nine States have an [**occupancy rate of 150 per cent of their capacity**](http://www.thehindu.com/news/national/sc-says-jails-are-overcrowded-by-150-laments-plight-of-inmates/article9216119.ece). The average occupancy in all jails in the country was 117.4 per cent, as of December 31, 2014. What makes the picture bleaker is that there is little change even though the court has passed a series of interim orders to the States on measures to decongest prisons. In particular, the court had on February 5 and May 6 this year spelt out steps that the authorities should take to reduce prison occupancy. Cramped conditions in prison militate against the prisoner’s right to good health and dignity. Further, as pointed out by the *amicus curiae* in this case, an excessive prison population creates problems of hygiene, sanitation, management and discipline. Of equal concern are the available staff strength and the level of training they receive.

It is unedifying to note that not one State or Union Territory has bothered to prepare a plan of action, as directed by the court five months ago, to reduce crowding and to augment infrastructure so that more space is available to each prisoner. The court received some information about proposals for constructing additional jails, but has found that these are only *ad hoc* proposals, with no indication of either a time frame or the resources provided for building these facilities. The court’s sense of disquiet is understandable, as many States seem to ignore the obvious mismatch between the extent to which they keep the law and order machinery active and the space and resources provided for those jailed under such action. Last year, it was found that a little over two-thirds of India’s prisoners were undertrials. Poverty remains the main reason for this, as most prisoners are unable to execute bail bonds or provide sureties. Since 2014, there is some effort to invoke Section 436A of the Code of Criminal Procedure, under which [**undertrials**](http://www.thehindu.com/news/national/supreme-court-orders-release-of-thousands-of-undertrials-languishing-in-jails/article6382897.ece) who have completed half of the maximum jail term specified for their offences may be released on personal bonds. But much more needs to be done. Failing to address the problem of crowded jails may prove costly for the administration of criminal justice.

**PAPER 3: ECONOMICS RELATED ARTICLES**

**Windfall gains boost India’s GDP growth**

Windfall gains from falling commodity and oil prices have raised disposable income by 3.3% of India’s GDP, says IMF

What is the main reason for India being the bright spot in the world economy? Well, investment demand is tepid and external demand sluggish, so those can’t be the reasons. We’re left with consumption demand, which has been the driver of economic growth. But how has consumption demand done so well, despite two consecutive years of drought? The answer lies in lower commodity and oil prices, which has resulted in windfall gains for oil and commodity importing countries such as India.

But everybody knows that India has benefitted immensely from the fall in crude oil and commodity prices. The big question is: how much did it benefit? Can we put a number to it? The International Monetary Fund (IMF), in its latest World Economic Outlook report, has calculated the windfall terms-of-trade gains that have accrued to several economies as a result of the fall in oil and commodity prices. The windfall has been computed as an estimate of the change in disposable income, as a percentage of gross domestic product, arising from commodity price changes. The chart has the details. The table on the left shows countries that have lost out due to the shift in oil and commodity prices. As you can see from the first column of the table, the biggest losers have been the oil exporting countries, with the losses in disposable income being more than a quarter of 2015 GDP for Iraq, Qatar and Saudi Arabia. No wonder these countries are desperate to get an agreement to limit oil production and push up prices.

 [Click here for enlarge](http://www.livemint.com/r/LiveMint/Period2/2016/10/11/Photos/Processed/w_capitalaccount.jpg) On the other hand, the table on the right shows that in 2015, India was second only to Thailand among major economies that gained the most from falling commodity and oil prices. The terms-of-trade windfall gains for India in 2015, according to the IMF, were as high as 3.3% of GDP. It is amply clear then that a very big reason for the high GDP growth was the windfall gains from lower commodity and oil prices.

These windfall gains have reduced inflation and helped the fiscal position. As the IMF’s World Economic Outlook for April 2016 said, ‘Oil-importing emerging market and developing economies … have enjoyed significant terms-of-trade windfall gains from the sharp drop in oil prices. Lower oil prices have alleviated inflation pressures and reduced external vulnerabilities. In some importing countries with oil-related subsidies, the windfall gains from lower oil prices have been used to increase public sector savings and strengthen fiscal positions.’

Next, look at the second column of the tables, both for the losers as well as the winners from lower commodity prices. It shows the terms-of-trade gains over 2016-17 if commodity prices remain on an average at the level they were in August 2016. Note the sharp fall in windfall gains, as both commodity and oil prices have bottomed out. For India over 2016-17, the terms-of-trade gains will be a mere 0.04% of GDP, according to the IMF’s calculations. In short, the Indian economy will no longer have the benefit of plunging commodity prices that provided such an impetus to growth last year. It will therefore have to rely more on domestic sources of growth. That could be one reason for the doves taking wing at the recent RBI policy meet.

Why did the new regime at the Reserve Bank of India deliver a surprise interest rate cut? Very likely, it has to do with concerns on growth. Note that, in spite of the 25 basis point rate cut, the central bank doesn’t envisage any improvement in growth and the estimated growth of gross value added for 2016-17 has been retained at 7.6%. That suggests the 25 basis point cut was aimed at supporting growth.

Why did the Monetary Policy Committee think growth needs to be supported? After all, there has been no dearth of tom-tomming the impetus domestic growth will receive both from the good monsoons and from the government pay hike. The key to the central bank’s move lies in the external sector. The monetary policy statement said, ‘The continuing sluggishness in world trade and smaller terms of trade gains than in the past point, however, to further slackening of external demand going forward.’

At the very brief press conference that followed, governor Urjit Patel started off by talking of the risks to growth in the international situation. He said, ‘For the first time in a long time, the weak global demand is actually going to drag down trade volumes to decline.’ And Michael Patra cited the global situation with negative real rates as being the reason for revising down the neutral rate of interest for India. In short, the RBI believes the external situation is worrying and it knows that the windfall gains of last year will not be available this year. All the more necessary, therefore, to stoke domestic demand to offset that. Hence, the rate cut.

**Who owns Indian cricket?**

BCCI would like to think that it does, but it looks like the Supreme Court has decided to take ownership of the sport. The Board of Control for Cricket in India (BCCI) would like to think that it does.

After all, it represents all the state (and other) cricketing associations, and is recognized by the International Cricket Council (ICC). It is strange that an autonomous Indian body (or society, for that is what BCCI is under Indian law) is recognized as the official administrator of a sport in India because an international body recognizes BCCI’s team as India’s team.

The ICC began its life as the Imperial Cricket Conference in 1907; 21 years later, BCCI was formed. The Imperial Cricket Conference was renamed the International Cricket Conference in 1965, and took up its current name only in 1989. It was founded, and continues to be based in London.

That isn’t BCCI’s only English connection. Its logo is derived from a Raj-era honour, The Most Exalted Star of India, created in 1861 by Britain to honour friendly and loyal maharajahs and princes, and also English and Indian administrators who had served the crown well in India.

This is not to suggest that BCCI has been foisted on India because of some devious Imperialist conspiracy. Indeed, if there is one thing praiseworthy about the body, it is that it has overturned the old world order in cricket and emerged the richest and most powerful cricket body in the world because of two reasons—Indians are quite good at cricket, and hundreds of millions of people around the country follow the sport. Which begs the original question, who owns Indian cricket?

Perhaps because of the following the sport enjoys in India, the courts have always considered cricket a public good. Several judgments of multiple courts have allowed the state-owned broadcaster Doordarshan to carry free over its terrestrial network, telecast of important cricket matches without paying any fee to either BCCI or the telecast rights owner.

Still, BCCI’s support for the rights owners (understandable because it sells the rights for a huge sum to them), and the latter’s efforts to prevent even news websites from carrying live ball-by-ball updates of cricket matches, indicate a more limiting definition of the ownership of Indian cricket (than the courts’).

This tussle over ownership is at the core of the legal dispute on which the Supreme Court ruled on Friday. BCCI has been and continues to be administered by people who are, at least in their own eyes, worthy of being patrons of the sport.

The princes of yesterday have been replaced by plutocrats and politicians from parties across the political spectrum, creating a coalition of the public sector and the private sector in a space that doesn’t need such coalitions; there are several others such as infrastructure creation that do.

And so it would have continued, through tax disputes and minor and not-so-minor controversies, if not for a very public betting scandal involving the son-in-law of the then board president, and a state association that decided it wasn’t having anymore of BCCI’s style of functioning. That style broadly seems to be this: “Anything we do is official; anything anyone else does isn’t. We and ours can do no wrong.”

The legal battle over this reached the Supreme Court, which set up a committee headed by a former Chief Justice Rajendra Mal Lodha to suggest reforms in BCCI. The panel came up with a bunch of recommendations earlier this year. These curb ad-hocism, increase accountability, and try to make sure the sport is run by professional sport administrators and former players (and not politicians) to the extent possible.

Clearly, BCCI was having none of this, so the board ignored most of the recommendations, despite being asked by the Supreme Court in July to implement them. In September, justice Lodha informed the apex court that the current administrators of the board be removed because they were not following his panel’s recommendations (which had also been endorsed by the court). The court took a dim view of this and, over the course of several hearings, rapped BCCI on the knuckles.

So, what did the court rule and what does this say about the ownership of cricket in India?

The straight answer: we won’t know for sure till 17 October but it looks like the Supreme Court has decided to take ownership of the sport.

On Friday, the court asked BCCI to write to the state bodies —the board had claimed they couldn’t accept the Lodha panel’s recommendations because the state bodies wouldn’t—instructing them to accept the recommendations of the Lodha panel, and to also not spend the money already given to them by the board till they did so.

And because the board had also claimed that ICC wouldn’t allow BCCI to have a government representative on its board, the court asked BCCI president Anurag Thakur to disclose his communication with ICC.

Still, it is clear from the tone of the court’s instructions that on 17 October, it is unlikely to hand BCCI a reprieve.

There could still be a twist in the tale (a legislation, for instance) but at the moment, it looks like the immediate future of Indian cricket, like many other things, is in the safe hands of the Supreme Court.

**For the fan’s sake**

**There is still time, the BCCI and the court must find a middle way**

There was nothing that was surprising in the Supreme Court proceedings last Friday. It was expected that the court would issue an interim order to snap the BCCI’s domestic funding — the board cannot disburse annual funds to the state associations, and the associations that have already received the funds cannot use them. The building confrontation between the BCCI and the apex court has delivered a predictably bitter outcome and more will follow.

For long, the BCCI has told the apex court that it cannot implement the proposed reforms because there is no consensus in the member bodies. Now the court has manoeuvred around that problem and asked the board to give money to only those associations that are willing to comply with the Lodha panel’s reforms. In a way, the order couldn’t have been more sharply timed — just when India had embarked on a long home season and with the Ranji season just about underway. With the two sides unwilling to budge, the near future does not look too bright for the board — and, more so, for sport in the country. The hearing on October 17, many reckon, could culminate in a far-reaching structural and administrative overhaul of the board, given that it is unlikely that it will fall in line with the Lodha panel recommendations in 10 days after resisting them for nearly 15 months.

A little moderation, from either or both sides, might have helped. It could have helped prevent the escalation of the issue to this large-scale, full-blown face-off between the board and the court. To begin with, there had been mutual scepticism. The BCCI thought the court was a bully, questioning its very autonomy. For its part, the court viewed the BCCI as a delinquent child, unwilling to mend its ways. The BCCI accused the court of judicial overreach

Admittedly, several of the recommendations were not only unpalatable to the board, but also impractical, like the one state, one vote policy and the cooling-off period for administrators. But instead of fruitful discussions that might have resulted in a set of workable solutions, with a compromise here and there, the scepticism only got aggravated with time. The biggest casualty of the present protracted courtroom drama is the sport itself and its audience, who are mostly indifferent to the legal complications that have shrouded the game. The situation has deteriorated to such an extent, however, that there is now a threat to the continuation of an international home series and even the domestic season. If such a day comes about, the fan’s faith in the game will be shaken. It’s never too late to sit down at the table and talk. Deadlines can be extended if it helps to break the deadlock. For the sake of the fans of the game, BCCI and SC need to shelve their differences and find a middle path

**Is this the final innings?**

***We know for certain that cricket in India has changed for good. What we don’t know is if it has changed for the better.***

Three months removed from the historic [**Supreme Court of India verdict**](http://www.thehindu.com/sport/cricket/supreme-court-verdict-on-justice-lodha-panel-recommendations-end-of-road-for-pawar-srinivasan-thakur-has-to-quit-hpca/article8866262.ece) on the governance of cricket and the future of the Board of Control for Cricket in India (BCCI), things will likely come to a contentious conclusion on October 17. In what is expected to be a conclusive order, the court will likely opine on the binding nature of the Justice R.M. Lodha committee’s directives on the BCCI, and set into motion a transition in cricket administration that is unprecedented in the sports ecosystem, not just in India but anywhere in the world.

