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FOUNDED BY
RAMNATH GOENKA

BECAUSE THE TRUTH INVOLVES US ALL

DOWNSIZING NITISH

LJP snub to JD(U) ahead of Bihar poll is a pointer to diminishing clout of the chief minister, and recasting of NDA

IN THE RUN-UP to the Bihar assembly polls, while the RJD-Congress-Left combine reached a seat-sharing agreement last week, there is a telling twist in the negotiations in the NDA — with Ram Vilas Prasad's Lok Janshakti Party quitting the alliance in the state, citing ideological differences with the JD(U), even as it endorses Narendra Modi's leadership and continues in the NDA at the Centre. The move seems to be aimed specifically at downsizing Nitish Kumar. The LJP, which currently has two MLAs in the assembly and draws its support mostly from one group within the Dalit community, is hardly a challenger to Kumar. But by throwing down the gauntlet, it undermines the JD(U) chief's claim to be the undisputed leader of the NDA in Bihar.

Nitish Kumar, who is seeking a fourth consecutive term as chief minister, has been one of the two major poles of Bihar politics — the other being his arch-rival and RJP patriarch Lalu Prasad — since the Mandal revolution in the 1990s. This election, too, will revolve around his leadership and record in office. But the signs of anti-incumbency may be building, and the LJP may be taking its cue from them. Even if Kumar wins another term, he will, in all likelihood, have to contend with a more assertive BJP and govern with a diminished stature. With Lalu Prasad in jail, Kumar's main campaign plank — the contrasting of his record in government to the RJD's "jungle raj" — is already running out of resonance. The LJP's snub is yet another indication that "Sushasan Babu" cannot harp on old achievements, be it improved infrastructure and law and order or welfare schemes such as bicycles for girl students. Kumar will have to respond to the aspirations of a new generation of voters, who have been beneficiaries of his own long years in office, but who will judge him by their changing hopes and aspirations, not compare him to the Lalu regime.

The shrinking of the NDA in Bihar follows close on the heels of the Shiromani Akali Dal quitting the alliance a few days ago in Punjab and the Shiv Sena in Maharashtra late last year. The LJP's move confirms the continuing transformation of the NDA from a political alliance in which the regional parties had a significant say to one dominated by the BJP and commanded by the charisma of PM Modi. This has reduced the space within the NDA for regional concerns and leaders, especially if these are at variance with the vision of Modi and his BJP. The Sena and SAD may have separated from the NDA for different reasons but the clash with the BJP's centralising tendencies was arguably a factor. Past record suggests that NDA constituents have had to cede ground to the BJP in their strongholds since 2014. It may be the turn of Nitish Kumar's JD(U) now.

GAME BEGINS, AGAIN

In Pakistan, as parties join hands against ruling regime, a familiar tumult is back. Where latest long march is headed is still unclear

HISTORY IS BEGINNING to repeat itself in Pakistan. Late last month, several Opposition parties, including the Pakistan People's Party and the Pakistan Muslim League (N), came together in Islamabad in an "all parties conference" pledging to remove the Imran Khan government via a "mass movement". But the real target, at least as articulated by PMML(N) leader Nawaz Sharif in strong words as "a state above the state", was the military. A 26-point resolution adopted by the Pakistan Democratic Movement called on the "establishment", short-hand for the military, to stop meddling in politics and described the present government as "selected" by the military. The PDM has announced a plan of action for the coming months, including rallies — the first of these is set to take place in Quetta, the capital of Balochistan — that will culminate in a "long march" in January.

There is an undeniable churn in Pakistan once again, and the government of Imran Khan, whose symbiotic relationship with the Pakistan Army has been well advertised by no less than the prime minister himself, will have its hands full. This is not the first time in Pakistan's history that political parties are joining hands to remove an elected or selected government or a military ruler. This time, the protests are targeted against an openly hybrid civilian-military regime, for which the initial popular enthusiasm has begun to wear off. The PDM's choice of leader has been counter-intuitive, but perhaps it sidesteps the trickier choice between PPP leader Asif Ali Zardari and Nawaz Sharif, or their political heirs, Bilawal Bhutto Zardari and Mariam Nawaz. And while Maulana Fazlur Rahman leads an Islamist right-wing party inherited from his father, and has supported the Afghan jihad, and made deals with the military, he also worked with the PPP and PMML(N) in the past. Additionally, he would bring to the table his own credibility in religious conservative Pakistan, thus pre-empting the usual accusation against such alliances in the past, that they play to an American, Israeli or Indian script.

Last year, Fazlur Rahman led his own long march to the capital demanding that Imran Khan resign, and among the grounds he gave for this demand was that the government had been too soft on India over Kashmir, and opened the gates in Kartarpur Sahib. He will lead the rally in Quetta, where he has a large following among the Baloch Pashtun. Where this latest iteration of the "movement for democracy" is headed will be revealed as the game unfolds.

GOALS AND PENALTIES

The 'Real Facebook Oversight Board' is an attempt at putting moral pressure to act against fake news. But it may not work

HERE'S THE COMPANY, the Board and now, the Real Board. Facebook Inc. under the scanner for how its flagship platform and other products (Instagram, WhatsApp) have been used to manipulate elections and spread misinformation, set up an Oversight Board in November last year. Its purpose, broadly: To provide more accountability by serving as a sort of final court of appeal over posts which have been flagged by users and removed by the algorithm and/or moderators. The severe limitations of this largely internal mechanism has led a group of civil society activists — including Facebook's former head of election security — to form "The Real Facebook Oversight Board" to hold the company to account as the US elections take place.

The Real Board's role will be to exercise, at best, moral pressure. This pressure is needed. Because, quite simply, Facebook hasn't done enough. First, the company's oversight board is little more than a sophisticated form of customer service — real oversight is almost impossible when those doing the overseeing draw their paychecks from the company they are meant to hold to account. Second, and more importantly, the Facebook Oversight Board will not be functional in time for the US presidential elections. Now, the Real Board is asking Facebook to institute measures against posting inciting violence, ban ads that mention election results before the official announcement, and label posts about the election results before the results are premature. These are reasonable demands. They may also be naive.

Quite a few of the members of the Real Board are leaders of the #StopHateForProfit campaign. But in Facebook's case, it is important to understand that human monitoring of the sheer volume of data produced by users is next to impossible. And the algorithms that keep users hooked, like the profit motive, are moral, oversight, external or internal, will only make a real difference if it imposes pecuniary penalties, not PR ones, and forces a change in the goal of the algorithm itself.

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BEENA PILLAI

IN A WELCOME move, the Department of Science and Technology is reportedly drawing up a policy where the proportion of women employed will be considered in ranking a scientific institution. Consistent efforts by individuals and organisations, notably the Indian Academy of Sciences, has exposed the dismal statistics. Indian scientific institutions collectively employ only 15 per cent women even as women form 37 per cent of PhD holders and accounted for 40 per cent of university enrolment in science subjects in 2001, according to the report of the National Task Force for Women in Science. Fast forward to 12 years later, a period that can be considered about one-third of the formal employment period of a scientific career, the Indian National Science Academy had only 5 per cent elected women fellows in their ranks. As ever increasing numbers of women come out of universities and look for opportunities, this policy must aim to prepare institutions to ensure a diverse and inclusive workplace for women in science.

A precipitous drop in the number of women in science happens at the stages following graduation, juggling professional and domestic responsibilities is only the tip of the iceberg. Building a motivated team and attracting consistent funding are the two main challenges that any young researcher faces. Attending research conferences and presenting papers at national and international meetings is how one gets noticed. Administrative hassles at the workplace, uncertainty of securing a travel fund and help at the home front caring for young children or ageing parents often make the woman scientist focus on publications since they are perceived as the one objective criterion to judge a scientist. However, scientific ideas grow and take form through interactions, and immersive experiences away from the lab and home help in developing fresh, creative and contemporary projects.

A few structural changes can go a long way in rectifying the inequalities during the early stages of a scientific career. The recent guidelines making creche facilities mandatory at workplaces employing a certain number of women were much needed. A lesson from the experience of starting one such facility is that it would be unaffordable for students and post-doctoral fellows if all the costs were to be borne by the users. By stepping in and providing qualified manpower, the institute where I work ensured that the creche was sustainable, affordable for all and provided employment opportunities to more women. The



YOGINDER K. ALAGH

TO RECOGNISE that a lot of agricultural trade takes place outside APMCs sends a message that all that happens under good conditions is silly. To know that ahtiyas are important in Indian agricultural markets is sensible. To know that they are a part of the supply chain in the north-west part of the country is also important. However, ahtiyas cannot dare to take on the FCI and the mai baap sarkar. Moreover, such arrangements do not work in other parts of the country. At the same time, to say that e-markets and farmer-managed companies — the last as designed by a committee I chaired at the beginning of this century — are the way ahead is correct but to suggest that they are dominant rural organisations today, two decades later, is childish.

Agriculture is the one good performing sector this year. We need to strengthen it, not feed off its glory. India has the largest spread of agricultural markets in the world, according to spatial maps. But these markets are not APMCs. Without first-stage processing, in the absence of other infrastructure and with thin markets in commodities other than grains, the farmer knows he is at the mercy of the trader — he takes to the streets when his predicament is not recognised, especially when his traditional exploiters are given the upper hand. No wonder, farmers in Punjab have taken to the streets. Policy can achieve a

She is a scientist

It will require concerted efforts to make the workplace inclusive for women scientists in India

A few structural changes can go a long way in rectifying the inequalities during the early stages of a scientific career. The recent guidelines making creche facilities mandatory at workplaces employing a certain number of women were much needed. A lesson from the experience of starting one such facility is that it would be unaffordable for students and post-doctoral fellows if all the costs were to be borne by the users. By stepping in and providing qualified manpower, the institute where I work ensured that the creche was sustainable, affordable for all and provided employment opportunities to more women. The second major challenge is safe travel, especially if this policy is to percolate beyond the major cities, into suburban towns, where many large educational campuses are built.

second major challenge is safe travel, especially if this policy is to percolate beyond the major cities, into suburban towns, where many large educational campuses are built. Prioritising young families for on-campus housing by revamping the current seniority-based system and workplace transport facility in cities is the equivalent of cycles for schoolgirls in remote districts.

The third most important change should be our approach to conferences. By supporting and rewarding organisers who ensure greater participation of women, we can ensure higher participation and present networking opportunities without the inequalities imposed by the variable practices at different institutes. With growing impetus on securing funds from the industry, special sessions at conferences can provide a platform for floating ideas and understanding the needs of the industry. Women will especially benefit from moving such discussions from alumni networks and informal clubs to the open format of conference sessions.

It is important to note that these measures not just help women but provide a more equitable workplace. The workplace creche, for example, not only supports women but also men who share childcare responsibilities. The childcare leave, like the leave travel concession, if extended to either parent, will prevent women from bearing the brunt of career set-backs. Ironically, many measures conceived to be "women-friendly" can have unintended and undesirable consequences, especially in the short-term. In some institutes, to ensure their safety, women are advised to work only during official hours, while men can access labs any time. Instead of segregating any group out of sight, the best research institutions create spaces for mixing and mingling, ironing out stereotypes and perceptions of being the "other" group.

Another informal practice at many institutes is to teach about lab safety, this has been a major stumbling block for many scientists who found like-minded partners in their own fields. Often dubbed the "two-body problem", couples are forced to put one career before another, or to accept at least one stable job. My experience has taught me that most fears of couple-hiring are imagined and exaggerated. In fact, these couples are an invisible bridge between the islands that inevitably form in a profession that requires deep specialisation and wide networks in equal parts.

Institutes around the country can benefit

WORDLY WISE

IT IS A WELL-KNOWN FACT THAT THOSE PEOPLE WHO MUST WANT TO RULE PEOPLE ARE, IPSO FACTO, THOSE LEAST SUITED TO DO IT. — DOUGLAS ADAMS

from increased mobility of senior academics. A major hurdle for experimentalists is that they are loath to leave facilities that they have built up from scarce resources with time and care. By creating a metric for valuation of such resources, and a channel for inter-institutional mobility, cross-fertilisation of ideas, technical expertise and resources can ensue. Many women find a second opportunity in their fifties. The flexibility to switch career paths with an initial exploratory period followed by the opportunity to make a permanent move could prevent stagnation and create a much-needed flux between academic institutes-government and private centres of learning, research institutes, and even the industry.

The new policy should apply to private and government institutes. We have been witnessing through periodic evaluations of outcomes, foreign institutions and the rapid growth of private institutions in the arena of higher education. If we place the burden of reversing long-standing inequalities and ensuring inclusivity only on government-funded institutions, we are in fact putting them at a great disadvantage in a competitive arena.

If we truly want "inclusivity, equity and diversity" in our scientific institutions, the new policy has to be sensitive to ground level realities. Committees and organisations have to be sensitised and implementation ensured through periodic evaluations of outcomes. Making the data regarding publicly funded projects widely available will allow analysis of factors beyond equality in numbers, by asking deeper questions, like what percentage of funding goes to women scientists at various levels. Poorly thought out and haphazardly implemented policies that focus on mere ratings and rankings can backfire. At least in the early stages, the benefits of such radical changes are also likely to go to the women who are less in need of such measures.

Some turbulence in the short term is inevitable to bring about lasting change, but without scope for self-correction, policies that evolve into entrenched practices that take us away from the intended course. Ensuring equality without compromising quality of research, by creating an environment of individual freedom and institutional trust, requires concerted effort from policy makers, institutions and individuals.

The writer is a molecular biologist, working for 15 years at the CSIR-Institute of Genomics and Integrative Biology. Views are personal

GOOD LAWS IN BAD TIMES

Farm bills can achieve a lot, but in a crisis year government should exercise caution

lot, but some caution in a bad non-agricultural year is also warranted. In Gujarat, where one would have suggested that if there are markets in place, the state should leverage them. But this year, the state will have to fight the drought and will not have the time to intervene with that selective touch. It will be good to create a few more FMCs, but I do not think they will become the dominant form of rural organisation this year.