**It all began in 2013**

The origins of this dispute trace back to 2013, when spot-fixing, illegal betting, and eventually conflict of interest events were unearthed in the Indian Premier League, leading to a systematic investigation, inquiry, and eventually an order by the Supreme court. Building on the findings of the Supreme Court-appointed Justice Mukul Mudgal committee on the unsavoury aspects of cricket administration, the Justice Lodha committee in its report to the Supreme Court recommended the complete overhaul of cricket, in the interest of preserving India’s favourite pastime for the Indian cricket fan. The Justice Lodha committee recommendations, altering the BCCI’s fundamental structure along with a cleansing of the State cricket associations, were resisted by the Board and State associations. The Supreme Court accepted a majority of the committee’s recommendations in its landmark verdict on July 18, 2016. The court appointed the Justice Lodha committee to enforce the directives, transitioning the committee from an advisory and investigative capacity to an enforcement and implementation role.

The committee set its first major deadline for implementation of its directives for September 30. The BCCI, however, sought respite from many of the directives, and enlisted the help of retired Supreme Court Justice Markandey Katju to assess and advise on the Supreme Court verdict. In his report to the BCCI, Justice Katju recommended that it file a review petition before a full bench of the Supreme Court, and further suggested that the committee and the court had acted in a manner that implied judicial overreach. The Board submitted a review petition, but due to some error in the submission, it is not being processed.

Meanwhile, the Lodha committee continued to communicate with the authorised BCCI officials, with mixed results. Losing patience with the perceived lack of communication and intent by the BCCI, the committee clamped down on the implementation requirements, and in early September, it stepped up the offensive. The tipping point came when the BCCI conducted its Annual General Meeting on September 21. Having been given permission by the committee to conduct its AGM on normal matters not extending to major decisions for 2016-17, the BCCI went ahead with major decisions including one most irksome to the committee, announcing five selectors, some with no Test match experience, for the national teams in violation of the norms given by the committee.

Even more concerning to the committee, there seemed to be no real intent by the BCCI to meet the deadline. In fact, puzzlingly, the Board set a date of September 30 for a Special General Body Meeting to discuss the Lodha committee’s recommendations. The committee therefore submitted a status report before the Supreme Court on September 28, which detailed what all had transpired from the July 18 verdict till date, and it recommended a radical overhaul, including the removal of top BCCI officials to be replaced by an administrative committee to oversee the Board. The court admonished the Board, and set October 6 for the next hearing, by which the Board was required to respond to the committee’s status report.

**Waiting for October 17**

The situation escalated quickly thereafter. After postponing the SGM to October 1 due to a technicality, the Board accepted only some of the committee’s recommendations, rejecting the remaining ones including the age and tenure restrictions as well as the ‘one State, one vote’ requirement for State associations. Now the committee took things a step further. On October 4, the committee sent a notice to two banks where the BCCI had accounts, directing them to freeze certain transactions made to State associations. The banks interpreted this to mean a complete freeze on the accounts, and informed the BCCI accordingly. The Board took this public, announcing that the clampdown meant that the ongoing series between India and New Zealand might need to be cancelled, a charge that the Lodha committee immediately refuted, clarifying that cricket matters were part of usual business and exempt.

On October 6, the court reprimanded the BCCI for not accepting all the recommendations, and demanded an undertaking from the Board by October 7 stating that it would accept all the recommendations, which the Board did not provide. The court passed an interim order granting the BCCI until October 17 to provide the undertaking. It further put a freeze on the disbursement or use of funds to those State associations which had not implemented the committee’s recommendations in total. It also, in a potentially problematic situation for the BCCI president, demanded a personal affidavit setting out the nature of his communication with the International Cricket Council regarding the committee’s recommendations. The background to the affidavit requirement was an alleged request by the BCCI to ask the ICC to write to it about there being governmental interference as a violation of the ICC’s regulations which could lead to BCCI’s de-recognition. Should there be any gap between such an affidavit and any other substantive account of what actually happened, there is a risk of the BCCI president perjuring himself. Interestingly, the BCCI had earlier said that the committee’s recommendation of having a CAG representative on the apex committee and the IPL governing council would be considered government interference, but in the October 1 SGM, had accepted the recommendation.

This has every appearance of being a conflict that isn’t likely to be resolved any time soon. And while the court appears to have the intent to enforce the committee’s recommendations, the BCCI might seek other options, including perhaps the support of a sports legislation that could address overlapping issues and be less restrictive. We know for certain that cricket in India has changed for good. What we don’t know is if it has changed for the better.

**Across the aisle: Bad ideas will drive out the good**

**The MPC’s statement, with unanimous support, is significant not only for the cut in the policy repo rate but also for the analysis of the economic situation.**

We have a new Governor of the Reserve Bank of India, we have a Monetary Policy Committee (MPC), and we have their first statement on monetary policy. It is tempting to read the tea leaves!

The MPC’s statement, with unanimous support, is significant not only for the cut in the policy repo rate but also for the analysis of the economic situation. The statement has come at the end of the first half of the fiscal year and, therefore, it is helpful to understand the state of the economy at the mid-point of the fiscal year which is also the mid-point of the term of the Central government.

On the global economy, the outlook is gloomy. Growth has slowed more than anticipated, trade has contracted more sharply, there is rising protectionism, and “an uneasy calm prevails on uncertainty about the stance of monetary policy of systemic central banks”.

State of the economy

*On the domestic economy,*

\* “the outlook for agricultural activity has brightened;

\* “the industrial sector has suffered a manufacturing-driven contraction;

\* “inflation excluding food and fuel has been sticky around 5 per cent, mainly in respect to education, medical and personal care services;

\* “in the manufacturing sector, the persistence of considerable slack…;

\* “in the external sector, merchandise exports contracted in the first two months of Q2;

\* “subdued domestic demand was reflected in a faster contraction in imports;

\* “the decline in remittances and the flattening of software earnings warrants monitoring;

\* “while the pace of foreign direct investment slowed compared to a year ago, portfolio flows were stronger.”

These conclusions were visible in the numbers that we had read in the last 12 months or more. Let me give only a few figures and say it in a way that is easy to understand:

\* In Q1 of 2016-17, Gross Fixed Capital Formation (that is additional capital investment) declined by 3.1 per cent compared to same period of the previous year.

\* In Q1 of 2016-17, net sales of all firms declined by 1.9 per cent and of manufacturing firms by 4.8 per cent over Q1 of 2015-16.

\* During February-July 2016, credit to all sectors increased by a modest 9.5 per cent, but credit to ‘industry’ grew by only 1.72 per cent over same period last year. Credit to micro and small industries declined by 3.46 per cent and credit to medium industries declined by 10.62 per cent.

\* The Index of Industrial Production for all industries during February-July 2016 increased by a mere 0.25 per cent, while for manufacturing it declined by 1.01 per cent over same period last year.

\* Non-Performing Assets of banks stood at 7.6 per cent as against 4.6 per cent at the end of the previous year.

The ground reality

Now you know why there is no visible job-creation, why there is anxiety among parents, and why there is anger among the youth. Now you know why the job-creators (exporters and micro, small and medium industries) have thrown up their hands in despair. Now you know why the large business houses are investing abroad rather than in India.

It is not as if the government is doing nothing right. The government was on the right track when it affirmed its commitment to fiscal consolidation. It is doing the right thing in selling its stake in chronically loss-making public sector enterprises. It is pursuing the right strategy in pushing more investment into infrastructure, especially roads and railways. However, these measures will not be enough unless the private sector — big, medium and small — re-discovers its appetite for investment. That, unfortunately, is not happening.

Poor aggregate demand is the main reason for low investment. That ‘doing business in India’ has not become easier (despite the hype about climbing a few notches in the ranking ladder) is another crucial reason. Regulators have once again turned into controllers and have churned out reams of rules and regulations that are frightening. Investigating agencies, including the investigation wings of tax departments, have unleashed a wave of threats and terror. Litigation in commercial matters, often involving the government, has reached alarming proportions with no effective alternative dispute resolution mechanism. State governments seem to have lost interest in ‘reforms’ and seem happier pursuing ‘welfarism’.

Government losing its nerve

This is the time when the government should not lose its nerve or its focus. Unfortunately, there are signs that the government is looking for a short-term boost — increase spending to boost growth in the short-term and lure the people to be mesmerised by the dazzle of the number 7.6 (of GDP growth).

What else can one make of the government’s mandate to a committee to explore the feasibility of “flexible” fiscal deficit-targeting? And what else can one make of the first sign of “flexible” inflation-targeting that has emerged out of the statement of the MPC? Why did Governor Urjit Patel push back the deadline for achieving the inflation target from March 2018 to an unspecified “medium term”?

Both are very bad ideas. I hope the N K Singh committee will junk the idea of a flexible fiscal deficit target and recommend that the government should under no circumstances — except in a case of a declared war — breach the limit of 3 per cent for the fiscal deficit. I also hope that in the next policy statement Governor Patel will restore the RBI’s stance on inflation and re-affirm that the deadline for achieving the inflation target will remain at March 2018.

**From plate to plough: Rural change challenge**

**Inclusive agricultural growth is key to removing poverty by 2030.**

Eradicating poverty from the planet was the top-most target in a set of 17 goals adopted by the UN last September as a part of its sustainable development agenda. Nations across the globe, including India, endorsed it. The strategies to achieve this goal have been left open to countries. In this context, the Rural Development Report (RDR) 2016 of the International Fund for Agricultural Development is timely.

The RDR’s Asia and Pacific Region (APR) release will be in India on October 17. The report is among the more comprehensive documents that try to understand the role of rural transformation in eradicating poverty and securing food and nutritional security within the context of economy-wide structural transformation in several countries. It is based on an empirical analysis of 60 countries drawn from various regions.

Nine are from the APR. Comprising Bangladesh, Cambodia, China, India, Indonesia, Lao People’s Democratic Republic, Pakistan, Philippines and Vietnam, the region is the most populous and has the largest number of poor on this planet. There are 16 countries from Latin America and the Caribbean; seven from the Near East, North Africa, Europe and Central Asia; 15 from East and Southern Africa; and 13 from West and Central Africa.

RDR 2016’s first lesson pertains to the conceptual framework of development. It notes that economies of almost all the 60 countries are undergoing some sort of structural transformation — some are moving fast, many are moving at a moderate pace and some are going very slow. The transformation is reflected in rising productivities in agriculture and the urban economy as well as in the changing character of the economy — the preponderance of agriculture making way for the dominance of industry and services, greater integration with global trade and investments and growing urbanisation.

RDR’s second lesson is that rural areas cannot remain insulated from this economy-wide change. They are also transformed with rising agricultural productivity, increasing commercialisation and marketable surpluses, diversification to high-value agriculture and off-farm employment through the development of agri-value chains.

The third, and the most important lesson, especially for policymakers, is that rural transformation on its own may not be effective in reducing poverty unless it is inclusive. This challenge is at the heart of the report. Agricultural development is a key element of such inclusiveness since a majority of the working force in most countries at low to moderate levels of rural transformation is still engaged in agriculture.

What can India learn from this, given that agriculture still engages half of its workforce, and about 85 per cent of its farms are small and marginal (less than two hectares)? Compared to China and Vietnam, which have experienced fast structural and rural transformation, India’s story is of slow transformation. As a result, poverty reduction in India was at a much slower pace during 1988-2014, compared to China and Vietnam. The RDR 2016 tells us that India’s poverty reduction was slow during 1988-2005, but during 2005-12, it accelerated dramatically — almost three times faster than during the earlier period.

What did India do during this period? Research reveals that the relative price scenario changed significantly (by more than 50 per cent) in favour of agriculture in the wake of rising global prices. This boosted private investments in agriculture by more than 50 per cent. As a result, agri-GDP growth touched 4.1per cent during 2007-12, as against 2.4 per cent during 2002-07. The net surplus of agri-trade touched $25 billion in 2013-14; real farm wages rose by seven per cent per annum. All these led to an unprecedented fall in poverty. A good price incentive can thus trigger investments in agriculture, leading to productivity gains, increases in real farm wages and fall in poverty.

To make the rural transformation more inclusive, India will have to focus on raising productivity in agriculture through higher R&D (seeds) and irrigation and build value chains for high value agri-products like livestock and horticulture, which account for more than half the value of agriculture (cereals account for less than 20 per cent). In the building of these value chains by mainstream small holders — say, through farmer producer companies — India can create large off-farm rural employment and augment incomes of farmers and others living in rural areas. This would require large investments both by the private and public sector. If India can do all this efficiently and through a participatory mode, it can certainly hope to eliminate not only poverty but also malnutrition by 2030. For more details on RDR 2016, stay tuned till October 17.

**India lags peers in its bid towards a cashless economy
Summary:**According to the recently released data pertaining to payment, clearing and settlement systems in 23 major economies by the Bank for International Settlements (BIS), moving towards a cashless economy remains a herculean challenge for India.

Performance of India:

India lags far behind both emerging market and developed peers in the move towards a cashless economy.
India ranks the lowest among BRICS countries in terms of per capita non-cash transactions. Non-cash payments transactions in India amounted to only 11 per inhabitant in 2015, much lower than other BRIC economies, with China reporting 17 such transactions per inhabitant in 2014.
Debit cards accounted for the most number of non-cash payment transactions in India in 2015. But, the number of debit card holders in India remains relatively low. In India, one in two people have a debit card, which also typically functions as an automated teller machine (ATM) card.
Number of Point of Sale (PoS) terminals and ATMs in India are low by global standards when adjusted for population.
Also, India lags many of the emerging market peers in terms of mobile money penetration. E-money transactions amounts to only a minuscule 0.05% of all non-cash retail transactions, while accounting for 5.5% of the volume.

What is a cashless economy?

It is a situation in which the flow of cash within an economy is non-existent and all transactions have to be through electronic channels such as direct debit, credit and debit cards, electronic clearing, payment systems such as Immediate Payment Service (IMPS), National Electronic Funds Transfer and Real Time Gross Settlement.

Benefits of a cashless economy:

Usage of cashless mechanisms would ensure that loopholes in public systems get plugged, and the intended beneficiaries are able to avail the benefits due to them. It also leads to increased efficiency in welfare programmes as money is wired directly into the accounts of recipients.
Efficiency gains can also be seen as transaction costs across the economy come down.
Reducing use of cash would also strangulate the grey economy, prevent money laundering and even increase tax compliance, which will ultimately benefit the customers at large.
It also provides an on-ramp to financial inclusion and enables e-commerce growth.

Benefits for individuals:

No need for queues outside ATMs.
No cashout during long holidays.
No waiting for a deposited cheque to be credited.
No risk of carrying currency notes in the wallet.

What perpetuates use of cash in India?

A high propensity to save in and use cash.
Cash intensive supply chains require many merchants to transact in cash.
A large shadow and remittance based economy is also to be blamed for the situation.
Gender imbalance in use of digital payments has further aggravated the problem. This is due to insufficient focus on financial literacy.
Also, costs of point-of-sale terminals and operating costs are still high in India.

What needs to be done now?
Effective implementation of existing initiatives like Jan Dhan Yojana and DBT helps to some extent.
A robust payments mechanism to settle digital transactions should be put in place.
Incentives such as a service tax waiver should be given when credit cards or other forms of digital settlements are used.
The Reserve Bank of India too will have to come to terms with a few issues, from figuring out what digital payments across borders means for its capital controls to how the new modes of payment affect key monetary variables such as the velocity of money.
The regulators also need to keep a sharp eye on any potential restrictive practices that banks may indulge in to maintain their current dominance over the lucrative payments business.

Way ahead:

Greater usage of digital payments will save trillions of rupees for the Indian economy as it will help bring down the cost of cash.

In this regard, India can learn from other countries in the developing world, which have managed to reduce their dependence on cash even while bringing more people in the folds of the formal banking network.
Kenya has been a well-documented success story, where mobile money has spread much faster and deeper than in India. Kenyan households with access to mobile money were able to manage negative economic shocks (like job loss, death of livestock or problems with harvests) better than those without access to mobile money, according to World Bank research.

Conclusion:
While the recent initiatives of the central bank and the government to make cashless transactions easier are laudable, India has a long road to travel in her journey towards a cashless future

**Bandwidth for growth**

For a country whose telecommunications ministers worry about being labelled ‘call drop’ ministers, the [**recent auction of 2350 megahertz of telecom spectrum**](http://www.thehindu.com/business/Industry/cabinet-approves-spectrum-auction-that-could-fetch-rs-566-lakh-crore/article8760121.ece)was disappointing. Only seven out of 11 telecom players in India participated, and there were takers for just around 40 per cent of the prized radio frequency band on offer. In fact, four operators will fork out 90 per cent of the Centre’s receipts from this auction, around Rs.66,000 crore, half of which will accrue to the exchequer this fiscal. That translates into a 43 per cent shortfall from the Budget estimates from spectrum sales for this year, though Finance Minister Arun Jaitley has pointed out that the inflows from the black money amnesty scheme would help the Centre balance its books. The official argument is that the poor response is a function of the high indebtedness (nearly Rs.400,000 crore at last count) of India’s telcos; the latter could, in turn, cite the high base price set by the government, pegging the potential value of the spectrum at Rs.560,000 crore. Any operator looking to build a national network using the most efficient spectrum on offer — in the 700 MHz band — would need over Rs.57,000 crore. Not surprisingly, [**not a single player evinced interest in this band**](http://www.thehindu.com/business/Industry/no-takers-for-700-megahertz-auction-bids-top-rs53000-cr/article9174506.ece).

In fact, it has been a suboptimal outcome from the perspective of every single stakeholder. India’s telecom success story has been integral to the country’s growth story in recent years, demonstrating to the world its ability to tap and grow the domestic market quickly as well as establish a global footprint. But a billion consumers, endless minutes of talk-time a day and low tariffs are not enough if the quality of service on offer is deteriorating, both in data and voice. In many areas, networks that should operate at 65 per cent capacity are working at 95 per cent due to high congestion, leading to poor voice services, as the telecom regulator, R.S. Sharma, noted recently. Despite the new spectrum with telcos, the sheer volume of voice traffic means that improvements in quality may be marginal. Similar issues plague data traffic. The focus of the existing telcos’ strategy for this auction has been to acquire enough spectrum to bolster 4G data services in urban markets, where they expect tough competition from the new player, Reliance Jio. This could have a bearing on the quality of connectivity and the reach of several of the government’s ambitious programmes, from Digital India to direct benefit transfer. The government needs to learn from this episode and free the bureaucracy from the fear of the auditor and the investigator soon, for better outcomes in all its plans.

**A Prized Contract**

The work in microeconomic theory for which Oliver Hart and Bengt Holmström have received [**this year’s Economics Nobel**](http://www.thehindu.com/sci-tech/science/two-american-professors-share-economics-nobel/article9206731.ece) Prize goes back to the 1970s and 1980s when the foundations of contract theory were being firmed up. Their work has provided economists the tools to understand interactions between entities in a range of fields, such as the design of performance incentives in firms and schools, corporate governance, privatisation, constitutional law, and entrepreneur-investor relationships. The Royal Swedish Academy of Sciences highlighted that their contributions to understanding “real-life contracts and institutions, as well as the pitfalls when designing new contracts” were crucial. Mr. Holmström, in 1979, published a theoretical model and result that significantly enhanced the understanding of risk and incentives in employer-employee relationships. This was called the informativeness principle, which said performance should be linked to all variables or outcomes that provide information on the actions taken by an agent, such as a firm’s manager, and not just the outcomes she can effect. Remunerating a manager based on just the share price of her firm will reward and punish her for factors beyond her control, and a better contract would therefore link managerial compensation to the firm’s share price relative to the share prices of other comparable firms. Mr. Hart’s key contribution to contract theory has been the notion of incomplete contracts. Not all information is available *ex ante*; how does a contract allow principals (such as employers) and agents (such as employees) to negotiate unforeseen situations? The work by Mr. Hart and his colleagues in this area was cited by the Academy for its breakthrough nature.

The Economics Nobel raises larger questions given the high-profile nature of the subject and the fact that it is the only social science for which a prize is awarded. Analysis from *The Economist* and the Nobel organisation shows that of the 77 laureates who shared the 48 economics prizes awarded between 1969 and 2016, all of 38 were U.S. residents and 10 were British. Economic historians Avner Offer and Gabriel Söderberg recently pointed out that while the prize may not have a significant liberal or conservative bias, only one person has been awarded a prize for ‘social democracy’ — how governments provide for their people — as opposed to ‘hard economics’ despite social democratic principles governing how 30 per cent of GDP is allocated in developed countries. Why this has happened is perhaps less important than pointing out that it has happened, so there is an awareness of what the economics prize is, and what it is not.

**Express Economic History Series: 18 years ago, how the idea of a ‘bad bank’ ended up in cold freeze**

Two years into its tenure, the then NDA government headed by Atal Bihari Vajpayee, which came to office in 1999, faced one of its biggest challenges — a pile of non-performing assets (NPAs) or bad loans as they are known. Then as now, the government had to contend with a slowing economy, low inflation, global growth and little private investment.

In the finance ministry, one of the proposals discussed then and apparently sounded out by the World Bank, was on forming a bad bank — an institution or entity which would buy out the bad or toxic assets of banks, holding it at a discount to its value, thus helping to clean lenders’ books or balance sheets. This was to also help lenders provide loans afresh.

The ministry’s files contain notings on this proposal dating back to the previous government, with much of it based on the experiences of countries such as Japan and Korea, which had struggled to restructure their banks after a huge lending binge in the previous decade.

The bad bank proposal had been put on the table because by 2000-01, gross NPAs had risen to Rs 70,000 crore, with public sector banks sitting on a mountain of toxic assets. As is the case now, this was a legacy of the aggressive lending that Indian banks had resorted to in the mid-1990s, after the economy had been opened up and when Indian corporates built up huge capacities on projections of rising demand and the growth of the middle class.

By early 2000s, however, at least a couple of state-owned banks lacked the mandatory minimum capital while institutions such as IFCI and IDBI, providers of long-term capital then, were also in deep trouble.

The argument against a bad bank, however, besides of course it drawing on capital from a resource-starved government, was that it too could end up as a sarkari bank. The view then was that the government should not be participating in any such venture and that good money shouldn’t be thrown after the bad, particularly to a monolithic entity. After meetings in his ministry, then finance minister Yashwant Sinha and his officials finally agreed that this was a bad idea and decided to drop the proposal.

It was argued in the ministry that it would be far more sensible to build a new framework for Asset Reconstruction Companies or ARCs, which are in the business of buying bad loans from banks and other institutions. These companies would work like private equity firms instead of the government infusing capital. Coupled with this, the then government also decided to strengthen the powers of lenders to recover assets through legislation — Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest in 2002.

In the Department of Economic Affairs, Ajay Shah, then a consultant with the department, and Raghuram Rajan, a young professor from the University of Chicago, worked on this framework. Rajan also worked on a concept note for regulation of ARCs, a little before he became chief economist of the International Monetary Fund. Rajan had been introduced to the finance minister by the latter’s son, Jayant Sinha, Rajan’s classmate at IIT Delhi and who was then working in the US.