That relic of the past, the MSP had its days of glory when the Marxist economist Ashok Mitra, and then the late Dharman Narain, headed the Agricultural Prices Commission (later CAPC). Those were the days of compulsory procurement and zonal restrictions. Each crop had its report. I took charge from them and pointed out that prices play an allocation role, so there should only be two reports, one for kharif and another one for rabi — apart from sugarcane, an annual crop. The 1982 rabi report I wrote talked about the role of relative prices and positioned MSPs as an intervention mechanism when markets failed outside the compulsory procurement area. This was gradually developed by my successors, my teacher GS Bhat, GS D'Sa, G K Chadha and Abhijit Sen. The concept of transport costs and managerial cost became important and a conceptual report I was commissioned to write was categorised as "classified". The last time I ar-

gued for a "fair" MSP to states like Rajasthan was also around that time. In the then finance minister, the late Jawant Singh, I was supported by Ram Nidra Mirwa, former Speaker of the Rajasthan Assembly and a champion of dryland agriculture. Sharad Pawar, a kisan at heart, summarised my conceptual report and released it during a discussion in Parliament knowing full well that compulsory procurement MSPs was a ghost concept outside the country's northwest.

So now when the farmer agitates about MSPs, he says do not be unfair to me. Is there a way out? For starters, why not ask the Niti Aayog to write an implementation plan for the farm bills after giving a hearing to various parties — the Aayog's member Ramesh Chand knows about MSPs and APMCs and the agency's vice-chairman, Rajiv Kumar, understands the trade aspect of agriculture.

Of course, the Essential Commodities Act should be ditched along with the medical waste of the virus. And, next year, we can use these good laws we have always wanted. Good laws are harbingers of progress. Those who disagree should make their case. If they do so without glossing over, we may actually progress.

The writer, a former Union minister, is an economist

OCTOBER 6, 1980, FORTY YEARS AGO

J&K SPEAKER ELECTION

THE JAMMU AND KASHMIR GOVERNOR, L K Jha, by a notification, prorogued the state assembly and summoned it on October 8. The governor also issued an order according to which the Speaker's election will be held on that day. This signals the end of the crisis which had engulfed the assembly over the post of the speaker. The legislature party of the ruling National Conference is expected to elect tomorrow two finalists to contest the post. Present indications point to Abdul Rahim Rathar being the likely choice. Meanwhile, the state Janata Party has described the governor's action declar-

ing the Speaker's post vacant as "illegal".

PAK AND THE BOMB

EXTERNAL AFFAIRS MINISTER P V Narasimha Rao has said that the government has information about Pakistan making a nuclear bomb. India's policy is against any bomb, he stated. We believe in peaceful use of nuclear energy and will discuss with like-minded countries if any country flouts such a policy.

ILLUSORY CEASEFIRE

HOPE, IF ANY, proved illusory in the West Asian war as Iran announced that its forces

continue to battle with the aggressor and invading Iraqi mercenaries, despite a unilateral ceasefire announced by Iraq. Statements from Baghdad said that Iran had sent warplanes to attack Iraq's capital and other cities. In retaliation, Iraq attacked Tehran's Mehrabad. India's policy is against any bomb, he stated. We believe in peaceful use of nuclear energy and will discuss with like-minded countries if any country flouts such a policy.

MANIPUR FLOODS
ABOUT TWO LAKH people have been affected as the swollen Imphal and Iri rivers have seen villages in Manipur's central district following flash floods after four days of torrential rains.

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THE LEAS PAGE

India, Quad & value of coalitions

Obsession with non-alignment diverts Delhi's policy attention away from the urgent task of rapidly expanding India's national capabilities in partnership with like-minded partners



BY C RAJA MOHAN

FEW OF DELHI'S bilateral relations get as much attention as its growing engagement with Washington and none of its many global groupings generate as much political heat as the so-called Quad—the quadrilateral framework that brings India together with the US and its Asian allies, Japan and Australia.

The Quad, whose foreign ministers are meeting today in Tokyo could certainly emerge, at some point in the future, as a critical element not only for India's foreign and security policy but also a definitive moment in the evolution of post-War Asian economic and security architectures.

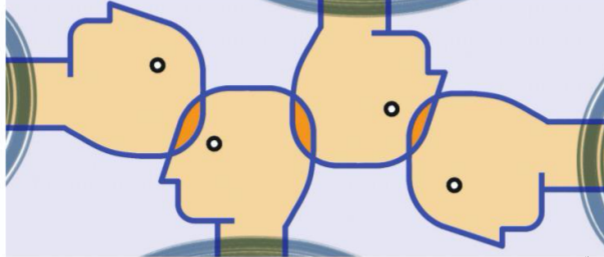
Meanwhile, confusion reigns on what the Quad is and its future in India's international relations. Sustaining that confusion is the proposition that India is abandoning its "sacred" tradition of non-alignment in favour of a military alliance with the US in order to counter the China threat. Although External Affairs Minister S Jaishankar affirmed that India will not join any alliance, the chatter on India's impending alliance has acquired a life of its own. One way of clearing that confusion is to ask four questions.

The first question is about the nature of alliances. Although they have a negative connotation in our foreign policy discourse, alliances are very much part of statecraft and as old as war and peace. They are a means to enhance one's power. They are about deterring or defeating one's adversaries. They involve written (in a treaty) commitments to come to the defence of the other against a third party. Beyond the pure version, alliances come in multiple shapes and forms—they could be bilateral or multilateral, formal or informal and for the long-term or near-term. How they work varies according to the distribution of power within the members of an alliance and the changing nature of the external threat.

Alliances figure prominently in India's ancient strategic wisdom embodied in the Mahabharata, the Panchatantra and the Arthashastra. Contemporary Indian domestic policies is always about making and making alliances—between different castes and communities. Yet, when it comes to India's foreign policy, alliances are seen as a taboo.

Part of the problem is that India's sinage of alliances is frozen in the moment when India became independent. As the Western powers—the US, UK and France—then joined Soviet Russia to defeat fascist Germany turned against Moscow after the Second World War, a newly-independent India did not want to be tied down by alliances. That notion is seen as central to Indian worldview. However, Indian diplomatic practice, as everywhere else, is different from the declared canon.

That brings us to the second question. Does India forge alliances? Contrary to conventional wisdom, India has experimented with alliances of different kinds. Let us start with the Indian nationalist movement. During the First World War, some nationalists aligned with Imperial Germany to set up the first Indian government-in-exile in Kabul. In the Second World War, Subhas Chandra Bose joined forces



C R Sankar

with Imperial Japan to set up a provisional government in Port Blair, Andaman Islands.

Jawahar Lal Nehru, who unveiled the policy of non-alignment among the great powers, did not rule out alliances in a different context. When the three Himalayan Kingdoms—Bhutan, Nepal and Sikkim—turned to Delhi for protection amidst Maoist China's advance into Tibet during 1949-50, Nehru signed security treaties with them. Nehru, who actively opposed US alliances in Asia, turned to the US for military support to cope with the Chinese aggression in 1962. Delhi desperately sought, but did not get, security guarantees from the US, UK and Soviet Russia after China tested its first nuclear weapon in 1964.

Indira Gandhi signed a security cooperation agreement with the Soviet Union in 1971 to cope with the crisis in East Pakistan. Then, as now, there was much anxiety in Delhi about India abandoning non-alignment. India also signed a similar treaty of friendship with the newly-liberated Bangladesh in 1972.

India does do alliances but the question is when, under what conditions and on what terms. That brings us to the third question. Is the US offering India an alliance against China? To be sure, US Deputy Secretary of State Stephen Beigen recently mused about the Quad turning into some kind of an alliance in the future. But one speech does not an alliance make. In fact, the current political discourse in Washington is hostile to alliance-making.

President Donald Trump does not miss an opportunity to trash US alliances. His Democratic rival, Joe Biden, talks of strengthening US alliances, but there is no promise to build new ones. In any case, formal commitments do not always translate into reality during times of war. Pakistan, for example, thought its 1954-bilateral security agreement with the US was about dealing with India. For the US, it was about countering communist aggression. Pakistan was deeply disappointed that the US did not prevent its division by India in 1971. Even within the long-standing US military alliances with Japan and the Philippines, there is much legal quibbling over what exactly is the US obligation against, say, Chinese aggression.

If you filter out the noise on the Quad, it is quite clear that Washington is not offering a military alliance. Nor is Delhi asking for one because India has to fight its own wars. Both countries, however, are interested in building issue-based coalitions in pursuit of shared interests.

The fourth question is about the instru-

Unlike Communist China, a democratic India can't be brutally transactional about its external partnerships. But Delhi could certainly learn from Beijing in not letting the theological debates about alliances cloud its judgements about the extraordinary economic and security challenges India confronts today. The intractable obsession with non-alignment diverts Delhi's policy attention away from the urgent task of rapidly expanding India's national capabilities in partnership with like-minded partners.

mental nature of alliances. Agreements for security cooperation are made in a specific context and against a particular threat. When those circumstances change, security treaties are not worth the paper they are written. Consider India's security treaties with Nepal, Bangladesh and Russia. The 1950 Treaty was designed to protect Nepal against the Chinese threat. But large sections of the political elite in Kathmandu no longer see a danger from its north. Worse still, Nepal communists have long argued that the Treaty is a symbol of Indian hegemony. India's 1972 security treaty with Bangladesh did not survive the 1975 assassination of the nation's founder, Mujibur Rahman.

India's own enthusiasm for the 1971 treaty with Moscow waned within a decade, as Delhi sought to improve relations with Beijing and Washington. Russia was willing to support India against the China challenge in the 1970s. But today, Beijing's Moscow's strongest international partner—a reality that has a bearing on India's strategic partnership with Russia.

No country is more instrumental about alliances as China. Chairman Mao aligned with the Soviet Union after the establishment of the People's Republic in 1949 and fought the Korean War against the US during 1950-53. He broke from Russia in the early 1960s and moved closer to the US in the 1970s. Mao, who denounced US alliances in Asia, was happy to justify them if they were directed at Russia that he saw as a greater threat to China. He also welcomed Washington's alliance with Tokyo as a useful means to prevent the return of Japanese nationalism and militarism. Having gained immensely from the partnership with the US over the last four decades, China is trying to push America out of Asia and establish its own regional primacy. Unlike Communist China, a democratic India can't be brutally transactional about its external partnerships. But Delhi could certainly learn from Beijing in not letting the theological debates about alliances cloud its judgements about the extraordinary economic and security challenges India confronts today. The intractable obsession with non-alignment diverts Delhi's policy attention away from the urgent task of rapidly expanding India's national capabilities in partnership with like-minded partners. An India that puts its interests above the doctrine will find coalitions like the Quad critical for its international prospects.

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WHAT THE OTHERS SAY

"China will shoot down incoming US warplanes, no matter they are unarmed or manned. If those planes cause actual damage to Chinese islands and reefs, we will strike the platforms and bases from which those planes take off." —GLOBAL TIMES, CHINA

Lessons for recovery

For extracting maximum value under IBC, asset reconstruction companies must be allowed to turn around distressed businesses



PRATIK DATTA

FORMER CENTRAL BANKERS Viral Acharya and Raghuram Rajan recently released a paper titled "Indian Banks: A time to reform". Among other things, they argue that when there are fewer bads in a bankruptcy auction, the value on loans is better realised if a bad bank (read an asset reconstruction company) takes over the borrower and places the burden of new management. The ARC could parachute a team of top managers to replace the promoter and her top aides. This situation is even more likely during an economic crisis when experienced industry players are unable to pay a reasonable price for the firm. This would effectively put an ARC in the role of a private equity manager.

These arguments have a bearing on the ongoing debate regarding an ARC's role in insolvency resolution. Going by the stance taken by the RBI, an ARC can participate in resolutions under the Insolvency and Bankruptcy Code, 2016 (IBC), only if it partners with an equity investor, which is the resolution applicant. If the application succeeds, the equity investor would acquire the shares, while the ARC trust would acquire the debt. Some stakeholders, however, prefer a simpler arrangement—why not let ARCs directly invest in the equity of distressed companies through IBC resolution just like private equity funds?

The RBI doesn't appear to favour such an extended role for ARCs. This hesitation is not without basis. In the aftermath of the Asian financial crisis, countries like Indonesia, Korea and Malaysia established centralised, typically state-owned, asset management companies (AMCs) for resolution or restructuring of distressed financial institutions. At that time, India's non-performing assets stood at a whopping 14.4 per cent. This meant extensive provisioning requirement for banks which severely constrained their ability to extend credit. The absence of an effective bankruptcy system posed additional challenges. It was in this context that the Narasimham Committee (1998) recommended setting up an ARC specifically for purchasing NPAs from banks and financial institutions. Subsequently, the SARFAESI Act, 2002 created the legal framework for establishing multiple private ARCs.

With the advantage of hindsight, it is now evident that this policy achieved only modest success. The RBI's Financial Stability Report (June 2019) indicates fairly low recovery for banks under the ARC model between 2004 and 2018. The maximum average recovery by ARCs as a percentage of total bank claims stood at 21.5 per cent in 2010. Since then, it has steadily declined and reached 2.3 per cent in 2018. Such low recovery is likely the outcome of a resolution model heavily dependent on collateral disposal rather than genuine business turnarounds.

In 2002, India lacked an effective bank-

ruptcy system. There was no market for corporate control of distressed firms. ARCs were originally designed for this peculiar institutional ecosystem. They were required to hand over the distressed business back to the original promoter once they had generated enough value to repay the debt. Consequently, ARCs had little incentive to turn around distressed businesses. This situation completely changed in 2016. Now the IBC seeks to maximise the value of distressed businesses through a market for corporate control. ARCs should be able to fully participate in this market and attempt successful turnarounds by acquiring strategic control over distressed businesses.

A company that undergoes IBC resolution successfully, emerges solvent. In a solvent company, shareholders have stronger incentives than creditors to maximise enterprise value. This is because an increase in enterprise value automatically increases the value of its equity. In contrast, creditors do not benefit from increases in enterprise value beyond their individual claims.

If ARCs could hold more equity instead of debt in the resolved company, they would also have a stronger incentive to take strategic control to ensure successful turn-around. The law should therefore enable ARCs to invest in a distressed company's equity, whether by infusing fresh capital or by converting debt into equity. Effectively, an ARC should act more like a private equity fund, as Acharya and Rajan envision. This in turn would make the market for corporate control under IBC deeper and more liquid, improving ex-ante recovery rates for banks.

To appreciate how this market could work, consider the role played by hedge funds in the American distressed debt market. In the 1980s and early 1990s, market dynamics coupled with deregulation fuelled an active market for trading claims in companies undergoing resolution under Chapter 11 of the US Bankruptcy Code. This market provided hedge funds with more opportunities for acquiring control of distressed businesses. Consequently, it attracted hedge funds. Hedge funds hired entrepreneurs with industry expertise who could play a more active role in turning around distressed companies. Over time, these hedge funds had a salutary impact on turnarounds under Chapter 11.

Distressed debt investors could similarly turnaround failing Indian businesses under the aegis of the IBC. Currently, investors could potentially use three kinds of domestic investment vehicles—Alternative Investment Funds, Non-Banking Finance Companies and ARCs—to invest in companies undergoing IBC resolution. While AIFs can invest in debt as well as equity subject to certain limitations, they don't enjoy enforcement rights under SARFAESI Act, 2002. NBFCs enjoy the enforcement rights but are subject to provisioning norms for NPAs they purchase from banks. None of these limitations applies to ARCs. If only ARCs are allowed to directly participate in IBC resolutions by infusing equity, they could emerge as the most efficient vehicle for turning around distressed Indian businesses.

The writer is senior research fellow, Sharda Amar Chand Mangalika & Co., New Delhi. Views are personal

Empowerment, not tokenism

PM Modi has worked for Muslim community, while breaking sway of vote bank politics



AMIN PATHAN

A SHAMELESSLY PROPAGATED myth is that Prime Minister Narendra Modi's relations with the Muslim community are frosty at best, bitter at worst. Any contrary opinion is treated with disdain and ridicule. Having followed this subject closely for 20 years, I am convinced that this is the right time to break free from the shackles of false narratives.

The project of portraying Modi as anti-Muslim fails the test of facts. At every step in his political and administrative career, PM Modi has done everything he can for the welfare of the community. Yes, his style of working does not fit the conventional approach—it provides a refreshing alternative to how empowerment can be done without appeasement and tokenism.

It is not widely known that Modi's house in Vadnagar was situated in an area where there were many Muslims. Some of his first and long-lasting friends are Muslims. When he was the chief minister of Gujarat, the two districts whose development indices shot up were Kutch and Bhadrach. These districts with high Muslim populations.

Kutch, among India's western-most districts, was known for two things for over 1947—"registan" and "Pakistan" (the desert and a long border with Pakistan). Tourists would never go there. Officials would not want to serve there. But this was until Modi became CM. After 2001, Kutch's agriculture flourished, industry came to the district, its coastal

strenghts were harnessed and it emerged as a vibrant tourist destination.

In Bhadrach, the problem was law and order. Previous Congress governments and top Congress leaders allowed Bhadrach to deteriorate. Children who grew up in the 1980s and 90s in Bhadrach can never forget the curfew there. Such a scenario prevented wide-scale development.

Friends in Gujarat, both Hindus and Muslims, often tell me about the efforts Modi made to develop key spots linked with the Muslim community. The Sarkhej Roza in Ahmedabad witnessed massive rejuvenation and restoration works under Modi as the CM. Modi visited the Sarkhej Roza on a few occasions, including once with former President A P J Abdul Kalam. Working closely with the ASI, the Ahmedabad Municipal Corporation worked hard to make the Roza and its surrounding areas better. Heritage festivals were initiated, making the Roza a vibrant cultural landmark in Ahmedabad. The Sidi Saiyed Mosque also got a facelift. As PM, Modi also took the then prime minister of Japan Shinzo Abe to the mosque. Kutch is home to the hajjir Dargah. Like all parts of Kutch, it faced massive infrastructure-related problems. Modi improved local road networks, enabling devotees to visit the Dargah.

As our PM, Modi has time and again showed that he is a leader of the entire nation. I can never forget PM Modi's words at the

Islamic Heritage Conference, organised in Delhi. He said (young) Muslims should be well-versed with the Holy Quran and the computer. His words have resonated across the community.

At the core of his leadership is respect for human dignity. PM Modi's single step of abolishing the triple talak has ensured that generations of Muslim women lead a better life. Likewise, the decision to allow women to proceed on Hajj without mehram has been hailed a major step towards their empowerment.

PM Modi has also developed a close bond with the Dargah Ajmer Sharif. The 18th toilets constructed there have helped devotees, particularly women. There has been an extensive beautification process at the Dargah, which includes the construction of "Silver Katarah" at Astana Sharif, a new fountain and renovation of the Nizam Gate and Akbari Masjid. Cleaning machines have been placed at the "Jhalra" (the iconic palace and a water tank with a capacity of three lakh litres has been constructed. Besides, PM Modi has been offering "chadar" (a dargah of the Sufi saint Hazrat Khwaja Muinuddin Chishti in Ajmer Sharif for the last six years. This is a clear reflection of his respect and obedience to all deities and Sufi saints.

For the last many years, it has become fashionable among some sections to hate Narendra Modi. My humble question to them is: When will you stop?

After 2002, the Supreme Court of India took over most of the probes. The Nanavati Commission was formed, there was an SIT in front of which Modi himself deposed for hours. The findings of the Commission and the SIT are in the public domain. Yet, there is a refusal to believe any of these findings.

There have been many analyses of the Modi-led foreign policy but one facet that stands out is the excellent relations with the Muslim world. Bahrain, the UAE, Palestine, Saudi Arabia and Afghanistan have conferred on him their top honour. The crown prince of Saudi Arabia has bestowed upon him the highest honour. The community wants prosperity and opportunity. It is high time the old "shopkeepers" of vote-bank politics shut shop in New India, it is a fair and inclusive India for all.

Today's Muslims, especially the younger ones among them, are fed-up with vote-bank politics. Vested interests took away their votes and scared them but delivered nothing. The community wants prosperity and opportunity. It is high time the old "shopkeepers" of vote-bank politics shut shop in New India, it is a fair and inclusive India for all.

The writer is president, Dargah Committee, Dargah Khwaja Sahib, Ajmer

LETTERS TO THE EDITOR

WAY FORWARD
THIS REFERS TO the article, 'The way of the woman' (IE, October 5). It offers not just hope but a viable way forward for our country. The other option is that taking into account the ground realities of the Subcontinent, eminent members of the Muslim and Hindu communities must initiate a social dialogue at all levels to ensure that at least the coming generations do not have to live with the baggage of the past. In this endeavour, it is important to recognise that no political party can be counted as an honest broker.

Shobha Suresh, via email

FINE MIND

THIS REFERS TO the article 'A woman's way' (IE, October 5). Isha Jigar Ahluwalia was a great mind. Her seminal work in the field of urban development and macro-economic reforms, as a senior life officer in an inspiration to many.

Rajni Bhooshan Jain, Zirakpur

A TUNNEL VIEW

This refers to the editorial, 'Outlaw' (IE, October 3). The gruesome gangrape of a Dalit girl and her murder by four high-caste youths in UP for the first time in the last case in India. Such diabolical crimes continue because the catchy schemes and slogans announced with great fanfare by our governments for

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A TIME TO INTROSPECT: KHALID ALVI

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the betterment of women and the marginalised are only for show. Most of our parties have a tunnel vision and cannot see the broader issues.

Tarsem Singh, Mahipalpur

JUDICIAL PROBE

THIS REFERS TO the report, Rajasthan rape charges: After Opp criticism, family gets legal help (IE, October 4). The arrogant chief minister of UP, Yogi Adityanath, finally capitulated to the Opposition's demands that the CBI should probe the case. The intervention and the key role played by the media. A judicial probe by any sitting judge of the SC or HC seems like a better option.

S P Paul, Noida

OPINION

The
Hindustan Times
ESTABLISHED IN 1924

{ OUR TAKE }

Unravelling the Bihar puzzle

Intra-NDA competition and an eye on a post-Nitish Kumar Bihar are driving politics

What appeared to be a predictable election in Bihar has suddenly taken a turn. National Democratic Alliance (NDA) partners — the Nitish Kumar-led Janata Dal (United) and the Bharatiya Janata Party (BJP) — have arrived at a tentative seat-sharing arrangement, but the third pillar of this alliance, the Ram Vilas Paswan-led Lok Janshakti Party (LJP), has decided to contest separately. Intriguingly, the LJP will remain a part of the central government; it has declared that its battle is with Mr Kumar and not with the BJP; it will contest on seats where JD(U) candidates are in the fray and avoid challenging the BJP; and it has reiterated its loyalty to Narendra Modi.

The key to unravelling this puzzle is understanding the state of the Opposition. With Lalu Prasad out of action, Tejashwi Prasad unable to match up, and the Congress remaining marginal, there is a sense that the Opposition is not really in a position to displace the NDA. This has shifted the locus of the competition — from one between the ruling alliance and the Opposition to one within parties of the ruling alliance to enhance the strike rate in elections and maximise their post-poll bargaining position. Within the NDA, there is simmering resentment against Nitish Kumar in the BJP, which sees itself as the natural claimant for leadership in Bihar and believes Mr Modi's popularity is enough to set it win power. The fact that Mr Kumar is facing serious anti-incumbency has only emboldened this view — but the BJP does not want to take the risk of a repeat of 2015, when Mr Kumar tied up with Lalu Yadav, and wants to keep JD(U) locked in till the election at least. The competition is also happening with an eye towards a post-Nitish Kumar landscape. From the BJP to Chirag Paswan to Tejashwi Yadav, the aim is to capture future political space.

It is important not to overestimate the LJP. It is a relatively small party; its social base is limited to the Paswan caste, found in limited pockets; and its recent electoral success is primarily due to its association with Mr Modi. But the fact that the BJP is both a part of the incumbent formation, asking for votes for the continued leadership of Nitish Kumar, and has a friendly party in the Opposition, asking for votes to displace Nitish Kumar, means that Bihar's election — and post-election scenario — may throw up surprises.

End the conspiracy theories, now

The forensic team of the All India Institute of Medical Sciences (AIIMS) has, according to media reports citing the doctor leading the team, concluded that Sushant Singh Rajput died by suicide. While the Central Bureau of Investigation (CBI) is proceeding with its own enquiries, the AIIMS finding should put an end to the unfortunate and almost absurd drama that came to accompany Rajput's tragic death.

As this newspaper has argued, Rajput's suicide should have been a moment to have a serious conversation in this country about mental health. Instead, elaborate conspiracy theories were constructed — placing the blame on either a set of powerful Bollywood figures or on Rajput's partner, actor Rhea Chakraborty, or both. Television channels were at the forefront of declaring that Rajput's death was, in fact, murder. Politicians, especially in Bihar, and of the ruling Bharatiya Janata Party, jumped into the fray — the former with an eye on the upcoming state elections and the latter with possibly a desire to send a message to cultural and movie figures to fall in line. The Maharashtra and Bihar police fought with each other. The judiciary stepped in. Drug and money laundering investigations were kicked off. And Ms Chakraborty was arrested.

All of this was premised on the belief that Rajput was either murdered — it is now clear that there was no murder — or driven to suicide, all on the basis of almost non-existent evidence and an outright ignorance of mental health issues. India's news television channels owe their audience an apology; politicians who stepped into the fray should introspect and pull back; and investigative agencies should learn to focus on their core job.

Where reforms and federalism clash

The Centre's attempt to bulldoze the states on agriculture weakens the entire reform process

Days after Parliament passed the controversial agriculture bills, several state governments have begun drafting strategies to avoid its implementation. This is a predictable consequence of a process of law-making that undermines India's federal consensus. Agriculture is a state subject. The passage of national laws, on a state subject, marks a rupture in India's federal trajectory.

There is no argument that India's agriculture markets, mired in particular, have been stuck in a low-level equilibrium and need reform. Greater accessibility, transparency and competition are necessary goals. But even the most ardent supporters of the new laws recognise that liberalising agriculture markets requires negotiating knotty implementation issues. The Constitution assigned jurisdiction over agriculture markets to states due to the very localised nature of farm production. The first sale between a farmer and the trader is linked with the production process. This is location specific and it is states who are best placed to determine the thousands of production and sale including, taxation, credit, building farmer producer organisations and physical markets.

The current laws upend this. They bypass states by drawing on the Centre's constitutional powers to regulate inter-state and intra-state trade — note that the Act dealing with Agricultural Produce Marketing Committee (APMC) reform is titled The Farmers Produce Trade and Commerce (Promotion and Facilitation) Act, 2020. But they leave a critical institutional vacuum about how state-specific implementation investments, crucial for running efficient markets, will be negotiated and managed, when states are bypassed. Moreover, they create an artificial distinction between "markets areas" (regulated by the mandal system under state governments) and "trade areas" (now under the central Acts), thus risking a regulatory maze.

Beyond implementation, the choice of bypassing states in the quest to reform raises questions about the federal bargain. Our national debates on agriculture, and indeed other factor markets, have been framed by a deep desire to protect the federal system with state governments. This is not unjustified. States have routinely failed to challenge political interests. Agriculture subsidies and minimum support price (MSP) systems are intertwined with vested interests in states. Punjab, for instance, has failed to challenge this regime despite sig-

nificant fiscal and environmental damage. On markets, states have done more. Karnataka experimented with electronic market integration, Madhya Pradesh with private single-lane yards, Maharashtra built infrastructure for private markets. However, the pace was uneven.