By then, the financials of three banks owned by the government — United Bank of India, UCO Bank and Indian Bank — were worrying enough for the government to provide support.

The swelling of bad loans in the books of both IFCI and IDBI had also prompted the government to think of corporatising the institution and in 2004, it merged IDBI with its well-run commercial bank — IDBI Bank.

A variant of the bad bank was then designed, the Stressed Assets Stabilisation Fund (SASF), with government support of Rs 9,000 crore to take bad loans off its books. The fund’s mandate was to recover assets over a period of time and, a decade later, it is still in business.

Preceding that, in 2002, was another innovation — a bad bank of sorts — but which only succeeded later: India’s first mutual fund, UTI, encountered a crisis and was under pressure from lakhs of unit holders, when the government first came out with a bailout scheme. In the second half of 2002, Jaswant Singh, who had succeeded Sinha as finance minister, assigned his joint secretary incharge of the capital markets, U K Sinha, to travel to Mumbai and meet the RBI Governor Bimal Jalan to work out a solution. For over half a day, Jalan provided the intellectual inputs for restructuring UTI along with finance secretary, S Narayan, with the implementation being left to Sinha. Jalan suggested that the bad assets of UTI, which also included loans to companies, be transferred to a new entity — initially called UTI-2 and later SUUTI, while UTI-I became an asset management company. Over time, as the stock markets rebounded and asset prices rose, the government and other investors gained.

In that period, Sinha had been opposed to providing support in the budget to some of these weak banks. He instead backed the idea of a change in management in some of these banks and improving their functioning. But what helped over the following few years were sectoral packages, in steel, textiles, which gradually helped banks, as also the restructuring in the power sector where state electricity boards were virtually broke. And as interest rates began rapidly declining, banks gained in terms of treasury profits, aiding their recovery and helping them to set aside money for the bad loans.

As was the case then, a legacy issue coupled with aggressive lending in the high growth years — 2004-05 to 2008 — has left a trail of toxic assets. Then and in the last episode too, there was regulatory forbearance with questions now being raised about regulatory oversight or supervision.

But India may be in good company. Italy is weighing promoting an agency or a bad bank, given the huge amount of bad loans piled up in its banks. The Italian central bank is involved in the exercise along with its finance ministry but will have to surmount resistance from the European Union, considering rules on bailouts. Indian policy makers don’t have to worry about a similar challenge but will have to convince tax payers on fund infusion, the pricing of loans, the management of such a bad bank and its ownership and related issues in the shadow of the CBI and other agencies. Equally daunting is the spectre of the festering bad loan issue. The economic costs are too high. What is striking about this bad loan mess dating to the late 1990s and the latest one is how as the owner of a majority of these banks, the government appears to have destroyed the value of its own institutions consistently.

**Double challenge**

Contraction of bank loans to industry is related to demand for funds and bank NPAs. Both aspects must be addressed.

The legacy of bad loans, which the [Narendra Modi](http://indianexpress.com/profile/politician/narendra-modi/) government inherited when it came to office in May 2014, is now taking a toll, not just on Indian banks, especially state-owned, but also the broader economy. There can be no better indicator of this than the fact that outstanding loans of scheduled commercial banks to industry contracted by 0.2 per cent year-on-year in August — the first time in at least a decade. There is both a supply as well as demand side to this contraction. The demand for bank credit by industry has slowed mainly because not too many new projects, be it greenfield or even brownfield expansion, have taken off the ground. That, in turn, is a reflection of significant underutilised capacities across most industries in conjunction with the pressure on prices, not least from imports. Both, together, have led to companies focusing more on improving utilisation of capacities — much of them created during the investment boom, 2004 to 2012 — rather than embarking on new projects requiring funding from banks. Even in the case of initial public offers made by companies in India during the current fiscal, three-fourths of the monies raised involved cashing out by existing shareholders rather than fresh capital being issued for undertaking project expansions.

But the problem is not just related to the demand for funds. Most banks today are weighed down by huge non-performing assets or NPAs from their past loans that have gone bad. The inability to recover at least part of these — including through sale of assets built up by highly leveraged borrowers — and having to make large provisions against losses from them has made banks wary of expanding their loan books. It looks like the resolution of the bad loan crisis will take much longer than what the government or even the RBI initially thought. Gross NPAs of banks rose to 8.7 per cent of their outstanding advances as on June this year. The RBI’s latest Financial Stability Report has projected this to rise further by the end of the fiscal.

The RBI appears to be gauging both the supply and demand dimensions to the crisis. Earlier, it was focusing on the supply side, thinking that a clean-up of balance sheets by banks, while painful in the short-term, would set the stage for a resumption of lending activity. But the fact that high interest rates were also a problem, leading to lower credit demand as well as adding to the debt-servicing woes of firms, was not recognised adequately. It is now showing equal concern for growth — the latest 25 basis point cut in the repo rate is a pointer to that. That is a good sign.

**How’s the economy really doing?**

***There are multiple ways to arrive at an answer, but each metric points in a different direction.***

If someone asks you how the Indian economy is doing, how would you answer? Would you say that the Gross Domestic Product and Gross Value Added (GVA) are both above 7 per cent, and so the economy is growing strongly? Or would you say that the Index of Industrial Production (IIP) has contracted for two straight months, so actually India isn’t doing too well? Or would you look at corporate and personal income tax collections and base your analysis on that?

There are multiple ways to arrive at an answer, but the problem is that each metric points in a different direction. Adding to the confusion is the fact that almost every metric put out by the government is incompatible with every other metric, even if they pertain to the same sector!

Different results

For example, look at the GVA in the manufacturing sector and compare it to the manufacturing component of the IIP. At the outset, you can say that both pertain to the manufacturing sector. But that’s where the similarity ends. While the IIP Manufacturing measures gross output, or the absolute amount produced by the manufacturing sector, GVA Manufacturing measures the total contribution of labour and capital in the manufacturing process, which is entirely different from gross output.

So you have a situation where GVA Manufacturing in the first quarter of this financial year stood at a very robust 9.1 per cent, but the manufacturing component of the IIP actually contracted by about 0.8 per cent in that period. What can the layperson make out of this? Total output is shrinking, but more value is being added to that output? What does that say about the sector? Nothing, without a degree in economics. Probably nothing worthwhile even with one.

Then, you have the problem of actual measurement. The IIP uses the figures of 2004-05 as the base year, against which all subsequent index movements are pegged. All other metrics, including GDP and GVA, and the inflation indices, have moved to a more recent base year of 2011-12. What good can come of a metric pegged to a base more than a decade in the past?

Or, for that matter, look at the all-important inflation figures put out by the government. There are two sets of numbers that come out every month, the Wholesale Price Index and the Consumer Price Index. As the names suggest, the former looks at the movement of prices across various categories at the wholesale level, while the latter looks at the movement of the prices that the consumer finally pays.

Add to this the fact that the two indices look at different baskets of products and have different weightage for each category, and you have a system that only the Reserve Bank of India can decipher. Hopefully.

The two indices moved in tandem — as they should — for a while. But then, at about the start of 2015, they began to diverge. At the height of their divergence, in September 2015, there was a 9 percentage point difference between the two indices, with the CPI at 4.4 per cent and the WPI almost exactly that, but in the negative!

So what does it mean that the two indices are now again converging and are closer to each other than they have been in more than two years? Can the person on the street glean anything from this information about how prices in the local market are going to move?

As mentioned earlier, tax collections are a useful metric to gauge income growth, since the naive assumption always is that if corporate and personal income goes up, then so will the government’s tax collections. But this is India, where only 5.5 per cent of the earning population pays income tax, and where a large chunk of corporates gets away with paying zero tax thanks to the various exemptions and tax havens they can avail of. Any picture arising from this data is by default a severely incomplete one.

Periodicity of data releases

Then we come to the periodicity of the data releases themselves and the enthusiasm with which they are cited. While it is important from a policy and transparency standpoint for the government to release industrial data on a monthly basis, what can one actually make out from such a granular analysis? It is more reliable to base analyses over a longer time period of, say, a quarter, than to agonise over the monthly variations of indices meant to aggregate something as large as the entire country’s industrial performance.

Nevertheless, experts in the media and industry alike take every monthly figure and scrutinise them as if they will actually provide some insight. Looking at the IIP, the monthly figures since 2011 have a standard deviation — or how much any given month’s performance can vary from the average — of 3 percentage points. What conclusions can anybody draw from data that swing so wildly on a monthly basis?

Finally, we come to one of the most important aspects of such data releases: data collection. Why is it that we are so sceptical of the quality of service provided by, say, an Air India employee, or even someone in a government office, but somehow hold the data collectors of the Ministry of Statistics as paragons of efficiency? We must apply the Government Inefficiency Discount to data collection as well, which further erodes the veracity of the numbers being put out.

So, all in all, when someone asks you how the economy is doing, answer accurately and say: “I don’t know.”

**Fed rates and facts**

The likelihood of two Fed rate hikes in two years seem to be enough to rattle the financial markets, even when the world is flooded with excess liquidity

The US Federal Reserve has released the minutes of the September meeting of its monetary policy committee. The old guessing game of trying to figure out what comes next has begun. Many have found indications that an interest rate hike is coming in December. Others say that the doves will continue to win the argument till inflation remains below target. The actual statement is predictably equivocal.

Look at the facts. The Fed raised interest rates once in 2015. There is a chance that it may raise them again this year. Two rate hikes in two years seem to be enough to rattle the financial markets, even when the world is flooded with excess liquidity.

Let’s take the long view. It will soon be a decade since the Fed began cutting rates in the summer of 2007 in response to the growing stress in subprime mortgages. The Fed Funds Rate was 4.25% then. It is now 0.5%. The Fed balance sheet has quintupled since 2008, an explosion of base money.

**The Right Signals**

RBI rate cut suggests that it is interested in maintaining the growth momentum.

The RBI rate cut earlier this month performs the very important task of “signalling”. Despite the reasonably high growth rate of around 7.5 per cent that the Indian economy seems to be registering over the past two years — indeed this is the highest rate among the major economies of the world, and, significantly, it tips the rate of China — the performance of Indian industry in general, and manufacturing in particular, continues to be far from satisfactory. It is in this context that one ought to assess the possible impact of this policy change.

It can be no one’s case that the cut in the repo rate of 25 basis points would bring about a dramatic change in the investment climate. For this one needs many other important factors to be operating favourably and in tandem. Two of these need special mention: First and foremost, it has to do with the Keynesian “animal spirits” which calls for the investors to have a substantial measure of spontaneous optimism about their projected line of activity. Obviously, this optimism seems to be have been lacking in the recent past.

The second factor is more mundane but nevertheless crucial: It calls for an administrative and bureaucratic milieu which facilitates and encourages investment activity. This year marks the 25th year of economic liberalisation, but despite the plethora of reforms that have been undertaken in the spheres of industry and commerce, India presents a picture of a country that is still far too rule bound. It is worth noting that we seem to have improved quite significantly in terms of the “ease of doing business” index in the past year. This certainly should be music to the ears of potential investors.

Thus, what one can certainly say is that the rate cut offers a signal or a directional indicator suggesting that the central bank is interested in maintaining the growth momentum. This is important particularly against a background where the RBI in recent times had been substantially identified with pursuing an inflation targeting approach, to the exclusion of all other contending objectives.

Two key factors seem to have contributed to the rationale for the rate cut. First, there has been a fall in retail inflation in August to 5.05 per cent, but secondly, and more importantly, there is the expectation in the coming months of a decline in food prices owing to a reasonably good monsoon in the past Kharif season.

The central bank’s mandate now seems to be to maintain retail inflation in the range of two to six per cent. This appears to be too wide a range, and one should reasonably expect, in times to come, of a more moderate cap of, say, four per cent.