State "failure" raises an important federal conundrum. What is the Centre's role when state political economy is the binding constraint for reform? As the economy becomes more complex, there is a sound economic rationale for pursuing the goal of a common national market across factor markets. This requires consensus-building, a task that rests squarely with the Centre. But when states allow political concerns to override, should the Centre bypass states by bulldozing reforms?

Our disenchantment with states has legitimised this top-down approach. But this undermines reforms. For instance, the artifice of distinction between "markets areas" and "trade areas" in these laws, has resulted in a new battleground as states are now expanding their market territories. Punjab has declared its intent to declare the entire state a market area. Haryana stopped trade from Uttar Pradesh.

Further bulldozing breaks trust.



What was needed to reform agriculture was political statesmanship and consensus-building for genuine cooperative federalism

There is much more to agriculture reforms than markets. Several elements of the production process including subsidy reforms and the vexed MSP question need untangling. As agricultural economist, Sudha Narayan, has noted, the Punjab farmers' concerns with MSP are different from those of the Bihar farmers. Arriving at an appropriate pathway of subsidy, price support and procurement reforms will require extensive consultations. By riding roughshod over state-specific concerns, there is a real risk of foreclosing the possibility of future reforms on these issues, which are necessary to achieve the goal of intensifying competition and giving farmers genuine choices. There is a delicious irony here. India's reform successes, where reform efforts have broken ground, are entirely about state-led innovation. It is this, worth asking whether an alternative process of state-led innovation, by creating a deliberative platform, such as the proposed national council for agriculture markets, aimed at persuading states to hasten reforms and synchronise legislation, may have been better.

India's federal project has often found itself in tension with the project

Where India stands on peace in Afghanistan

A significant minority in India's policy circles questions what India has gained from its reconstruction activities in Afghanistan. India has earned (back) goodwill and traction with Afghans from all parts of the country. Before Taliban rule in Afghanistan, India had an exiguous presence in the minds of Afghans, who felt that India had turned away from them. They now know that India wants Afghans to stand on their own feet and make their own decisions. They know India is working for a sovereign, united and peaceful Afghanistan. They believe in the commonalities between Indian and Afghan objectives, and that India will celebrate Afghan successes.

India's effort to rebuild Afghanistan goes beyond financial support or constructing the Afghan parliament — a dam on the Hari Rud River, transmission lines and a power station to bring electricity to Kabul, and Small Development Projects for education and health. India has contributed to building institutions, developing human resources, training Afghan public officials and providing the country with a new generation of educated and skilled workers.

The Taliban gained ground in part of Afghanistan not because they are "smart" and "tough" as Donald Trump believes, but because of American mismanagement. Afghan management, Afghan management, Afghan management. India has contributed to building institutions, developing human resources, training Afghan public officials and providing the country with a new generation of educated and skilled workers.

Many in Pakistan insinuate that India is sabotaging the Doha negotiations because India would not like Afghanistan and Pakistan to have good relations. Far from it. Unlike Pakistan, which fears harmonious ties between India and Afghanistan, India would be quite content with friendship between Pakistan and Afghanistan. After all, the same families, clans and tribes straddle the two sides of their long and porous frontiers. That said, India would be content if, irrespective of relations between Islamabad and Kabul, the Afghan people and govern-

ment were free to decide the kind of relationships they should have with other countries, including India.

Does love have reasons to worry about the peace deal concluded between the United States (US) and the Taliban and a future peace deal between the Taliban and the Afghan government? Not all Afghans agree that the peace deal safeguards their interests. Not if they care to preserve the gains made in Afghanistan since 2001. All parties, including the Taliban, should feel assured that they will have India's support if they acted independently.

India is, therefore, just right in lining up behind Afghanistan, with the external affairs minister participating in the September 12 inaugural of the Doha inter-Afghan negotiations. It is to be hoped that India has now warned the Taliban but to underline that India has no reservations in interacting with the Taliban if the Afghan government has none. With Doha, India has ended the erstwhile ambiguity in its policy. India is willing to engage with any party committed to peace and stability in Afghanistan.

The invite to India was an acknowledgment that India has vital interests in Afghanistan. While Iran's foreign minister, Javad Zarif, did not participate because of the presence of the US Secretary of State, Mike Pompeo, a way must be found to involve Iran in the peace process. A peace process in Afghanistan should be a flare-up between Iran and the US.

Abdullah Abdullah, Chairman of Afghanistan's High Council for National Reconciliation will be in Delhi from Tuesday to consult with India's top leadership, seeking a reiteration of India's support for the peace process.

India has supported efforts to bring inclusive peace to Afghanistan by advising leaders of different ethnicities to work in cohesion with others for peace and nation-building. India favours the social and political reintegration of those who give up their physical and ideological association with terrorist groups and networks, resile from violence, and embrace pluralism and democracy. India opposes the political accommodation of individuals, groups or Islamist entities associated with the Al-Qaeda, the Daesh, and their associates since this will subvert the nascent Afghan democracy, undermine human rights, and destroy emerging Afghan institutions. A subverted Afghanistan in the hands of terrorist networks will be a catastrophe for India, the region and the world. The restoration of status-quo ante in Afghanistan could also lead to the unravelling of the state system in neighbouring Pakistan — a matter of deep concern.

For peace in Afghanistan, there should be an immediate ceasefire. "Reduced violence" is being promoted as an interim measure will not be enough, as the Taliban has continued with its attempts at targeted assassinations and bombings. The peace process should be followed by the cessation of sanctuary, sustenance and support to the Haqqani Network, the military arm of the Taliban most closely linked to the Pakistan army, and other like-minded terrorist groups.

Jayant Prasad is a retired diplomat who has served as India's ambassador to Afghanistan. The views expressed are personal

{ HARSH VARDHAN } HEALTH MINISTER

Vaccine procurement is being done centrally and each consignment will be tracked in real time. Priority will be given to frontline health care workers



By elevating labour rights to human rights, the SC opens a door

The Covid-19 pandemic has created significant social and political upheaval. One casualty of this upheaval has been the protections and rights guaranteed under our Constitution. In the last few months, many state governments have moved to suspend basic labour laws that limit hours of work, guarantee basic safety and hygiene at the workplace, and protect workers from unjustified dismissal. Under pressure of public protest, some of those moves have been suspended. In the monsoon session of Parliament, however, the central government itself pushed through new "labour codes" which — while ostensibly being about "rationalising" existing labour laws — also remove basic rights and protections, place further restrictions upon the right to strike, and introduce 19th-century policies of "hire and fire", which leave employees entirely at the mercy of employers.

Such laws have often been justified upon the arrival of "economic reform". Studies have long shown, however, that leaving (relatively) powerless workers unprotected at the workplace, and prone to abuse by more powerful employers, helps the economy, not improves living standards. Rather — as historical examples show — a well-organised workforce, that is protected by basic labour rights (such as a minimum wage, health and safety guarantees, and limitations on working hours), leads to better economic outcomes in the long-term. Apart from the economic logic, however, it is important to remember that these basic rights are as important as civil and political rights such as the freedom of speech and association, and should not be made subject to the vagaries of the unregulated marketplace.

In that context, a recent judgment of the Supreme Court (SC) articulating precisely these ideas is of very important. Gujarat was one of the many states that used the Covid-19 pandemic as cover to roll back labour laws. In the case of Gujarat, provisions of the Factories Act were suspended. Its effective result was that workers could be compelled to work up to 12 hours a day for six days a week.

their rest periods were curtailed, and overtime pay was slashed by a significant amount. Adjusting upon a challenge brought by two labour unions, the SC struck down the Gujarat government's notifications. Writing for the three-judge bench, Justice DY Chandrachud noted that the provisions of the Factories Act could be rolled back only in cases of a "public emergency". While Covid-19 was undoubtedly a public health crisis, it did not warrant the kind of sweeping removal of labour law protections that were contemplated by the words "public emergency". It was not, therefore, justified for the Gujarat government to respond to the pandemic by forcing workers (already in a vulnerable position) to work longer hours, with less rest, and less pay.

More importantly, however, the SC also grounded labour law protections within the Indian Constitution. Pointing to the long history of labour struggles that had culminated in labour laws, Justice Chandrachud held that Article 21 (the right to life) and Article 23 (the right against forced labour) contained within them the basic set of labour rights that ensure (to the extent possible) a life with dignity. For example, compelling a worker to work without payment of a minimum wage — in the context of the highly unequal relationship of power that exists between employers and employees — would be tantamount to extracting forced labour; depriving workers of a safe working environment — or basic safety — would be a violation of the right to life, and so on.

Thus, the importance of the SC's judgment in Gujarat. Madoor Sabha lies in its declaration of labour rights to the status of basic human rights, which majoritarian governments are, under the Constitution, obligated to respect, and cannot erase with the stroke of a pen. Needless to say, going forward, these rights will need active labour movement, and a vigilant judiciary, to guarantee their continued existence. The judgment in Gujarat Madoor Sabha is a good start.

Gautam Bhatia is a Delhi-based advocate. The views expressed are personal



People's court

By-elections in Madhya Pradesh will likely redefine its politics over the longer term

The ruling BJP and the opposition Congress are face-to-face in by-elections in 28 Assembly constituencies in Madhya Pradesh scheduled for November 3. Unfortunate circumstances – deaths of three sitting MLAs – and resignation of 25 Congress MLAs have led to these by-elections, within two years of the election in 2018 that had brought the Congress to power with the support of independents and smaller parties. The BJP displaced the Congress in March, following the defection of 22 Congress MLAs. Three more followed suit in later months. Most of these 25 are likely to enter the fray as BJP candidates this time. Chief Minister Shilpa Singh Chouhan is leading the BJP campaign and he needs to win at least nine seats to have an absolute majority in the Assembly of 230. The BJP now has 107 MLAs. The Congress has 88 MLAs and it needs to win all the 28 seats to return to power on its own. If it wins 21, four independent MLAs, two BSP MLAs and one SP MLA will be in play again. The BJP has the advantage of being in power at the Centre and in the State, but the Congress led by former Chief Minister Kamal Nath is trying to wrest power by drawing attention to its own record over a period of more than a year, and the failings of the present government.

Most of these seats are around Gwalior, areas considered as the sphere of influence of Jyotiraj Scindia who led the Congress defectors to the BJP. The entry of adversaries has complicated power balances within the BJP in the State. Mr. Chouhan's effectiveness in the usurpation of power has not extended to governance in the following months, and Madhya Pradesh's handling of the COVID-19 pandemic has been chaotic. The Congress campaign puts the spotlight on the mismanagement of the pandemic, and it has promised a government job to each family that has lost a member to the disease. A considerable population from these northern regions of the State used to work in urban centres outside the State and they had to return in distress during the lockdown. Several instances of police brutality earned the State government infamy in recent months. The defector-MLAs will be required to explain their conduct as the Congress accuses them of betraying the 2018 mandate. Along with Mr. Chouhan, Mr. Scindia too is facing a test. Now a Rajya Sabha member from the BJP, he is hoping to be inducted into the Union Cabinet and the results of the by-elections will reflect his political clout in the region and impact his own standing in his new party, the BJP. His exit has ended the infighting in the Congress and opens the possibility of a new politics for it in the Gwalior region. Regardless of the outcomes, these by-elections will signify the reshaping of both the Congress and the BJP in Madhya Pradesh.

Pandemic peak

The economy needs to be unlocked with caution, without resort to irrational optimism

The Finance Ministry in a report said that while the pandemic was far from over in India, the country may be "past its peak" of the COVID-19 case load. It premised this on a declining case load from September 17-30 when the daily positive cases dipped from 90,000 to 83,000 a day. This, along with a decrease in testing had led to a falling test positivity (or the number of tests needed to find a positive case) and so was a sign that India ought to be "further freeing up its economy". The pandemic being past its peak in India is irrational optimism. Last week the chief of the Indian Council of Medical Research, while announcing the results of the second all-India serology survey, said only 7% of Indians had been exposed to the virus. The Health Minister too, referencing the same survey, said that India was "far from any sort of herd immunity." The decline from 90,000 cases a day to around 75,000 for over a fortnight is certainly welcome but can be deceptive. In the United States, daily cases steadily plummeted from 70,000 in July to 24,000 in September, to ascend again to 50,000 this week. India's test positivity is declining but not substantially. On September 23 it was 8.52% and as of October 4 had fallen to 8.29% – an improvement but not close to the World Health Organization suggested safety barrier of less than 5%.

What further complicates projections based on ephemeral undulations in cases is that it does not take into account the dynamic nature of the virus itself. The early optimism that its spread may be contained by changes in the weather, behavioural modifications and imposing a sudden, stringent lockdown has been belied. If a complete shutdown could not stop it, it is hard to fathom how allowing public transport and religious congregations, permitting schools and educational institutions to restart, opening up malls in a season that is particularly conducive to viruses, will not catalyse the movement to a new peak. The so-called peak is a statistical artefact closely connected to the number of tests a country administers. If testing were to decline, more cases would be undetected, and conversely, an increase in tests could push this hypothetical point even further. Therefore, it is only after sufficient time has elapsed and in retrospect that a country's peak can be inferred. India has been opening up the economy and this increases the average person's exposure to the virus. Countries with much fewer cases have been far more cautious with opening. The lockdown had shown the disruption in the economy, and it is understandable if Finance Ministry officials seek a justification for opening up. But just as it would be surprising for epidemiologists to forecast GDP growth, officials ought not to be prognosticating outside their ken merely to revive economic sentiment, when several alternatives based on fact and reason exist.



R. RAMAKUMAR

The passage of the three Farm Acts by Parliament has led to a constitutional debate. These Acts are: the Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020; the Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020, and the Essential Commodities (Amendment) Act, 2020. Does the Union government have the authority to legislate on what are rightfully the affairs of States? Many States have questioned the constitutional validity of the Farm Acts and are reportedly exploring legal options.

The issue

Agriculture is a State subject in the Constitution, listed as Entry 14 in the State List (List II). This apart, Entry 26 in List II refers to "trade and commerce within the State"; Entry 27 refers to "production, supply and distribution of goods"; and Entry 28 refers to "markets and fairs". For these reasons, intra-State marketing in agriculture was always considered a legislative prerogative of States.

Seen in this perspective, Parliament's passage of the Farm Bills was an extraordinary step. For this purpose, the central government invoked Entry 33 in the Concurrent List (List III). Entry 26 and 27 in List II are listed as "subject to the provisions of Entry 33 of List III". Entry 33 in List III is the following: "33. Trade and commerce in, and the production, supply and distribution of, – (a) the products

of any industry where the control of such industry by the Union is declared by Parliament by law to be expedient in the public interest, and imported goods of the same kind as such products; (b) foodstuffs, including edible oil seeds and oils; (c) cattle fodder, including oil seeds, and other concentrates; (d) raw cotton, whether ginned or unginned, and cotton seed; and (e) raw jute.

Amendment and dissent
Entry 33, in its present form, was inserted in List III through the Constitution (Third Amendment) Act, 1954. That its import was significant is clear in the heated constitutional debates around the Amendment. After tabling in the house, the Constitution (Third Amendment) Bill was referred to a Joint Committee. In the Joint Committee, there was severe opposition to the Bill from seven members: N.C. Chatterjee, K.S. Raghavachari, A. Krishnaswamy, Parvathi Krishnan, Bimal Kumar Ghosh, V. Venkataramana and Harish Chandra Mathur. In the final report, these members also wrote an important note of dissent (https://bit.ly/30BqKZv).

The contention of the dissent was the following. As per Article 369 in the original version of the Constitution, the responsibility of agricultural trade and commerce within a State was temporarily entrusted to the Union government for a period of five years beginning from 1950. The 1954 Amendment attempted to change this into a permanent feature in the Constitution. But according to the dissenting members, the Constitution makers did not desire to place matters enumerated in Article 369 in the Concurrent List (List III). If indeed they were placed in List III, "State autonomy would be rendered illusory and State powers and rights



would be progressively pulverised... and "...the legislative authority of State legislatures is *pro tanto* abrogated". As a result, the Amendment would be "...permanently depriving the State legislatures from effectively exercising their legislative judgement in respect of certain vital matters..."

September 1954 (https://bit.ly/2GCI0L4). In his opening speech, Minister for Commerce and Industry T.T. Krishnamachari clarified that the Amendment was required because many States were deficit in food production, and the Centre had to "safeguard the interests of the weaker units in the Union". His point was that it was the adverse food situation in the country that necessitated the Amendment.

But many eminent Opposition members were not impressed, and pointed to the spirit of the dissent note. In their eloquent elaborations, Asoka Mehta and K.K. Basu argued that States such as Bihar, Bombay, Travancore-Cochin and Assam had explicitly opposed the Bill. Basu said that Article 369 was retained as a temporary feature in the Constitution because "the situation in the country [after 1947] was abnormal" and "the food situation was very bad...". But the Constitution makers knew that the situation would return to "normal" in a few years. That was why they did not vest the listed powers with the Centre for more than five years.

Re-imagining education in an India at 100

In 2047, a teacher's role, based on five principles, will be to oversee the transformative re-birth of citizens



DEBASHIS CHATTERJEE

After 34 years, India rekindled the conversation on the National Education Policy (NEP) in 2020. A policy is as good as it is actualised in practice and it would be ideal to explore the contours of national education practices leading to 2047 when politically independent India becomes 100 years old. From a teacher's perspective, the next education practices can be viewed through the following five design principles.

To excel is key

Autonomy: Currently, the clamour for autonomy in education practice is a mixed bag of pretentious idealism and hard-nosed practicality. The Indian Institutes of Management (IIM) Bill, 2017 granting autonomy to the IIMs has now become an Act. In helping a first generation IIM for two terms, one has seen no dramatic variation in the nature of autonomy of the IIMs. The reason for this is that the IIMs, as indeed the Indian Institutes of Technology, have been performing institutions with robust self-correcting systems. The greatest insurance for autonomy is excellence in students' outcomes rather than a piece of legislation. As long as institutions continue to excel, they will earn their autonomy through social, community

and citizens' sanctions. Legislation may help. However, institutions and institutional leaders who are resistant to change will find exercise of autonomy rather difficult even if the law is on their side. In practice, autonomy cannot be defined by entitlement not limited by unlawful encroachment. Mere assumption of autonomy does not ensure exercise of autonomy. By 2047, autonomy has to be imbued as an institutional culture rather than a personal prerogative of a vice chancellor, principal or a director. There will be autonomy in teaching methods, autonomy of the learner in creating her own curriculum, autonomy of thought and self-governance – *Swayatata*.

Technology-rich settings

Learning: In 2047, six billion people in the world would constitute the middle class. With little money but with enormous hunger for learning, they will define the learner base for a networked global university system. Technology will be the enabler in creating hardware to software to everywhere. Smart schools and smart classes may soon morph to smart chairs and smart desks. Intelligence can be embedded into everything. Smart chairs will have sensors to map the flow of attention in the classrooms. On the other hand, the institutions of the teaching learning process such as creativity, mentorship and facilitation of learning will give birth to the quest for mastery. Teachers will evolve from ring masters to zen masters, raising awareness rather than delivering content. The four core tasks



of the university: creation; dissemination; accreditation and monetisation of knowledge will require a sweet synthesis of algorithm and altruism. Learning will involve mobilisation of knowledge for a specific person; is a specific context to face specific challenges or problems. In the ultimate analysis, learning will be about propagation of crucial questions rather than pre-determined answers. Pressure of performance will have to co-exist with the pleasure and ecstasy of learning – *ananda*.

Cohesive across fields

Trans-disciplinarity: The new National Education Policy (NEP) roots for multi-disciplinary institutions rather than standalone schools. Multidisciplinary involves experts from different disciplines working together, each drawing on their unique disciplinary knowledge. In a world that is going to be more complex and volatile, expertise from multiple disciplines will be required to construct an understanding of the real life problems we will face. The challenges that COVID-19 has thrown before us require medical scientists, economists, historians, architects, health workers and political scientists and more experts to bring their disciplinary depth to the table. Frequent flooding of our

Hence, its conversion into a permanent provision was unwarranted.

Asoka Mehta warned that if the Centre truly wanted control on trade and commerce in States, then, over time, it would also want to have "control over crop planning and cultivation". Thus, the Bill would lead to "an expanding encroachment on the rights of the States"; a "progressive erosion of State powers"; and "the possibility of side-stepping of democratic processes". According to K.K. Basu, "passage of the Bill would transform the Indian Constitution into a 'unitary Constitution' instead of a 'federal Constitution' and reduce 'all the States' powers into municipal powers'. A "reactionary legislation" was being introduced as "an innocuous piece of legislation".

Notwithstanding the strong dissenting voices, the Bill was passed. But history appears to have proven the dissenters right. In September 2020, the same Entry 33 was invoked to usurp the same powers of the States that the dissenters feared would be taken away.

What the judiciary said

In many of its judgments after 1954, the Supreme Court of India has upheld the legislative powers of States in intra-State agricultural marketing. Most notable was the ruling of the five-judge Constitution Bench in *ITC Limited vs. Agricultural Produce Market Committee (APMC) and Others*, 2002. The Tobacco Board Act, 1975 had brought the development of the tobacco industry under the Centre. However, Bihar's APMC Act continued to list tobacco as an agricultural produce. In this case, the question was if the APMC in Monrighr could charge a levy on ITC for the purchase of impro-

cessed tobacco leaves from growers. An earlier judgment had held that the State APMC Act will be repugnant to the Central Act, and hence was *ultra vires*.

But the Constitution Bench upheld the validity of the State APMC Act, and ruled that (a) market fees can be charged from ITC under the State APMC Act; (b) State laws become repugnant only if the State and Centre enact laws on the same subject matter under an Entry in List III; and (c) in those cases outside List III, one has to first examine if the subject matter was an exclusive entry under List I or List II, and only after determining it can one decide on the dominant legislation that would prevail. In the case of the Farm Acts of 2020, the applicable points are (a) and (c). With regard to (a), States could continue to charge market taxes from private markets anywhere in the notified area regardless of the Central Act. With regard to (c), the State legislation should prevail as agriculture is an exclusive subject matter – Entry 14 in List I.

In summary, first, it was unwise on the part of the Centre to use Entry 33 in List II to push the Farm Bills. Such adventurism weakens the spirit of federal cooperation that India needs in this hour of crisis. Second, agriculture is exclusively a State subject. Everything that is ancillary or subsidiary to an exclusive subject in List II should also fall under the exclusive legislative purview of States. Most importantly, Entry 28 in List II – i.e., "markets and fairs" – is not subject to Entry 33 in List III. In short, there appears to be a strong case to reasonably argue that the Farm Acts have poor legal validity, if not being outrightly unconstitutional.

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nology to give greater access to hitherto exclusive knowledge and future unmet learner needs. A vision of course a political issue more like a tech-study. Technology will not be a cosmetic add-on but serve a strategic purpose. Learning schools of the world will harness old and new technology seamlessly.

Nurturing minds with values

Values, mindset and culture: By 2047, Indian teachers will be engaged in nurturing global mindsets based on three classical values of India: *satyap* (authenticity), *nishkam* (sustainability) and *purnam* (wholeness). Mindsets will be based on how learners receive information and not what information they receive; on how to think rather than what to think. Education is finally about creating and sustaining wholesome cultures rather than serving the templates of outmoded civilisations. The post-colonial Indian education system has managed to create mindsets of clerks and coders and inclined to serve a civilisation that bets on material values of exploitation of nature and increasing consumption. While civilisation is about what we acquire, culture is concerned with a factory experience to be simulated in a classroom. A leading global engineering company, ABB, is using virtual reality to simulate a factory experience inside a school. A classroom will not be a place but a space. In 2047, school will not be a brick and mortar house but a connecting hub that will digitally decode, deliver and disperse knowledge. Disruptive innovation will enable tech-

Debashis Chatterjee is the author of "Timeless Leadership" and the Director of IIM Kozhikode

LETTERS TO THE EDITOR

Letters emailed to letters@thehindu.co.in must carry the full postal address and the full name or the name with initials.

Hathras case

Nowhere in the law and order situation in Uttar Pradesh is in a terrible state. First, we have the Hathras case. Then the State government looks the other way when a large upper caste gathering in support of the accused takes place, even when Section 144 is in force. Finally, some leaders from the Opposition are manhandled during their attempt to offer solace to the family of the victim. The government and the law and order machinery seem to be working in tandem to suppress the truth.

K.R. SUBRAMANIAN, Secunderabad

Insolvency resolution

Nowhere in the article, "Transforming business and the insolvency system" (Editorial page, October 5), have the writers mentioned even a line about the huge success (success) lenders have had to endure in the process of insolvency resolution in India. For example, in a prominent case involving a leading steel manufacturer, the promoters came back with a bag full of funds that was equal to the loans plus interest. Generally, the misdeeds of the original directors are forgotten. Special courts should be established in banks given the freedom to value the assets of the

Language in India

It is a travesty of truth to study a language in Indian language (OpEd, "English is an Indian language", October 5), and the writer, as a parliamentarian, may be saying this more out of his eagerness to please certain political constituents. English is only a colonial language. Even for example, those from Kerala, they are able to find jobs anywhere in India due to the three-language system. I would like to point out that the Food Corporation of India was

set up in Chennai in the early 1960s by then Food Minister C. Subramanian and the line is that it was to provide more jobs especially for those from Tamil Nadu to work

in the food sector. In reality, those from Kerala reaped the benefit due to their command over Hindi. Had Tamil Nadu adopted the three-language system, it would have led the State elsewhere.

K. CHILLALAPANA, Chittoor

■ The issue of teaching Hindi in non-Hindi speaking States needs a rethink. We are a Bengali-speaking people living in Karnataka and I help my granddaughter with her

eighth grade Hindi lessons. Her classmates and playmates do not speak Hindi, nor is it at home. Not having any exposure to the spoken language and at the same time being required to study a highly stylised literary language from the textbook, I find the girl and her classmates struggling to find the relevance of what is being taught. Having lived and worked for three decades in Uttar Pradesh, I know Hindi well and I wonder what the prescribed texts seek to achieve. It helps to learn Hindi, but what needs to be taught is a practical version of the language which is close to what is spoken on the street. It should not be made

examinations. ■ One should read George Orwell's essay "A Hanging" at least once in a lifetime for two reasons. One, the candid and chilling manner in which Orwell describes the plight of a poor man put to death by hanging during the British Raj. Second, the flow of the English language which makes a reader feel it is alive. In the beauty of the language, it is clear that English binds people across the nation. ■ SANKAR KUMAR T.S., Thiruvananthapuram

mandatory for the Board examinations. ■ UDAYA BORSSE, Bhatkal

■ One should read George Orwell's essay "A Hanging" at least once in a lifetime for two reasons. One, the candid and chilling manner in which Orwell describes the plight of a poor man put to death by hanging during the British Raj. Second, the flow of the English language which makes a reader feel it is alive. In the beauty of the language, it is clear that English binds people across the nation. ■ SANKAR KUMAR T.S., Thiruvananthapuram



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India needs a rainbow recovery plan

Such an approach would require integration of ecological protection and tackling inequality



ASHISH KOTIHARI

The world could emerge from COVID-19 so much the worse by attempting 'business as usual', or it could take pathways to a more just, sustainable future. In Europe and the U.S., a 'green new deal' (GND) proposed by some from the political mainstream puts the climate and employment crises at the centre of economic recovery. In India, we have a chance to build on our genius and heritage to forge a multilayered approach – a rainbow new deal (RND).

By RND, I refer to a seamless integration of ecological protection and tackling of wealth inequality and economic vulnerability of several hundreds of millions of people. Green meets red, so to speak. But 'green' itself is a restricted environmentalism; the oceans and rivers and natural deserts and mountains together are a lot more colours. I also include here recognition of multiple genders and sexualities from whose movements I borrow the symbol of the rainbow.