In all fairness, the decision of the MPC comes in the background of a global deceleration scenario in 2016, with generalised weak investment and trade activity. This is exacerbated by a sharpening of inequality across most major economies of the world. The consequence of this is a suppression of aggregate demand. India’s situation offers a somewhat contrasting picture where the overall growth rate seems to be reasonably satisfactory, with the possibility of a good agricultural performance, which would boost rural demand. The rate cut would, therefore, seem to be well justified.

Much will, of course, depend on how this will be transmitted to the final users via the banking system. A key problem confronting virtually all banks is the excessively large volume of non-performing assets (NPAs). As the RBI governor correctly states, the problem has not arisen overnight. It is well-known that the major defaulters are invariably from among the top business houses in the country. In dealing with the problem one would require a great deal of firmness and pragmatism. The problem is rooted in the essential nature of crony capitalism that is still evident in the country where the political party in power is often involved in most of the questionable deals. This calls for a systemic change in the nature of the political economy that we have practised so far.

**Can’t ban all imports from China: Centre**

***India’s trade deficit with China rose to $52.68 billion from $48.48 billion in 2014-15.***

India can’t impose a blanket ban on all imports from China, Commerce and Industry Minister Nirmala Sitharaman said on Friday.

But it is possible to introduce anti-dumping duties and safeguard mechanisms on certain products to protect consumers and producers based on factual evidence, she said.

Her remarks assume significance in context of a growing popular clamour to boycott Chinese goods in view of its stance on India’s security concerns. Though trade between the two Asian economies declined from more than $72 billion in 2014-15 to $70.7 billion in 2015-16, India’s trade deficit with China rose to $52.68 billion from $48.48 billion in 2014-15.

“Whatever the reason, we don’t have any mechanism to stop imports from just one specific country. Today, reason may be A, B or C and if we want to stop imports from just that country, this is not possible,” Ms. Sitharaman said in response to a query on curbing imports from China.

“A blanket ban on all imports from a country through a single instrument is impossible,” she said.

**Anti-dumping duties**

“But if some imports from that country have to be deterred, because it is giving too much subsidies on these products or if there are quality issues, then we have some instruments to stop such imports,” she said, referring to tools such as anti-dumping duties, safeguard measures and import standards to keep out lower quality goods.

“Wherever industry or consumer lobby with information and facts about standards not being followed or products being unsafe and could hurt our children and consumers, then we can invoke standards and stop such imports,” the minister explained. “But you can’t put anti-dumping duty on all products of a country,” she emphasised.

As per the procedure for imposing anti-dumping duties, affected industries have to give the government data on the imports of specific products with the tariff codes.

“Then we investigate and if facts are proven, then those items, we can impose an anti-dumping duty,” Ms. Sitharaman said.

**Market access**

The minister held ‘intense’ bilateral negotiations with her Chinese counterpart on allowing Indian IT and pharma companies to access the Chinese market, which she stressed can have a ‘substantial, considerable and desirable’ impact on addressing the trade imbalance between the two nations.

“I have been raising these issues since June 2014 but today, I am happy to say that the minister did take cognisance of all of them, explained some and said he will do the maximum to open markets within China,” the minister said.

The Chinese are interested in generic drugs from Indian producers but haven’t yet made it easy for such firms to operate there. “”Our pharma companies have been recognised by the US FDA and EU authorities… why would it take so long for Chinese authorities to do so?

**Farm puzzle: Despite rains and lower rates, dip in fertiliser sales**

**Experts attribute it to neem-coating, more pulses and lack of finance.**

A SIGNIFICANT drop in fertiliser sales — despite lower prices, a fairly good monsoon, and the Agriculture Ministry projecting an all-time-high kharif foodgrain and oilseeds production this year — has left both the industry and policy-makers stumped.

Fertiliser firms sold 143.71 lakh tonnes (lt) of urea during April-September, 7.2 per cent below the 154.80 lt for the corresponding kharif season period of 2015.

But it isn’t only urea, the most widely used fertiliser in India. Even sales of di-ammonium phosphate (DAP) and complexes (fertilisers with varying proportions of nitrogen, phosphorous, potassium and sulphur) have dipped — from 50.73 lt to 42.06 lt (17.1 per cent) and from 43.08 to 39.97 lt (7.2 per cent), respectively.

“This is unprecedented, considering we have had a normal southwest monsoon this time, resulting in a higher kharif-sowing area of 3.7 million hectares over last year. And with the record output of kharif cereals (126.33 million tonnes), pulses (8.70 mt) and oilseeds (23.36 mt), it should have translated into increased fertiliser offtake,” said G Ravi Prasad, president (Corporate Affairs), Coromandel International Ltd, India’s largest private phosphatic and complex nutrients manufacturer.

There was a decline in prices, too. Between the last rabi and the current kharif season, the maximum retail price for a 50-kg bag of DAP fell from Rs 1,200 to Rs 1,100, net of taxes.

Other fertilisers — for instance, muriate of potash (from Rs 800 to Rs 550) and the popular complex 20:20:0:13 (from Rs 950 to Rs 900 per bag) — also saw reductions, enabled by easing international prices.

Over the last one year, landed prices of imported DAP have plunged from roughly $460 to $330 per tonne, while similarly coming down from $332 to $227 for potash and from $275 to $200 for urea.

“Low prices should have further stimulated demand. The fact that they haven’t adds to the puzzle,” said Prasad.

Ashok Dalwai, additional secretary, Ministry of Agriculture & Farmers Welfare, attributed the negative sales growth in urea partly to the 29.1 per cent jump in pulses acreage this year. Being leguminous plants, whose root nodules harbour bacteria that naturally ‘fix’ atmospheric nitrogen, pulses not only require less urea but also can save roughly one bag per hectare for the succeeding crop.

But a more important reason, according to him, was the government’s policy to make 100 per cent neem-coating mandatory for both domestically manufactured and imported urea. Normal urea is prone to nitrogen loss on accounting of ‘leaching’ (underground percolation) and ‘volatilisation’ (escaping into the atmosphere).

“Neem-coating can control these by ensuring slow release of nitrogen. It has further stopped illegal urea diversion for non-industrial uses like plywood and melamine manufacture,” said Dalwai.

Prasad agreed that neem-coating would have led to improved urea consumption efficiency. “Farmers may have previously been applying urea once in, say, ten days. But with the crop retaining greenness for a longer time due to slow nitrogen release, the frequency of application could have reduced to 15 days. So, instead of three bags for an acre of paddy, they need to be buying only two,” he said.

But that still does not explain why sales of other fertilisers, too, have taken a hit. Pulses, for instance, may not need nitrogen, but do require phosphorous.

U S Awasthi, managing director, Indian Farmers Fertiliser Cooperative (Iffco), the country’s largest nutrient maker, said that the overall sluggish sales may have also had to do with droughts in the last two years.

“The rains may have been good this time, but many farmers probably had no money to buy fertilisers. It is possible that they may have also had stocks from purchases last year that couldn’t be used because of drought,” said Awasthi. Iffco reported 20.6 per cent lower sales of urea and 24.8 per cent of DAP and complexes in kharif 2016 compared to the same season of 2015.

“The consecutive droughts have dented not only farmers’ incomes, but also confidence levels. The government should help restore it through proper implementation of the Pradhan Mantri Fasal Bima Yojana, so that they are encouraged to invest in productivity-raising inputs again,” he said.

There is also concern about whether fertiliser sales may have been affected because of inadequate credit availability for farmers this season.

Official figures on seasonal agricultural operation loans are not available, but the industry believes that crop credit flow has suffered, both from public sector banks having to make higher provisions against non-performing assets and farmers’ own accounts turning irregular due to back-to-back droughts.

**Nutrient paradox**

NDA government should leverage softening of global prices to decontrol fertilisers, as it has done for petro-products.

Sales of fertilisers have dipped, despite Krishi Bhawan’s claim of a record kharif harvest this year on the back of a decent monsoon and also a decline in retail prices of decontrolled phosphatic, potassic and other complex nutrients. This could be a reflection of two things. The first is that the agriculture ministry’s production estimates are themselves exaggerated. That possibility is, however, discounted by the fact that kharif acreages have gone up significantly over last year; the fact of a production increase is undeniable, even if the extent of it as per the official numbers can be questioned. It leaves a second possibility — of farmers actually applying less fertiliser. But even that may not be as straightforward. If farmers and dealers had stocks from the previous year’s purchases — which couldn’t get used because of drought — that pipeline material may well have got consumed this time. In other words, even if sales of fertiliser firms have fallen, farmers’ consumption needn’t have. As of now, we don’t have data for the latter.

But even assuming farmers have, indeed, cut back on consumption — for lack of money or access to credit owing to consecutive drought years — this can only be a temporary phenomenon. Sooner rather than later, they are bound to purchase more nutrients without which sustaining, leave alone improving, crop yields isn’t possible. From a policy perspective, what matters is how to boost fertiliser usage efficiency by farmers that is both in their own interest and long-term soil health. The last one year has seen a crash in international prices of fertilisers. Much of it has to do with China turning from an importer to an exporter of urea and di-ammonium phosphate. China is, in fact, India’s biggest supplier of these two key nutrients today. That, in combination with new capacities coming up in Saudi Arabia, Africa and North America, has made the global fertiliser market into one for buyers.

The government should seize this moment to decontrol fertilisers as it has already done in petro-products. Just as for LPG cylinders, let there be a fixed nutrient-based subsidy on every fertiliser, including urea, which is transferred directly to farmers’ bank accounts after the purchase is made at market prices. Farmers will, then, buy the fertiliser that isn’t the cheapest — subsidy should be only incidental to making such choices — but the best suited for their soils or crops. And let companies compete in offering such customised products.

**PAPER 3: SCIENCE & TECHNOLOGY, ENVIRONMENT RELATED ARTICLES**

**After solar energy, focus is now on hydro, wind, says Piyush Goyal**

At Mint’s annual energy conclave, the minister for coal, power and renewable energy says the government is trying to create a robust transmission network across India

The government has decided to remove roadblocks in the path of the wind and hydropower sectors to fuel growth after focusing on solar energy for the past two years, said Piyush Goyal, minister for coal, power and renewable energy.

“After 32 years of starting the renewable energy programme, India had 2,400 megwatts (MW) solar; therefore a particular thrust was given… the solar mission was scaled up by five times. We reset the target to 100,000MW by 2020-22. Using one of the most transparent systems of procurement that one could devise, we have been able to drive down prices by over 40% in barely 18 months. This year has been dedicated to wind and hydro,” Goyal said at*Mint*’s Annual Energy Conclave 2016–Securing India’s Future on Wednesday.

He stressed that each renewable energy source, be it wind, solar etc., has an important place in India’s energy mix. He also pointed out that he is trying to sort out issues plaguing the hydro sector and once that is done, he will be able to attract more investments in the hydro sector.

India has a total installed power capacity of 306,358MW of which thermal (coal, gas, diesel) accounts for 213,228MW while nuclear accounts for 5,780MW, hydropower for 43,112MW and renewable power (solar, wind, small hydro and biomass) accounts for 44,236MW, according to government records as of 31 September.

While India has made huge strides in the solar sector in the last two years, wind and hydro sectors have not got the required push.

On the concept of ‘one nation, one grid and one power’, the power minister said that the government is “trying to create a robust transmission network across the country where power can seamlessly flow all times of the day”.

India has 237 million people with no access to electricity, according to the International Energy Agency’s *World Energy Outlook 2015* report. To provide electricity to all, the government is trying to boost production using coal as well as renewable sources.

By 2030, India plans to have around 850 gigawatts (GW) of power from coal and renewables. Interestingly, the government is planning to achieve 40% of its cumulative electric power of around 350GW installed capacity from renewable power. But even then, coal will remain an important component in India’s energy basket.

“We are working with academics and research labs, to look at better and more efficient ways of using coal … In the future, we will not permit anything less than super critical plants so that the pollution levels are kept at the barest minimum. I have stopped all repair and modernization of older plants. I would hope we can phase out over 25-30 and 35-year-old plants so that more new and efficient plants come into play,” Goyal said.

Goyal said he is “toying with idea of UMPPs (ultra mega power plant) based on coal linkage”.

“I am trying to build around a document and an ecosystem where we could even have UMPPs based on coal linkage where I assure (that) the bidder will get coal from the mine of Coal India or any other company and set up a new venture,” he added.

The minister also pointed towards the government’s successful LED programme, highlighting that from 600,000 LED bulbs per year, EESL (Energy Efficiency Services Limited), a government of India company, is now selling 600,000 per day.

India’s target is to replace 770 million bulbs by 2019.

Experts including former bureaucrats and industry representatives, at the energy conclave, supported the government’s massive push for renewable sector but flagged several areas of concern such as transmission issues, quality of solar panels, solar rooftop and financial risks associated with solar power.

“We should make merry when the sun is shining. Impediments will come and our job is to take care of them … with government,” said Sunil Jain, chief executive officer of Hero Future Energies (HFE), a renewable energy company.

**A tall order**

**Crop stubble burning causes health hazards. But dealing with it requires engagement with farmers — not summary fiats.**

The onset of winter is almost always accompanied by a deterioration of air quality in northern India. Delhi is engulfed by a thick blanket of smog which is a serious health hazard. The pollution is known to cause allergies, asthma and other respiratory problems. Much of the blame for the deteriorating air quality is put on the doors of farmers in two of India’s food bowl states, Punjab and Haryana, but agriculturists in Rajasthan and Haryana have also been incriminated for the problem. Farmers in these states prepare their fields for the winter crop between early October and mid-November. Most of them burn the stubble left over after harvesting the paddy. A Delhi High Court ruling of October 6 has come down on this practice. A bench of justices, B.D. Ahmed and Ashutosh Kumar has cautioned the chief secretaries of Punjab, Haryana, Rajasthan and Uttar Pradesh that they will be held responsible if the practice of crop stubble burning is not put to a stop.

If the past is anything to go by, executing the court’s directive is going to be a tall order. This is not the first time that orders to stop stubble burning have been issued. In November last year, the National Green Tribunal directed authorities in Delhi and its neighbouring states to stop this practice. Since the past three years, deputy commissioners in Punjab have been asking farmers to abstain from stubble burning. But their directives have had little effect. Authorities in Haryana have also issued similar directives and they too had no success. Farmers complain that they have very little recourse since the same patch of land has to be re-cultivated within 15-20 days. There are a few fledgling outfits that collect the straw from the fields at a price. But this is no easy business. For one, balers that reap out the 14-15 inch crop residue are expensive. They cost anything upwards of Rs 10 lakh. Secondly, there is not much of a market for this crop residue. Collecting the straw and using it for economic benefits is a challenge. In comparison, burning the crop residue hardly costs anything.

Farmers could change their ways if they find economic gains in disposing of the crop residue. Biomass plants could be possible buyers for this refuse, but there are very few such plants today. The stubble can also be used to make compost. Some agricultural scientists argue that stubble heaps can be used for mushroom cultivation. But all this requires long-term engagement with farmers. Meanwhile, if past experience is anything to go by, fiats are unlikely to be effective.

**Political and policy discourse in India and the US point to different futures**

Even as the internet creates jobs, it makes other jobs obsolete.

India and the US are on opposite sides of a digital divide — and it is not in the way you would expect. India is experiencing a digital deluge in its political and policy discourse whereas the US political and policy establishment is passing through a digital desert. This is odd because one always thinks of America as the centre of all things digital. Consider, first, developments in India. In addition to Digital India workshops being organised in 120 universities, covering 2,400 colleges and 30,000 students, [Infosys](http://indianexpress.com/tag/infosys/) co-founder, Kris Gopalakrishnan, recently turned in an ambitious report on how to realise the Digital India programme. [Google](http://indianexpress.com/tag/google/) has set a digital locomotive in motion by announcing plans to build on its initial success in creating WiFi hotspots around railway stations, in partnership with the telecom arm of Indian Railways. The World Economic Forum’s India Economic Summit focused on the theme of “fostering an inclusive India through digital transformation”. Digitalism seems at the epicentre of India’s policy narrative. Even if it is still just talk, committee reports and grand programmes, at least there is talk.

Consider, first, developments in India. In addition to Digital India workshops being organised in 120 universities, covering 2,400 colleges and 30,000 students, Infosys co-founder, Kris Gopalakrishnan, recently turned in an ambitious report on how to realise the Digital India programme. Google has set a digital locomotive in motion by announcing plans to build on its initial success in creating WiFi hotspots around railway stations, in partnership with the telecom arm of Indian Railways. The World Economic Forum’s India Economic Summit focused on the theme of “fostering an inclusive India through digital transformation”. Digitalism seems at the epicentre of India’s policy narrative. Even if it is still just talk, committee reports and grand programmes, at least there is talk.

By contrast, in the US, a presidential election season is in full swing. The candidates are outspoken on many issues; yet, there is a noticeable coyness about mentioning the d-word, except in a negative context. One candidate’s email habits are the subject of plenty of nasty campaigning, for which the other candidate leans heavily on a hyperactive Twitter account. Both candidates agree on the importance of tackling the threat posed by — what the second candidate refers to as — “the cyber”.

Ignoring the d-word has severe consequences. Consider a few ways in which the d-word makes a profound difference in the US economy. The rise of the so-called “gig economy” is reshaping how many workers think about jobs. According to a study by Harvard’s Lawrence Katz and Princeton’s Alan Krueger, all net new jobs created in the US since 2005 are due to this phenomenon. More and more workers are contractors or freelancers and are increasingly relying on digital intermediaries to do their work. The d-word is closely tied to how jobs are being created.Even as the internet creates jobs, it makes other jobs obsolete. Erik Brynjolfsson and Andrew McAfee at MIT have been arguing that advances in digital technology and its applications to automation — from improved industrial robotics to automated translation services — explain the slow employment growth of recent years, and the situation will only get worse.

Even as the internet creates jobs, it makes other jobs obsolete. Erik Brynjolfsson and Andrew McAfee at MIT have been arguing that advances in digital technology and its applications to automation — from improved industrial robotics to automated translation services — explain the slow employment growth of recent years, and the situation will only get worse.

Consider some sobering analysis from a 2011 McKinsey study, based on an analysis of over 750 occupations. If you are a bookkeeping accounting or auditing clerk, there is an 86 per cent chance of your job being automated with current technology — and there are 1.6 million such workers; as a stock clerk and order filler, there is an 85 per cent chance of your work could be automated now — and there are 1.8 million such workers; as a food preparation and serving worker, including fast food, there is a 74 per cent chance of job being automated — and there are three million such workers. Until now the jobs at risk fell into very specific lower-level categories; with artificial intelligence, big data, sensor technologies, driverless cars, advanced robotics and 3D printing, among other offshoots of digital technology, more sophisticated tasks will be next.

The changes cited above are going to continue to exacerbate inequalities. The value associated with digital industries accrues to the owners of capital and the highest-skilled workers. Over the past three decades, labour’s share of output has shrunk globally from 64 per cent to 59 per cent. Access to the digital infrastructure is now a critical factor in determining access to opportunities for moving up the income ladder, productivity and access to essential services. According to The White House statistics, in 2015, one in four Americans did not have internet access at home; Hispanic, Black and Native American households trail White households in internet adoption by more than 10 per cent; overall, older, less educated, lower income, and rural households have fewer choices and slower internet connections, setting up a vicious cycle and deepening a digital disparity.

Much of the American election rhetoric has focused on the ongoing competitiveness and trade agreements with other countries, notably China, as well as those associated with the Trans Pacific Partnership. It turns out that China is mounting an even more profound competitive threat on the digital front. According to the Digital Evolution Index that we developed at The Fletcher School, China is leading the world in digital momentum, while the US is ranked 30th out of the 50 countries studied. Of late, it is China, not Silicon Valley, that is taking the lead in developing mobile technologies. “Quite frankly, the trope that China copies the US hasn’t been true for years, and in mobile it’s the opposite: The US often copies China,” according to Ben Thompson, the founder of the tech research firm, Stratechery, quoted in The New York Times. As for the manufacturing advantage that often propels China to the forefront, there is a new — digitally led — frontier emerging that will continue to drive a competitiveness wedge between the US and China. While, there are still only 36 robots per 10,000 manufacturing workers in China, Beijing has set a goal of raising the robot-to-worker ratio to more than 100 by 2020.

The Chinese government’s “Made in China 2025” initiative provides manufacturers with hundreds of billions of dollars worth of resources for technological upgrades, including advanced machinery and robots. This will add to a compounding of the job creation challenge in the US as Chinese manufacturing renews its global competitiveness.

The World Bank proposes investing in the “analog complements” of the digital economy, including adapting skills to get the most out of the digital revolution. It has also argued that governments ought to facilitate innovation and strengthen education and skill building. It is even more essential now to invest in an education system that fosters the critical thinking, humanistic and creative skills that set them apart from automated and AI systems. Digital technologies, from computers to MOOCs to interactive games, can help reinvent public education.

Why, you may ask, do American politicians run campaigns as if they are frozen in the early 20th century, and not acknowledge the post-internet realities? The answer is simple: Ohio (and other so-called political “battleground” states). Battleground states are also places that have suffered the greatest decline in jobs because of the loss of the manufacturing industries to overseas competitors. Elections are won or lost on the basis of who wins these states. These states are far from the digital ghettos of Silicon Valley or Boston.

**HIV Bill offers steps to end discrimination and ensure equality for affected groups**

The HIV Bill is much needed, premised on a rights-based approach and on the assumption that to ensure the rights of all members of society, the rights of PLHVI have to be protected.

News that the HIV Bill has been approved by the cabinet is to be welcomed. The government, and in particular [Arun Jaitley](http://indianexpress.com/profile/politician/arun-jaitley/), deserve kudos for getting it to this stage. Hopefully, it will be passed by Parliament in the coming winter session with the support of all parties, it being non-partisan from the beginning.

ome changes were made by the government to the last draft that was made public on demand of the People Living With HIV (PLHIV) community. First, the amendment made by the government to the draft Bill included the provision to the effect that Anti Retroviral Treatment (ART) would be available to PLHIV “as far as possible.” We know the government understood the fallacy of that expression and deleted the same. The Bill now provides that treatment would be provided to all PLHIV as needed. Indian generic companies supply ARVs to all PLHIV in developing countries. It would have indeed been ironical for the law not to do that for PLHIV in India.

Second, the government amended the draft Bill to remove the protection to the Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI) community. The protection to the LGBTI community was included in the draft Bill as it is understood that it is because of their vulnerability and lack of protection for them in the law that HIV also spreads. It is not known what decision the government has taken on this issue. That will be known only when the HIV Bill approved by the cabinet is made public. Nevertheless, the approval by the cabinet of the Bill is a milestone, which must be welcomed. The Bill has had a tortuous journey for over 10 years, shuttling between health and other ministries, apart from being kept in limbo in the law ministry for a long period.

There are about 21 lakh PLHIV in India. Despite the fact that new infections are going down, the total number of PLHIV will not decrease significantly for the next few decades. Further, despite all the sensitisation on the issue, PLHIV are routinely discriminated against. So, the HIV Bill is much needed, premised on a rights-based approach and on the assumption that to ensure the rights of all members of society, the rights of PLHVI have to be protected.

The Bill is significant in numerous ways. Apart from the fact that it provides for measures relating to discrimination against PLHIV, it is the first time that the law will address discrimination in the private sector. The Constitution provides for addressing discrimination in the “state” sector.

However, it is the private sector where discrimination is rife, whether in health, employment, education, renting property, insurance, standing for office or otherwise. The Bill tackles that. On PLHIV becoming known, they are often thrown out of their households. The HIV Bill provides that a PLHIV under 18 years has the right to reside in a shared household.

The Bill also recognises the autonomy of PLHIV in terms of testing and treatment and provides for consent for the same as also for confidentiality on testing. No person can be compelled to disclose his or her status except with informed consent or by an order of a court of law. Entities disclosing the status of PLHIV would be liable under the Bill.