What would RND entail?

Our most urgent task is to generate dignified, sustainable livelihoods for the vast majority of the population and workforce that is today living precarious lives. And this has to be built on regenerating and safeguarding the country's soil, natural ecosystems, water, biodiversity, and air. We should never forget that the more we destroy it, the more we invite crises, from COVID-19 to climate change.

The nearly 200 million small farmers, pastoralists, and fishers can be enabled to sustain or switch to organic, ecologically sustainable production, with their own food security as the highest priority, and with local marketing links. This would include over 10 million people who appear to have gone back to agriculture in the COVID-19 period.

Next, the RND could encourage lifestyles and livelihoods that obtain substantial food, medicines, household items and other needs, as also sustainable livelihoods, from natural



Kudumbashree workers at a rally against the use of plastic in Kochi. •THULSA KAKKAT

ecosystems. Forest-based livelihoods alone, for instance, can support 100 million people.

Third, it would entail reviving and sustaining India's incredible diversity of crafts, and decentralised production of most goods and services, across all villages and towns, with a massive investment in the small and medium sectors, enterprises as it is the vast majority of the population and workforce that is today living precarious lives. And this has to be built on regenerating and safeguarding the country's soil, natural ecosystems, water, biodiversity, and air. We should never forget that the more we destroy it, the more we invite crises, from COVID-19 to climate change.

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people.

In such a recovery, big companies need to be kept out. Soap, footwear, furniture, clothes, energy, and myriad other items of everyday use can be produced by community-run units across the country. 'Made in India' should be 'Handmade in India' by local workers. In a recent webinar, Suresh Chhangu, sarpanch of Kunayur village in Kachchh in Gujarat, proposed that they can save 440 lakhs a month on such items by producing them locally. Elango Rangasamy, former Dalit sarpanch of Kuthambakam village in Tamil Nadu, proposes a 'network economy', in which clusters of villages can be self-reliant for most basic needs, and exchange with neighbouring clusters what they cannot produce or grow. Ela Bhatt, founder of SEWA, has proposed the '100 mile radius' as a region within which the objective of self-reliance can be met. These are all current relevant versions of Mahatma Gandhi's focus on self-reliance.

There are hundreds of initiatives already demonstrating the feasibility of such an approach. Many are run by workers and communities themselves. Government-sponsored programmes like Kudumbashree in Kerala and Jharcraft in Jharkhand show

how they can be significantly scaled with state support. During the COVID-19 lockdown, community resilience based on such initiatives was amply demonstrated.

But let's be clear: such RND will succeed only if there is a fundamental move away from a privatised, capitalist economy, including neo-liberal state, and head-on tackling of casteism, patriarchy and other structures of inequality. There are many successful initiatives at empowering women, Dalits, Adivasis, landless, the LGBTQ+ community and the disabled to learn from.

This also means a serious attempt at land reforms, including recognising collective rights over the commons: forests, grasslands, coastal and marine areas, biodiversity, wetlands, water, and knowledge. Legislation similar to the Forest Rights Act, and community mobilisation to implement it, is needed for all other ecosystems.

Wealth redistribution

Where substantial public investments are needed, serious wealth redistribution is called for. As economist Prabhat Patnaik has pointed out, a mere 2% wealth tax coupled with a 33% inheritance tax on the richest 1% of India could generate more revenue than the total recovery package the Government of India announced in May 2020.

It is of course foolish to expect the government to go for such RND. Prime Minister Narendra Modi's 'Atmanirbhar Bharat' programme, with all its doublepeak on 'self-reliance', places India's economy even more into the hands of private capital and big players. Massive, informed public mobilisation is needed to counter this policy regression.

The recent protests by lakhs of young people against the regressive Environment Impact Assessment Notification 2020 and against the Citizenship (Amendment) Act and National Register of Citizens provide hope. If these diverse strands of resistance, feminist, worker, farmer, and other mobilisations of the marginalised and oppressed communities at alternative living all can be synergised, a RND kind of transformation may yet be on the horizon.

Ashish Kotihari is with Kalpankish, Vikalp Sangam, and Global Tapestry of Alternatives

Breaking the law over Brexit

Boris Johnson's Brexit position completely overlooks constitutional developments in the U.K. since the late 1990s



AMIR ALI

The latest spectacular development in the Brexit saga is the Internal Market Bill that was passed in the House of Commons. The Bill has caused uproar in the U.K. and across the world as it breaks international law by going back on the Withdrawal Agreement Bill signed by the Boris Johnson government in January 2020. That a country that considers itself home to the rule of law would break international law is ironic. Brandon Lewis, Secretary of State for Northern Ireland in the U.K. government, admitted in the House of Commons that the Bill would break international law in "a very specific and limited way". The European Union (EU) has initiated legal action against the U.K. over the Bill.

The possibility of destabilisation

More dramatic is the possibility that Brexit could bring about the Balkanisation of the U.K. into its constituent nations of England, Scotland, Wales and Northern Ireland. The term "false rule", coined in noisy news debates in India and translated for the British as fragments of the nation, could actually be applicable to Britain, which states at the possibility of destabilisation. Among the nations that constitute the U.K., Scotland and Northern Ireland would become the major lines of fracture. While the Brexit process and Mr. Johnson's hard Brexit stance have been believed to be the catalyst for the current situation in the U.K., Mr. Johnson has suggested that the threat to the territorial integrity of the U.K. comes from the EU.

The unfolding of the Brexit process has revealed the likelihood of a hard border between Northern Ireland, which is part of the U.K., and the Republic of Ireland, which is part of the EU. To avert such a possibility, the EU had negotiated an earlier backstop arrangement with the previous Theresa May-led British government. The backstop arrangement was akin to an insurance policy to prevent the possibility of a restrictive hard border that would impede the flow of goods and people. Mr. Johnson had always balked at the idea of a backstop. In the Withdrawal Agreement Bill that he had signed with the EU, the Northern Ireland protocol was introduced to eliminate the possibility of a hard border and achieve the aims of the earlier backstop. It is the provisions of the protocol that he himself signed that Mr. Johnson is now backtracking on with the new Bill.

Mr. Johnson's Brexit position completely overlooks constitutional developments in the U.K. since the late 1990s, beginning with the 1998 Good Friday Agreement. A major achievement of the Tony Blair government's Agreement ended violent decades of troubles in Northern Ireland and brought peace and stability in the region in the last two decades. It is this stability that the Brexit process threatens to undo. Following closely on the heels of the Good Friday Agreement, significant devolution of powers was effected with the nations that constitute the U.K., resulting in regional parliaments in Northern Ireland, Scotland and Wales.

Ostensibly, the Johnson government's Internal Market Bill seeks to create a single uniform market across the four nations of the U.K. A measure taken by one of the parliaments would have to be accepted across all four nations to maintain the viability of the unified internal market. The reality could actually be a significant undermining of the rigorous food, health and safety regulations that have been hitherto upheld by the EU. The example that has most often been used is the possibility of chicken washed chicken imported from the U.S. filling up shelves in U.K. supermarkets.

On a decline

Since the end of World War II, the U.K. has been on a decline. Yet, on account of a fortuitous combination of soft power through the reach of its cultural exports, the prestige of its university system, and the vast scale of London as a leading financial centre, it has maintained its position somewhere near the top in the league table of nations. Ardent Brexiters in the true spirit of 'Rule, Britannia!' seek to restore the glory days of Britain's dominance. For this to happen, in their view, Britain has to stop being a more or less equal partner with Germany and France in the EU and to return to the coasts of the U.S. For Brexit critics, the phenomenon is just one more confirmation of the implosion of the U.K.

Perhaps Mr. Johnson's special adviser Dominic Cummings could heed a bit of oriental advice. A wise ruler explained his ability to keep his countrymen together by suggesting that the tie that bound him to them was not the law but the fear. If he would make it as fragile as a single strand of hair that he would never break. When his countrymen pulled, he would loosen his hold, and when he felt the need to relax their hold, he would make it a point to pull them closer. Brexit, with its extreme centrist tendencies, is just the opposite of this sagely advice.

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An unconstitutional harvest

The best way forward for aggrieved States is to challenge the constitutionality of the new farm laws

ADITYA MANU/BAWALA & PRANAV VERMA

Since independence, Minimum Support Price (MSP) has served as an insurance to farmers, in the form of income security for their produce. As many as 23 vital farm products are supported by the MSP regime. Yet, it has no legislative backing.

Recently, three laws were passed, which the Central government described as necessary farm reforms. Two of these are the Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act (FTPC Act), and the Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act (FAPSA Act). Unsurprisingly, none refer to the MSP. The stated object of these laws is to provide farmers an additional marketplace for selling their produce by institutionalising contract farming, whilst reducing the dependence on government-controlled APMC-designated mandis, where farmers are often forced to pay high commissions to intermediaries.

Abuse of federalism

Agriculture falls within the exclusive legislative competence of State governments, through Entry 14 of the State List. However, the Acts in question have been enacted by Parliament, seemingly deriving the legislative competence to do so under Entry 33 of the Concurrent List, which deals with 'trade and commerce' of some products listed in that Entry. This inference is axiomatic as the FTPC Act (defining 'farmers' produce'), and the FAPSA Act (defining 'farming produce'), borrow the items enumerated in Entry 33. The list of items provided under Entry 33 is an exhaustive one. However, the two definitions take leaps beyond the exhaustive set of items enumerated in the said Entry, by also including what can practically be considered as the entirety of farming output – "...wheat, rice or other coarse grains, pulses, vegetables, fruits, nuts, spices, sugarcane and products of poultry, piggy, goatery, fishery and dairy..." – none of which find mention in Entry 33.

The definitions of 'farmer' and 'farming produce' are at the heart of

these laws, as they lay out the items in which any trade beyond the mandis can take place. Including the vast majority of agricultural produce in such definitions amounts to an egregious breach of legislative competence by the Union government as it is the States which are empowered to enact laws regulating 'agriculture'.

Despite this clear constitutional position, the statement of objects and reasons accompanied with these Acts attempts to give an impression of being intended towards reform in the agricultural sector while drawing upon purported powers under Entry 33, despite the Entry not explicitly including within its ambit the expansive definition of farming produce as referred to in the Acts. In short, this is a case of abuse of federalism.

The way forward

States like Punjab are considering declaring all of their territory as 'mandi' to circumvent the effect of these laws. However, it is doubtful if their respective APMC Acts permit the same; and in any case such knee-jerk reactions would surely invite scrutiny from the courts. Constitutionally speaking, however, there exists a strong case for aggrieved State governments to invoke Article 131 of the Constitution and file a suit challenging the vires of the two laws.

Whilst doing so, State governments could also explore the potential of granting MSP a legislative backing, at least within the mandis, since any MSP is a matter of government largesse, and not a legally enforceable right with farmers. This move would incentivise farmers to sell their produce at the mandi at assured rates rather than expose themselves to the whims and caprices of private players. At the same time, demands from opposition parties to impose MSP upon private players could be at loggerheads with the free market economy principle enshrined under Article 301 of the Constitution. It is in view of these complexities that the best way forward for the States is to challenge the very constitutionality of these laws.

Aditya Manu Bawala and Pranav Verma are LL.M candidates at the University of Cambridge



DATA POINT

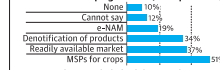
Ignored priorities

Only 6% of agricultural households in India sell their produce at the Minimum Support Price (MSP), latest available data show. Then, why has MSP become a contentious issue? Two surveys show that even in States where there was limited procurement, farmers wanted the MSP programme to continue. In fact, banning intermediaries, a key promise of the new farm laws, was not among the chief concerns of the farmers. The protests have spilled over to States such as Karnataka, Rajasthan and Tamil Nadu where procurement was relatively lower than in Haryana and Punjab. This shows that farmers fear that the laws pose an indirect threat to the MSP programme, regardless of procurement levels. **By The Hindu Data Team**

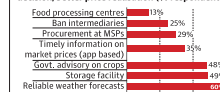
FARMER FEEDBACK | In a 2018 RBI survey,

as the most helpful scheme. Also, farmers prioritised reliable weather forecasts and storage facility as measures that may help in price realisation over the mid-term issue

Govt. schemes helping farmers (%) respondents



Measures that may help in right cropping decision/better price realisation (%) respondents



USES OF MSP | In a Niti Aayog study (FY08-FY11), even in States where awareness about the MSP and sale to procurement agencies were poor, an overwhelming share of farmers wanted the programme to continue. Apart from procurement, the MSP helped farmers escape exploitation even when they sold their produce to private traders

State name and the share of respondents who knew about the MSP or sold under the MSP

Reasons given for continuance of the MSP

A.P.J. All were aware about the MSP in the selected districts of Nagaland and Godavari

Bihar: Majority of the farmers surveyed were aware in Jehanabad (55% sold at MSP), Munger (22%) and West Champaran (5%) districts

Gujarat: Only 33.3% of the surveyed farmers were aware of the MSP in Rajkot and Narmada. Over 12% of the farmers in the State sold at the MSP

Karnataka: In Bellary, 80% of the surveyed farmers were aware in three villages; in the fourth, only 50% knew. In Mandya, 80% were aware in three villages; in the fourth, all were aware. However, none in the State sold at the MSP

Maharashtra: In Yavatmal, 75% were aware of the MSP. In Latur, 33%, and in Kolhapur, 28%. Overall, close to 28% in the State sold at the MSP

Odisha: In Khurda, 57% of farmers were aware of the MSP. In Mayurbhanj, in two villages, 70% and 90% were aware. In Bargarh, all the respondents were aware. Overall, 20% in the State sold at MSP

Rajasthan: 56% were aware in Barudi, Sri Ganganagar and Rajasamand

Tamil Nadu: In Pudukottai and Tiruvavur, all farmers were aware

U.P.: In six selected districts, all the farmers were aware of the MSP. However, only 2.8% sold at the MSP

Uttarakhand: In Haridwar, all farmers were aware and also sold at the MSP

Source: 2015 Shanta Kumar committee report. *Supply chain dynamics and food inflation in India: RBI study. Evaluation report on efficacy of MSP on farmers, Niti Aayog, January 2016

The Hindu

FROM THE ARCHIVES

FIFTY YEARS AGO OCTOBER 6, 1970

Checking price rise

The Union Finance Minister, Mr. Y.B. Chavan, has said the increase in prices in the country "was certainly causing concern", though it was not alarming. It was, therefore, his "first concern" to keep the prices under check, he told a press conference here today (Madras, October 5). Mr. Chavan, however, said that the price rise was a trend noticed in all developing countries, and one could not hope to keep the prices stabilised "for all time to come". As economic activities increase, as production rises and as demands go up, there is bound to be some sort of price increase, but it should not go beyond a certain level, he said. The Union Minister said the prices showed a tendency to shoot up on account of complex processes in the working of the economy. Production of agricultural commodities was an important factor which had a bearing on the prices. The prices of foodgrains had not gone up appreciably. But the production of some of the agricultural raw materials like cotton and oilseeds was not sufficiently high and this had its pressure on the prices. The Government was trying to import these materials, though it could not be done on a massive scale.