Another first is a creative measure for redressal in case of denial of treatment to a PLHIV person, both at the institutional level and at the local district level. Discrimination is rife in the health sector, especially in surgeries involving PLHIVs. If the surgery required is not done immediately, a PLHIV can first approach the appropriate authority in the health care facility which is mandated to address the issue in a time-bound manner.

This would, over time, tone the health facilities to respond to complaints. If that fails, the PLHIV can approach the local ombudpersons, mandated to give directions to the health facility to provide the required treatment, even on an emergency basis and/or in a time-bound manner.

Ombudspersons are required to be set up at the district level to allow for grievances to be redressed.

No law can mandate a healthcare worker to provide treatment when undertaking the procedure would be a risk without safety measures, like provision of gloves, addressed for the worker. This often results in denial of treatment of PLHIV. The HIV Bill, for the first time, mandates the authorities to provide a “safe working environment” to healthcare workers. Only with that kind of environment will doctors not hesitate to treat patients who would otherwise pose a significant risk to them.

Most importantly, the HIV Bill is a result of numerous consultations with all the communities affected by HIV and other stakeholders, within and out of government, standing together to prevent the spread of HIV. The success of the Bill is partly guaranteed because of the PLHIV community, which has the highest stake, has been involved at each turn the Bill has taken. When it becomes law, the HIV Bill will not suffer for lack of persons pushing its implementation. However, its success will have far-reaching impacts on other health legislations that need to be enacted.

**Sweden’s SAAB sweetens deal for Gripen jet**

***To load the aircraft with latest radar technology and provide design consultancy for developing LCA Mk-1A.***

In an aggressive push to capture a share in India’s fighter aircraft market, Swedish aerospace major SAAB has offered its latest radar technology as part of the Gripen fighter package along with significant technology transfer in addition to design consultancy for developing the Light Combat Aircraft (LCA) Mk-1A which the Indian Air Force (IAF) plans to induct in large numbers.

The move comes even as India is looking to select a single engine fighter aircraft to be built in India in large numbers under the ‘Make in India’ initiative.

Explaining the developments in Advanced Electronically Scanned Array (AESA) radar, Lars Tossman, vice-president & Head of Communications of SAAB said that they were the first company to develop an AESA radar with Gallium Nitride which, he said, significantly enhances its efficiency and performance over the current AESA radars.

“We will be willing to share this and transfer the technology to India,” he told a group of visiting Indian journalists. India is looking to select a single engine fighter aircraft to be built in large numbers in India with extensive technology transfer for which the SAAB had offered its latest Gripen E fighter. “Our Transfer of Technology [ToT] is more than just transfer of assembly work aiming for an indigenous system of systems integration capability to create indigenous capabilities,” said Mats Palmberg, heading the SAAB Gripen program for India. Mr. Palmberg said that with AESA radar, stealth was not as important as it was earlier.

**Strategic partnership**

The company officials said that SAAB was looking for a strategic partner for the Gripen program in the long-term and India and Sweden have good relations without political compulsions.

Officials said Gripen was the first fighter to be integrated with the Meteor, Beyond Visual Range (BVR) missile. India is procuring the Meteor, considered a game changer with its range of 150 km, as part of the Rafale package concluded with France recently.

Hindustan Aeronautics Ltd., which is manufacturing the LCA, is looking for foreign design assistance on the LCA Mk-1A to make specific improvements sought by the IAF which include an AESA radar, mid-air refuelling and improved electronic warfare suite which need design change in addition to other minor improvements.

The SAAB officials said that both the LCA and the Gripen are of similar class and also share the same General Electric engine citing commonality in maintenance and operation. “We have submitted proposals to India on LCA,” Mr. Tossman said.

In addition the SAAB officials offered help in the development of the next-generation Advanced Medium Combat Aircraft (AMCA) being designed by Aeronautical Design Agency (ADA).

**Towards a kerosene-free India**

***With clean energy access a high priority for India, we must look beyond kerosene, ensuring alternatives***

After the success of Direct Benefit Transfer (DBT) for liquefied petroleum gas (LPG)/cooking gas, the government has now decided to launch DBT for kerosene (DBTK), starting with pilots in the State of Jharkhand. While the move is well-intentioned, it may not be simple to implement at scale, and may even fail to eliminate the diversion of subsidised kerosene that it intends to.

The biggest hurdle is the lack of a streamlined and unified digital consumer database, which formed the backbone of the robust and rapid implementation of DBT for LPG. Here, the entire database across India was managed by just three public sector oil marketing companies, which are directly under the Ministry of Petroleum and Natural Gas. This enabled easier coordination for a nationwide rollout of the scheme. In comparison, the database of subsidised kerosene beneficiaries falls under the Public Distribution System (PDS), which is managed and maintained by each State government. Coordination among the large number of State-level actors, especially in the case of a non-digitised PDS beneficiary database, can create barriers. While e-PDS is being implemented across India, a digital PDS beneficiary database is not yet available for all the States to enable implementation of DBTK.

The second hurdle is the political economy associated with subsidised kerosene. While the Centre burns the fiscal impact of subsidy, the States determine who gets the subsidy and to what extent — in terms of the quantum of subsidised kerosene. This is an important political currency for State governments. Thus, political alignment of States to buy into the idea of DBTK is critical in ensuring effective implementation of the scheme. The good news is that many States have expressed interest in conducting the pilot, which reflects the remarkable efforts made by the Centre towards aligning the States, including those governed by the Opposition.

**Issue of diversion**

However, even if the government overcomes these hurdles, a major drawback is the limited ability of DBTK to reduce incentives for diversion. Currently, subsidised kerosene is mainly diverted as a substitute or as an adulterant to diesel. Given the significant Central excise and State taxes on diesel, its market price remains much higher than the unsubsidised price of kerosene. Analysis by the Council on Energy, Environment and Water (CEEW) shows that unless the government restructures the market price of kerosene, the price differential between unsubsidised kerosene and diesel would be in the range between Rs.18 and Rs.32 per litre — varying across States. Such an incentive would still be significant for middlemen as well as end consumers to divert the fuel as diesel substitute.

Another challenge is in ensuring that the subsidy is accessible to its major beneficiaries — poor households. The Pradhan Mantri Jan-Dhan Yojana (PMJDY) has succeeded in providing bank accounts to a substantial number of households, accessing the subsidy amount is still not easy for several poorer households, who may, at times, lose their potential day wage in withdrawing this subsidy from far-located bank branches.

While the pilots will provide valuable insights to the government in assessing DBTK’s impact on kerosene diversion and on households, it is important to devise a more pragmatic and sustainable solution to reform kerosene subsidy, improving both the welfare of poor beneficiaries as well as the effectiveness of the fiscal expenditure.

**Promoting alternative fuels**

The CEEW’s analysis of National Sample Survey Office data highlights that kerosene is predominantly used as a lighting fuel in rural India, with less than 1 per cent of households using it as a primary cooking fuel. In urban-poor households, it is used for both lighting and cooking. A recent report by the CEEW shows how shifting from kerosene to alternatives such as solar-assisted solutions for lighting and LPG for cooking could be economically beneficial for both the government as well as households. The shift would provide households with much better end-services and avoiding the adverse health impacts associated with kerosene use. Our analysis suggests that such a transition could result in an annual saving between Rs.8,000 and Rs.12,000 crore to the exchequer. Moreover, there is a bottom-up demand for such a change. The largest energy access survey in India, conducted by the CEEW and Columbia University, U.S., shows that 78 per cent of rural households in six major States are willing to adopt solar-based lighting solution in lieu of a reduction in their kerosene subsidy.

As LPG is a clean and efficient fuel, it is rational to continue subsidising it for the underprivileged who cannot afford it otherwise. However, with energy security and clean energy access high on India’s priorities, we must look beyond kerosene to provide cooking and lighting solutions to poor households, while ensuring affordability, reliability and universal availability of these alternatives. The government has been persistently focussing on structural reforms in various sectors of the economy, and moving away from subsidised kerosene, and envisioning a kerosene-free India would be one such visionary step.

**A matter of waste**

Overburdened landfills catch fire frequently. Time to look at other ways to manage garbage.

Two landfills in Delhi have caught fire for the second time in less than six months. Smoke tendrils have been issuing out of the Bhalswa landfill in the northwestern part of the city and the Ghazipur landfill in east Delhi since the first week of October. The two waste dumps had caught fire in mid-April. At that time, a Delhi government committee had recommended measures to check such fires. These included setting up waste-to-energy plants, preparing fire safety plans and stationing fire tenders at the sites. These recommendations have been ignored. But even if they had been implemented, they could have, at best, provided short-term solutions. The city generates 9,000 to 10,000 tonnes of waste everyday and its landfills are equipped to take less than two-thirds of it.

The fires in the two overstressed landfills are symptomatic of a persistent problem of Indian cities. According to a Central Pollution Control Board (CPCB) report of 2014, Indian cities generated 30,000 tonnes of waste everyday in 1999-2000. By 2010-2011, India’s urban waste burden had risen to more than 50,000 tonnes. Most urban authorities in the country are at sea when it comes to dealing with so much garbage. Mumbai’s two landfills, for example, are way past saturation point. In January, fire raged in the city’s Deonar landfill for nearly a week.

The precarious state of the landfills is symptomatic of the neglect of urban solid waste disposal in India. The country got its first Municipal Solid Waste (MSW) rules in 2000. They stated that mixed waste should not be dumped in landfills. But 14 years after, the CPCB report rued the absence of a waste segregation system. Moreover, a lot of the wet waste decomposes in the landfills and the rotting matter catches fire, sending toxic smoke into the atmosphere. The rules were amended this year. The new rules recognise that more than 50 per cent of the biodegradable waste can be turned into compost at the local level, without burdening landfills. But these rules — like their precursor — are akin to advisories and do not establish mechanisms for decentralised waste management. Some Indian cities, however, are working out alternatives to the landfill-centred approach of waste management. Delhi and Mumbai — and most Indian cities — could do well to emulate Pune and Bengaluru where a system comprising residential welfare associations and informal waste collectors ensures that very little waste goes to landfills.

**Countries agree to phase out 85 p.c. of potent greenhouse gas by 2045**

One hundred and seven countries came to an agreement in Kigali, Rwanda, on Saturday, to substantially phase out a potent greenhouse gas by 2045 and move to prevent a potential 0.5 C rise in global temperature by 2050.

Hydrofluorocarbons (HFCs) are a family of gases that are largely used in refrigerants in home and car airconditioners. They, however, substantially worsen global warming. On late Friday, India, China, the United States and Europe agreed on a timeline to reduce the use of HFC by 85% by 2045.

The details of the agreement are yet to be made public and India’s Environment Ministry is yet to detail India’s road map for achieving this goal. From what *The Hindu* has learnt so far, India hasn’t committed to a fixed date by which it will start reducing its HFC consumption but has agreed to do so after the developed countries would have reduced their consumption by 70 per cent, of what they did in 2011-13.

The developed countries, led by the US and Europe, according to a CSE statement, will reduce the HFC use by 85 per cent by 2036 over a 2011-13 baseline. China, which is the largest producer of HFC in the world, will reduce its use by 80 per cent by 2045 over the 2020-22 baseline and India will reduce the use of HFC by 85 per cent over the 2024-26 baseline.

Baselines refer to the average consumption in a period from which future reductions are calculated. The developed countries have also agreed to provide enhanced funding support to the developing countries.

Earlier this week, India announced domestic action on HFC-23 (trifluoro-methane), a super greenhouse gas with a GWP of 14,800, which is produced as a byproduct of HCFC-22 (chloro-difluoro- methane). Currently, HCFC-22 is the most commonly used refrigerant in India.

India has mandated five manufacturers — who fully control the domestic market — to capture and incinerate HFC-23 so that it is not released into the atmosphere. This action will eliminate release of HFC-23 equivalent to about 100 million tonne of Carbon dioxide emissions over the next 15 years.