A HUNDRED YEARS AGO OCTOBER 6, 1920

Non-Co-operation: British Attitude

Non-Co-operation is beginning to be taken seriously in this country (London). Just before the Congress met at Calcutta, the newspapers gave prominence to messages holding the movement up to scorn, and predicting its utter failure. They are, however, realising that Mr. Gandhi and his colleagues are not indulging in idle threats, and that there, non-co-operation can be brought into being, and they are naturally beginning to court a different tune.

Views of British Correspondents: For the "Times" Bombay correspondent, for instance, frankly confesses that public resentment is running so high, and anti-British feeling is so strong, "that the position in regard to the Councils is uncertain." While the "general opinion" is that the boycott in the Councils will be a tragic error, such is the vehemence of the anti-British feeling that the whole country may be stamped into this movement and the fair promise of the reform scheme blighted at its birth.

Opinion

Why the world's richest countries are not all rich

Angus Deaton

In March, just as the world was reeling from the onset of the pandemic, the International Comparison Program completed its most recent computations. This dry-sounding statistical exercise collected prices in 176 countries, using them to calculate purchasing power parity exchange rates. The lack of media attention on the results is a reminder that measures of economic activity come second – unless they relate directly to threats to health.

Yet even in a time of plague, comparable international accounts are required for essential measurements, including cross-country comparisons of gross domestic product, living standards and global measures of poverty and inequality. And here the latest computations have important things to say.

The new accounts bring good news and not so good news. The good news

is that the new 2017 data are not particularly newsworthy. For example, the economies of China and the US were of similar size in 2017, as they were in 2011. (The former is only two-thirds the size of the latter measured at current exchange rates.)

The not so good news is that globalisation and transfers of intellectual property have driven GDP even further from the common (mis) understanding that GDP measures people's material well-being, adding to its many shortcomings aimed in recent years.

Good news first. The 2017 results are a recognisable update of the 2011 update, and not a radical remapping of the world's economic geography.

This is important because previous updates sometimes changed the relative size of countries and continents. The 2017 update, however, shows that the world look much more unequal than previously believed; they also sharply increased some measures of poverty.

These apparent increases were reversed in 2011, a reversal maintained for 2017. This stability increases the statistics' credibility, helps their usefulness

and will be especially important when, post Covid-19, the ICP moves to higher frequency measurement. The not so good news comes from the list of the world's richest countries, as measured by per capita GDP: Luxembourg, Qatar, Singapore, Ireland, Bermuda, Cayman Islands, Switzerland, UAE, Norway, Brunei, the US and Hong Kong. Whatever this list tells us, it is

A recent international price comparison shows a widening gap between material wellbeing and GDP

hardly an exact list of countries where people enjoy the world's highest material living standards.

Ireland is a good example. Attracted by low corporation tax rates, several large multinationals relocated their intellectual property assets to Ireland, so that income generated from that property now contributes to Irish GDP. In 2015, such transfers caused Irish

GDP to grow by 26 per cent in one year. By contrast, per capita disposable income of Irish households grew at "only" 4.6 per cent in real terms. The latter is clearly a better estimate of the change in Irish living standards.

Why the discrepancy? Eleven of the 12 countries in the list are either investment hubs or resource-based countries. In both cases, consumption is a relatively low share of total GDP, often because profits account for a larger part of national income than wages and salaries.

Over time, profits will contribute to the income of at least some households and, in turn, their consumption. But at any given moment, GDP per capita includes amounts that are not part of people's current wellbeing, or their own income.

Furthermore, the income from foreign-owned capital is part of GDP, but not part of gross national income, because it is not owned by nationals.

This is a reminder that, absent strong redistributive channels, rich resource-based economies are often internally

unequal, because the ownership of resources – especially mineral resources – is confined to a few. That GDP tells us nothing about who gets what is another of GDP's most familiar criticisms. Nor does GDP speak to the sustainability of natural resources or the use of the environment. The problem is not the accounting, but the definition of GDP.

These arguments call not for the abolition of the GDP numbers, which are essential, but for a more intelligent use of the accounts and for measuring what it does not include.

Continuing efforts to integrate environment economy accounts or to make GDP less oblivious to distributional questions need support. For policymakers, an exclusive focus on GDP per capita or its growth rate makes little sense. To put it bluntly, the top 12 list is not always where a country would want to be.

The writer is co-chair of the technical advisory group of the International Comparison Program. Paul Schreyer, OECD acting chief statistician and co-chair of the group, contributed.

The US, UK and allies must unite to keep Chinese tech at bay

Anja Manuel

Roman roads, Chinese gunpowder, British steamships, repeating firearms: great power competition has always been defined by technological edge. Today China, Russia, Iran and others recognise that technology can nullify the military and economic supremacy that the UK, US and their allies have long enjoyed.

China is singularly focused on catching up. It does so legally by investing billions in key technologies; fomenting science, technology, engineering and maths education; and by mining open-source databases. It also does so illicitly via cyberheft and industrial espionage.

How the world reacts will decide whether the west continues to lead and reap the benefits of technological innovation. Europe and the US have been unable so far to shape China's behaviour. But the time for complacency is over. We need a strategy to remain competitive. Crucially, this requires deeper mutual engagement.

After the second world war, Europe and the US created an international order. They established norms for peaceful economic relations, and international standards governing everything from telecommunications to satellites and safe flight paths. This enormous effort paid off. It is now time to do the same for tech development: a proposal called the "Technology 10".

This would build on a recent UK initiative to create a "Democracy 10" that aims to group 10 countries with South Korea, India and Australia to co-ordinate

If Biden is elected president, Johnson will have a real partner in such an endeavour

on global 5G standards, and secure supply chains. So far, no country has engaged meaningfully. The UK and US must double down on the effort.

If Joe Biden is elected US president in November, UK Prime Minister Boris Johnson will have a real partner in such an endeavour. Mr Biden has said he would "build a united front of friends and partners to challenge China's abusive behaviour" in "stealing" technology and intellectual property; confront its "high tech authoritarianism"; and build a safe 5G infrastructure and the "rules, norms and institutions" to govern the global use of new technologies.

How the initiative is organised is important. Creating a new, standing organisation would be a mistake. Such government-led institutions are slow and bureaucratic. Far better is a flexible, informal structure of working groups.

These would convene senior officials, technology leaders and academics in closed-door meetings to drive concrete outcomes. Engaging industry from the start would also help it see why "business as usual" with China may be infeasible.

A flexible structure is also key to accommodate allies who view China's threat differently, and may lead in one technology but not another. A working group on semiconductor design, for example, involve the US, UK, South Korea, Japan, the Netherlands and Taiwan. A working group on AI standards might instead emphasise the UK, US, Canada, Israel and India.

The Tech 10 should begin with a few narrow issues and then create additional groups as needed. Topics might include ensuring that Tech 10 industry maintain their lead in semiconductor design and production; co-ordinating on investment screening and export controls; regulating the lead in fintech innovation; and defining norms to govern use of AI and other advanced technologies. Future groups might co-ordinate resources for research on advanced biotechnology and quantum computing.

Coordinating among allies is the most effective way to counterbalance China. Initiatives such as Made in China 2025 and China Standards 2035 aim to end the technological lead of the west and its allies by dominating market share, controlling international standards, and hollowing out industrial capacity. It is time for like-minded nations to unite. It is time for a Tech 10.

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'Maoist' executive faces a revolution

BRITAIN

Robert Shrimley



Power is not given away; it must always be taken. Over decades, UK MPs have slowly given ground to the executive. The rigidities of the party system limit revolts, and MPs have even lost the final say in determining their party leaders. But a unique set of circumstances means that maybe, just maybe, the House of Commons is approaching one of those inflection points which shifts the balance.

"Almost entirely by accident, Boris [Johnson] has reminded us what we put here to do," says one usually loyal ex-minister. "All governments think parliament gets in the way but this lot are Maoists. They don't respect any institution." The haughty hand of the UK prime minister's Downing Street team is forcing even his MPs to examine parliament's role in holding the executive to account.

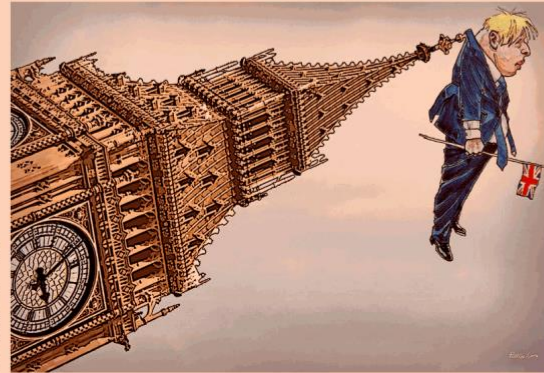
The conditions are almost perfect. The feeling that the sweeping coronavirus powers which parliament voted to give to the government are being used to restrict personal liberties without moderation or scrutiny has emboldened MPs to demand more say in their use. In addition, there are a large number of

Tory MPs who are past caring about patronage or punishment, and some talented organisers.

Then there is Brexit. Having proclaimed the restoration of parliamentary sovereignty, Mr Johnson finds that his MPs are ready to take him at his word. Before Brexit, ministers could force through orders saying that EU law demanded it. One cabinet minister notes: "I don't think it has dawned on some departments yet that they are going to have to win support for their regulations. This is a turning point."

One rebel says even ministers are privately encouraging MPs. Much of the cabinet has been disempowered by a centralising Downing Street operation. One significant shift was the move to make ministerial political aides answerable not to their notional boss, but to Downing Street. The one person a minister could trust is now seen by some as a snitch. Sovereignty of parliament looks more like sovereignty of a clique around the prime minister.

One unremarked example of the potential new terrain is treaties. Prior parliamentary approval is not needed before a treaty can be signed (though ratification can be delayed afterwards). Before Brexit, the European parliament scrutinised trade treaties, but MPs will not have the same right. In the Commons this week, ministers will seek to restore a power, struck out by the Lords, to push through orders under other treaty treaties with only minimal scrutiny. Jonathan Djanogly, a former Tory justice minister, sees a pattern in the



"unwillingness of ministers to accept modern international standards of parliamentary scrutiny on treaties" while keeping more powers for themselves. "The UK now has less opportunity to scrutinise negotiations of new treaties than when we were in the EU, this is a strange way to take back control."

The last parliament's Brexit paralysis hardened Downing Street hearts and bolstered its already visible contempt for MPs. Planned changes to the scope of judicial reviews show a broader plan to weaken checks on its freedom to act. It all means MPs can no longer count on others to curb government excess.

Some realism is needed about this Westminster Spring. Unlike opposition MPs, Tories do not want to frustrate legislation. "We do need the elected

Today, the sovereignty of parliament looks more like sovereignty of a clique around the prime minister

government to be able to get its business through," says one. But the two sides have common cause on the issue of accountability. The overuse of secondary legislation, which limits scrutiny and amendment, is a key battleground.

Last week, in the face of certain defeat, the government agreed to more scrutiny of coronavirus restrictions and was rebuffed by the Speaker for treating the House with contempt. That the rebellion was led by Graham Brady, the chairman of Tory backbenchers, was a sign of how badly the government has mismanaged its own MPs.

Last month, they forced a similar concession over the threat to break a treaty obligation. The next revolt is over planning reforms which would see new local housing targets set centrally by an algorithm. For ministers, this is the only way to force through projects against the Nimby instincts of MPs.

The underlying trend to all the disparate rebellions is a government that does not wish to be constrained by a foreign power. It respects only force. But MPs are recognising this and responding in kind.

These battles will shape not only this government but the powers of the post-Brexit parliament. As economic times get harder, Mr Johnson will need his MPs on side and giving ground on process may seem a small price.

A number of ideas are proposed, from forcing ministers to dial down the aggressive use of secondary legislation, to giving select committees powers to summon ministers and their aides. Some Tories suggest reinvigorating backbench policy groups. Others suggest arming parliament with a powerful research and analytical body which goes beyond the remit of the existing Office for Budget Responsibility. This last may be a fond hope, but MPs are encouraging each other to think big.

Governments do not lightly give away power and, in the end, MPs have to want it. "It all depends on how confident parliament feels," said one rebel. Parliament has the numbers, the mood and an opportunity to reset the balance. These moments do not come often.

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Heart-wrenching Lebanon may yet have better days

Paul Salem

I expected that coming back to my homeland would be heart-wrenching. As I stood amid Beirut's devastation, I watched shell-shocked citizens sweep up the remains of their homes and businesses. The cataclysm of the August 4 blast that destroyed the port, took or ruined the lives of multitudes and laid waste to much of the city, coincided almost exactly with the 100th anniversary of modern Lebanon's founding in 1920. I wondered if history was now conspiring to bury Lebanon, or if there was still a path forward beyond survival, towards reform and renewal.