Chandra Bhushan, deputy director general, Centre for Science and Environment (CSE), a public interest research and advocacy organisation based in New Delhi, said, “India’s proposal would avoid HFC emissions equivalent to 70 billion tonne of carbon dioxide.”

**Kigali delivers second big climate deal; Montreal Protocol amended to eliminate HFCs**

Complete elimination of HFCs by the year 2050 is estimated to prevent about 0.5 degree celsius rise in global temperatures by the end of this century.

More than 190 countries, currently gathered in Kigali, Saturday morning adopted an amendment to the 1989 Montreal Protocol to eliminate planet-warming HFC gases, thus delivering the second major international agreement in less than a year to fight climate change.

The amendment will allow the use of ozone-saving Montreal Protocol to phase-out HFCs, a set of 19 gases in hydroflurocarbon family that are used extensively in air-conditioning and refrigerant industry. HFCs are not ozone-depleting but are thousands of times more dangerous than carbon dioxide in causing global warming.

The agreement came at 7  am local time after negotiators sat through the night to iron out their differences during which India and the United States fought over a number of provisions. But they had already agreed on the bigger issues on Friday during the two rounds of talks between Environment Minister Anil Madhav Dave and US Secretary of State John Kerry.

The amendment to the legally-binding Montreal Protocol will ensure that the rich and industrialised countries bring down their HFC production and consumption by at least 85 per cent compared to their annual average values in the period 2011-2013. A group of developing countries including China, Brazil and South Africa are mandated to reduce their HFC use by 85 per cent of their average value in 2020-22 by the year 2045. India and some other developing countries — Iran, Iraq, Pakistan, and some oil economies like Saudi Arabia and Kuwait — will cut down their HFCs by 85  per cent of their values in 2024-26 by the year 2047.

Complete elimination of HFCs by the year 2050 is estimated to prevent about 0.5 degree celsius rise in global temperatures by the end of this century. For this reason, the Kigali Amendment, as it is being called, is considered absolutely vital for reaching the Paris Agreement target of keeping global temperature rise to below 2 degree celsius compared to pre-industrial times.

The phase-out scheduled under the amendment is estimated to avert 70 billion tonnes of carbon dioxide equivalent emissions between 2020 and 2050. This is considered equivalent to shutting down more than 750 coal power plants, each of 500 MW capacity, or taking off about 500 million cars off the road from now to 2050.

The Kigali success was being hailed as the consolidation of the efforts that had seen the finalisation of the Paris Agreement in the French capital last year.

“This is a major breakthrough. The world has come together to curb climate-wrecking super-pollutant HFCs . This is the biggest step we can take in the year to after the Paris Agreement against the widening threats from climate change. And bringing HFCs under Montreal Protocol sends a clear signal to the global market place to start replacing these dangerous chemicals with a new generation of climate friendly and energy efficient alternatives,” David Doniger, Climate and Clean Air Program director of Washington-based Natural Resources Defense Council, said in a statement.

Just a few weeks ago, the International Civil Aviation Organisation, a UN body, had reached an agreement on reducing emissions from international aviation. And earlier this month, the Paris Agreement received the minimum required number of ratifications to come into effect from November 4, well before the start of the next round of climate talks in Marrakech three days later.

“What we have achieved in Kigali is the beginning. We can build on this success and further enhance the climate actions by countries in Montreal Protocol and in other climate agreements, especially the Paris Agreement,” Chandra Bhushan, deputy director general of Delhi-based Centre for Science and Environment, said.

**In fact: Kigali could add new win in climate change battle**

**Almost everyone believes the conference beginning today will reach a deal on HFCs. That will leave only one more loophole to plug — international shipping**

Last week has been of great significance in the fight against climate change. The Paris Agreement received the required number of ratifications, and will become international law from November 4, three days before the annual climate change conference begins in Marrakech. Countries will get down to finalising the rules and institutions that will govern its implementation.

In Montreal on Thursday, the International Civil Aviation Organisation (ICAO) carved out an agreement to curb the rise of emissions from international aviation after 2020, despite reservations from some countries, including India. The deal, approved by all 191 members, asks countries to offset, voluntarily to begin with, any rise in their aviation emissions through activities like planting of trees or funding activities that reduce carbon emissions elsewhere. As of now, only 65 countries have decided to join the programme that will initially run from 2020 to 2026, but most observers have welcomed it as a good beginning.

And from today, countries have gathered in Kigali, Rwanda, to plug another hole of greenhouse gas emissions. They likely will, a week later, finalise an amendment to the Montreal Protocol to enable this 1989 ozone-protecting agreement to phase out the use of Hydrofluorocarbons, or HFCs, a class of gases that are several thousand times more damaging than carbon dioxide.

HFCs, used mainly in the coolant and refrigerant industry, are not ozone-depleting, and are hence not covered by the Montreal Protocol. In fact, HFCs replaced Chlorofluorocarbons (CFCs), which the Montreal Protocol phased out because they were destroying the ozone layer. But HFCs are very potent greenhouse gases, and unlike other GHGs that are being dealt with by the Paris Agreement, HFCs are sought to be eliminated through the Montreal Protocol as well.

It is estimated that a phasing out of HFCs by 2050 will prevent a 0.5-degree rise in global temperatures by the end of this century. There is near unanimity both on the need to amend the Protocol to include HFCs, and on the 2050 target for completing the job. There is also no disagreement that developed countries, which are both the bigger producers and bigger consumers of HFCs, have to begin phasing them out earlier. Differences exist in the details, and four proposals are on the table — put forward by India, the US (North America), European Union, and the Small Island Countries.

India wants developing countries like itself to begin the phase-out only from 2031, while promising to reduce their HFC production and consumption to 15% of what it would be in the ‘baseline year’ of 2028-30 (average of the figures in each of these years), by the year 2050. But it wants the developed countries to begin the phase-out this year itself, and completely eliminate the production and consumption of HFCs by 2035.

The US wants developed countries to begin the phase-out from 2019, and reach just 15% of the baseline year (2011-13) by 2036. The EU wants the baseline year for developed countries to be 2015-16, and wants them to eliminate 85% of the baseline HFC production and consumption by 2034.

Both the US and EU want developing countries to begin by 2019, or latest by 2021, and eliminate 85%-90% by 2046. There are supposed to be interim targets as well — the “phase-down schedule” — and those constitute further points of disagreement.

Developing countries seek to give their industry adequate time to discover and adapt to new technologies that would enable them to use HFC substitutes. They are also seeking multilateral financing to support the shift to newer alternatives, and want their industry to be given full conversion costs, as well as the cost of a second conversion in cases where a transitional technology has to be deployed.

Despite the differences going into Kigali, however, almost everyone is sure that it will deliver a positive outcome. “There is no reason why we should not have an agreement in Kigali. Differences over HFCs are very small compared to what we were faced with in the climate change negotiations. I think there will be a compromise solution that everyone will be happy with,” Ajay Mathur, director general of The Energy and Resources Institute, said.

The important thing for India, Mathur said, is to protect its domestic industry. “That is the reason we want our phase-down to begin later. But during the intermediate period, from now to 2030 or so, we can also try and shift to HFCs that have lower global warming potential. We would then have already started taking action on reducing HFC emissions without having to phase them out from an early period. There will be some costs to the industry, but calculations show it won’t be backbreaking,” Mathur said.

The Kigali meeting is expected to add momentum to the fight against climate change. Once the HFC amendment is approved, the world will be left with just one more climate change hole to plug, that of emissions from international shipping. Like international aviation, international shipping emissions are not covered under the Paris Agreement because these emissions cannot be attributed to any specific country.

International shipping accounts for 2.7% of global GHGs, more than international aviation that contributes 1.9%. The sector has had a mandatory carbon dioxide reduction plan for individual ships since 2013. The demand now is to cap and curb the overall emissions from the entire sector. Later this month, member countries of the International Maritime Organisation are likely to establish a global carbon dioxide data collection system for ships — the first step in that direction.

**Doctor is not in**

India’s changing demographic and epidemiological profile requires us to think bigger and better .

The outbreak of dengue and chikungunya across India has again directed our attention to the state of the Indian health system. The media is awash with stories of overcrowded hospitals and under-prepared government authorities struggling to deal with the magnitude of the problem. The sheer economic, social and personal costs of these diseases — in terms of healthcare costs, loss of productive work days and patient-suffering — are there for all to see. However, the most unfortunate aspect of this saga is that it seems to be an annual affair for India. Each year, as the monsoon sets in, we see a spurt in the reported cases of, and deaths due to, dengue, chikungunya and malaria. This bears testimony to the state of our planning in the public and private sectors to address disease outbreaks.

To fix India’s healthcare scenario, what is most needed is “systems thinking”. For far too long, India has followed a vertical approach in its health sector, which translated into disease-specific national programmes being set up. While many of these programmes have their own value, and have proved their efficacy over the last several years, there is an urgent need to adopt an approach that strengthens health systems to deal with problems such as the annual outbreak of diseases like dengue and chikungunya, as well as to prepare for the upcoming onslaught of non-communicable diseases such as cancer and diabetes.

As per the World Health Organisation (WHO), an effective and efficient health system consists of six key building blocks — service delivery, medicines, information, health workforce, financing and governance. We all know that save for India’s ingenuity in producing cheap generic medicines, the country’s record via-a-vis the other five blocks is dubious at best. Therefore, if we are actually serious about improving the health outcomes of India’s citizens, we must look at strengthening the country’s health system in its entirety, with an equal focus on disease prevention, health promotion, and disease diagnosis and treatment.

This translates into ramping up our commitment to disease surveillance and data collection systems, better medical research, health workforce training and staff-retention programmes, public provision of quality healthcare and nutrition services, equal access to safe and efficacious medicines, increased public financing for healthcare and nutrition, and effective public and financial management of our national healthcare and nutrition service delivery programmes. This roadmap is quite simple to follow, and all it needs is a strong political will, a long-term view of planning and management, and attention to detailed implementation. This approach, of course, raises questions about the feasibility of the so-called panaceas like the mohalla clinics, which may be well-intentioned but are poorly planned. As we have seen, the mohalla clinics seem to be courting controversy at every step, with the most recent episode calling into question their commissioning norms and spotlighting allegations of inflated property rents.

Considering that India has a great opportunity to leverage its demographic dividend like no other country in the post-modern era, it is incumbent upon us, the political leadership, to do the right thing. We know that health and nutrition are inextricably linked to each other. Research has shown that good health and nutrition during the early childhood period lead to proper physical and cognitive development amongst children, which is directly related to improved productivity and earning potential when these children become adults. Therefore, our failure to improve the health and nutrition outcomes of our children is a major disservice to the future growth and progress of India.

There is an urgent need for the Central government to take the lead in ensuring health and nutrition service delivery. Unfortunately, going by the current trends, the National Democratic Alliance (NDA) government seems to be averse to the idea of leading the way in health and nutrition. A quick analysis of the 2016-17 budget allocations to the National Health Mission (NHM) and Integrated Child Development Services Scheme (ICDS Scheme), compared to the 2013-14 allocations, shows an approximate increase of six per cent and a decrease of 14 per cent, respectively.

Given that India needs more public investment to strengthen its health system in line with WHO guidance, the paltry increase in the NHM allocation and the steep reduction in the ICDS budgets are ill-conceived. They seem even more regressive when one considers the historic steps — such as the launch of the National Rural Health Mission (NRHM) — that were taken by the preceding United Progressive Alliance (UPA) government to improve the health outcomes of India’s citizens.

The government must understand that it cannot substitute the health, nutrition and overall development outcomes of Indian citizens with “efficiency gains”. It also cannot shift its responsibility of delivering health and nutrition services to non-state actors. India’s changing demographic and epidemiological profile requires us to think bigger and better. The political leadership cutting across party lines needs to come together and look at new and more efficient ways to deliver healthcare to our citizens. That certainly is not possible in the face of shrinking public investments in the social sector.

More than any other time, when India is standing right at the cusp of a potential demographic dividend, we must get it right now.