Like most Middle East states, modern Lebanon was engineered by colonial powers after the defeat of the Ottoman Empire. *Le Grand Liban* was established by the French, amalgamating the autonomous Ottoman province of Mount Lebanon with four Ottoman provinces on

the coast and inner Bekaa Valley. As the country's first century came to a close, French president Emmanuel Macron shuttled between Paris and Beirut in a bid to stave off complete collapse.

From where many Lebanese stand today, it has been a tragic 100 years. Sectarian jealousies at the country's creation still dominate parties and politics. Dependence on foreign intervention or influence, which gave birth to the new state, is still the modus operandi of Lebanon's leaders. And the country is still the playground of regional conflicts. After 1945, Lebanon hosted Palestinian refugees fleeing Israel's establishment, and eventually became a battleground for the Israeli-Palestinian and Israeli-Arab conflict. More recently, it has become a proxy battleground between Iran and Israel.

But Lebanon also has an alternate history. Over the past century, different communities lived and governed together, a pluralist society thrived in a region dominated by authoritarianism and repression, and civic and national identities gained traction. Beirut emerged as a cultural capital of the Arab

world – an Athens in a sea of Sparta. Indeed, the October 2019 protests represent this other Lebanon: a spontaneous movement brought thousands on to the streets to demand the downfall of the ruling oligarchy and an end to sectarian and corrupt government.

Yet the oligarchy cares little for the cries of its people. Even before the August explosion, the national currency

The challenge is how to provide assistance to a state whose leaders insist on driving it into the ground

had collapsed, people's savings had been wiped out and unemployment and poverty was skyrocketing. Returning this month, I also saw how Covid-19 had spread its own brand of misery.

Lebanon needs profound change: a new form of politics, where citizens take charge of their fate and choose their own leaders rather than follow in sectarian herds. It needs a civic and meritocratic

state that governs in transparency and according to the rule of law; and a state that insists on full sovereignty over its territory rather than negotiate its dominion in bits and pieces with Hizbollah, a group armed and financed by a foreign power.

Sadly, Lebanon is unlikely to get that. Mr Macron's initiative started out with high hopes of convincing the oligarchy to stand aside, at least temporarily, and allow an emergency government of capable independents to undertake the urgent reforms needed to stem economic collapse and start a recovery. But the initiative was stymied from the start, and collapsed on September 26 as parties failed to agree on the distribution of ministerial portfolios.

Hizbollah, the dominant party, apparently concluded that its ruling coalition can muddle through the economic and political crisis, without a deal with France and a bailout from the international community – help that would force the reforms and transparency that none of the oligarchy wants.

The Hizbollah coalition seems unbothered that its decision not to grasp

France's lifeline will also drive millions deeper into misery.

The international community is rightly concerned about Lebanon. Its stability is key to the stability of the Middle East and the eastern Mediterranean. The challenge is how to provide urgent assistance to a state whose incumbents insist on driving it into the ground; how to press for necessary economic and social reforms; and how to encourage an open political process where domestic forces for change can grow. The next serious attempt at government formation is likely to await the outcome of November's US election.

As I boarded my plane at the end of my visit, I couldn't help but weep for my homeland, and gape at the abyss between the aspirations of its people and the cravenness of its political bosses. But I also knew that Lebanon was worth saving, and that there should be brighter days ahead in the country's second century.

The writer is president of the Middle East Institute

OUR VIEW



What a flexible labour market must not miss

Our labour reforms have the potential to encourage payroll expansion and raise overall productivity. Good. But we also need better safeguards for those who might get laid off

For decades, India's archaic and labyrinthine labour laws were crying out for reforms. Late last month, our Parliament approved three labour codes on work conditions, industrial relations, and social security. Together with the wage code passed last year, which expands the ambit of minimum wages to cover more workers, these new laws subsume 44 central enactments that had proven too cumbersome for a modern economy. They strapped companies in a tangle of red tape, empowered government inspectors to harass entrepreneurs, and acted as a disincentive for businesses to expand their payrolls. Factory owners and economists have often blamed our labour-market rigidities and poor governance for holding India back from achieving its economic potential. That grouse may have been settled now, with our new Industrial Relations Code letting firms directly hire workers on fixed-term contracts, thus relieving them of the services of middlemen. In general, it allows for greater flexibility in both the recruitment and retrenchment of workers. It also lets firms convert permanent jobs into fixed-term contracts. The revisions also allow businesses with up to 300 workers to retrench workers or shut plants without needing government approval. These changes would make for a more flexible labour market. Those who saw job permanency as a right may feel let down, but the context in which businesses have to function has undergone a transformation since India adopted market competition as a growth propellant. Today, adaptability is crucial to business survival, and this calls for frequent reassessments of resource requirements. Around the world, fixed costs—such as wage bills—are seen as a burden. But this does not mean layoffs are all that we can expect. Companies that

need not worry about downsizing their staff in case of a downturn are also likely to recruit freely while the going is good. It is this aspect of flexibility that reformers have been keen to highlight. The World Bank, for example, has estimated that with less restrictive laws, India would be able to add on 2.8 million high-quality formal sector jobs every year. In theory, a dynamic job market in which people are shuffled around also raises the likelihood that they will find themselves in appropriate roles. This ought to enhance overall productivity. The trouble is that the benefits of a lightly-regulated labour market, even one designed to optimize the use of all skills available, are unlikely to show up in times of economic distress. Given the covid crunch, pink slips could outstrip appointment letters. It is for recessions—when overall employment levels fall—that countries with hire-and-fire policies typically offer the safety cushion of job-loss provisions. India has done well to institute new security measures for some classes of employees left uncovered by earlier codes. But these do not go far enough. Those at both the high and low ends of our income pyramid remain vulnerable. For formal-sector workers, India has a compulsory provident fund (PF), but this does not apply to business units with under 20 workers. Even otherwise, it is meant to serve as a retirement kitty, not as stopgap money. Often, PF is inadequate to see people through long patches of joblessness. More than ever, the country needs some form of support for those who get laid off. Those with taxable incomes lost, for example, could be offered the taxes they paid the previous year as an interest-free loan to be repaid over five years after they regain employment. Such devices would quell the anxiety that "hire-and-fire" often evokes.

MY VIEW | MUSING MACRO

Redo seventh schedule to clarify Centre-state domains

AJIT RANADE



Ajit Ranade is an economist and a senior fellow at The Takshashila Institution, an independent centre for research and education in public policy.

In 1972, Maharashtra was reeling under an unprecedented drought. The rainfall deficit was more than 50% across districts, and even large landowning families had come on to the streets. There was no fodder for cattle. Then chief minister Vasantao Naik rushed to Prime Minister Indira Gandhi, requesting emergency assistance. Accompanying him was the speaker of the Legislative Council, V.S. Patil. Mrs Gandhi turned down the request, presumably because of the Centre's already-high fiscal burden after the Bangladesh war. Not dismayed by the refusal, Patil turned to Naik and said they would find a way. The state would run a drought relief programme with its own funds. These prophetic words led to the genesis of the Employment Guarantee Scheme (EGS). It was funded by the state through a profession tax imposed on urban workers, and ran successfully for more than three decades, offering crucial help during droughts and times of rural distress. It was the inspiration behind the nationwide rural

employment guarantee scheme launched through an Act of Parliament in 2005. The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) acts as a proxy for unemployment insurance, and is now more than 90% funded by the central government. States contribute very little. During the pandemic and lockdown, the budget for MGNREGS was increased to ₹1 trillion. It will act as a fiscal cushion to soften the blow of recession. It is worth recalling this story of the NREGS's inspiration not merely to extol the imagination of Maharashtra's folk, but rather to point out how a state subject of "employment" came to be so easily encroached upon by the Centre. Indeed, when this Act was passed, none of the states objected to Parliament having passed a law on a subject that was the domain of states. Besides, the one-size-fits-all approach of NREGS meant that not only could this labour-market intervention have unintended negative effects, but the discretion lost by state policymakers could also constrain its effectiveness. For instance, Maharashtra could extend EGS to schemes on private land or for horticulture, or Kerala may support coconut plantations, or some states may want to use NREGS in peri-urban

regions. All these possibilities were foreclosed by a nationally-mandated scheme. The same is true of several nationally-legislated schemes or laws, such as the right to food, right to education, universal health insurance, our new education policy and now labour law changes. The seventh schedule of India's Constitution features each of these subjects in its states' list for legislation. The schedule has a separate list for the Centre, which comprises items like national defence, foreign affairs, monetary policy and currency management. There is also a concurrent list, which has domains in both the Centre and states' domains. The Centre's view prevails. The intrusion by the Centre into the domain of states began with the formation of the Planning Commission in 1951. The so-called "original sin." Over the years, through a mechanism called "centralized sponsored schemes", the Centre exercised *de facto* influence on many areas of development, ranging from water, educa-

tion and forestry to employment and health, which were all in the policy domain of states. The states may not have complained initially, as the Planning Commission was seen as an additional conduit of funds, which supplemented their own budgeted outlays. But this was an illusion. In the aggregate, if a sum of India's Constitution came through one channel, that much less came through another, i.e., the Centre. For instance, in MGNREGS, the central scheme prescribes even the minutest details of how projects are to be implemented, leaving very little discretion to local authorities. If there is a central dictat that all payments are to be made into bank accounts, or that biometrics be used for attendance to prevent fake muster rolls, it reduces the local realities and all scope for local innovation. This overly cen-

tralized approach also reeks of a lack of trust. In 2013, the then chief minister of Gujarat once complained against this "Big Brother" attitude of the Centre and its disregard for the federal structure. He said that central schemes were too rigid, and often resulted in greater financial burden on states. When money was needed for irrigation, the Planning Commission would give it for social schemes. This would rob states of their autonomy. It is symptomatic of the over the years the classification codified in the seventh schedule has got blurred in practice. Well, the Planning Commission has been shut down, but the seventh schedule malaise has gotten worse. Centrally-launched schemes like universal health insurance have further increased the financial burden of states. And by signing up for the goods and services tax (GST) in 2017, states have fewer independent options to raise local revenues. Currently, they are battling the Centre to get their promised compensation for GST shortfalls. In the coming years, their share from the total divisible pool may go down, as the Finance Commission mulls how to fund a wider fiscal gap and carve out a non-lapsable fund for national defence (an item for the Centre). Clearly, the seventh schedule needs to be redrafted.

MY VIEW | BARE TALK

Frugal praise and rich criticism don't do policymaking any good

Critiques that shift reform goalposts damage the credibility of critics more than the government



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There is not much to choose between children, adults and expert-elites. Children hanker after a toy that they do not have. Once they get it, they lose interest and start craving another. For adults, their toys are different, but otherwise they are no different from children. Experts will berate the government for not undertaking structural reforms. Once such reform measures are announced, they will try to pick holes in the manner of their announcement, they will move goalposts, and list reforms that are not yet done. The reforms announced would have been on top of their list of demands but once announced, they inexplicably become inconsequential. Take the case of the labour reforms. Neelkanta Mishra and his colleagues at Credit Suisse are eloquent in their description:

"In a culmination of several years of work, 41 central labour laws have been reduced to four (12 repealed 2016-19, and 29 now subsumed). The number of sections fall by 60% (1232 to 480), one registration is now needed instead of six, one license instead of four, and decriminalisation of several (though not all) offences. Codes have been made contemporary (e.g., penalties raised; fixed-term employment introduced as 60% of incremental factory workers [in] 1998-2018 were contractors; social security introduced for gig workers),

and firm-size thresholds raised to further ease compliance burden: from 10 to 20 to be called a factory, 20 to 50 for contract worker laws to apply, and 100 to 300 for standing orders (including for layoffs)" (Labour Reforms: A Historical Change, 28 September 2020).

Or, for that matter, take the case of the decriminalization of many offences under the Companies Act. Most of them were introduced in the wake of the Satyam Computer scandal. It is often the case that private sector behaviour leads to over-regulation and an intrusive state. That is often missed in the debate on state versus markets. The private sector is rarely held to account for its actions that give rise to executive over-reach. It is analogous to the mindless commentary in America that blames Donald Trump for being a populist and for exploiting resentment among workers, without even a token acknowledgment of the underlying greed and unfair distribution of the spoils of globalization that gave rise to their discontent. In this warped logic, the consequence is blamed for the cause. That is what happened with the Companies Act amendments of 2013. Yet, rare is the government that rolls back its penal provisions. That has been done.

Sanjeev Sanyal, principal economic adviser to the government, wrote a column (*Economic Times*, 21 September 2020) explaining the significance of the 'netting' bill (Bilateral Netting of Qualified Financial Contracts) that has been passed. It may appear to be trivial but the payoff can be transformative. The new law, as he puts it, is a major step towards enabling the financial system to expand and greatly lower the capital adequacy burden, since capital is now required to be maintained on net and not gross exposure.

Another bill on 'factoring' that allows many non-banking financial corporations to be a 'factor' such that receivables of small businesses can be easily sold and cash realized to enable working capital availability has been intro-

duced in Parliament. Once passed, its impact over time will be as significant as, if not greater, than bilateral netting. This column has written quite frequently on the threshold effect that has held back Indian enterprises from expanding. These have focused too much on staying below thresholds to avail of finance concessions and tax rebates. The reclassification of micro, small and medium enterprises (MSMEs) with enhanced limits for investment and new criteria on sales turnover partially addresses the tyranny of thresholds. It is still a work-in-progress. However, along with the new definitions, the government has revamped the process of registration for MSMEs at the Udyam portal. Registration there enables automatic MSME enrolment in the Government e-Market place, the Goods and Services Tax Network and also in the Trade Receivables Exchange. The benefits of digitization are just beginning to be felt.

Similarly, excessive fears appear to have been generated on farm sector reforms, which expand the choices available to farmers to market their produce. The system of minimum support prices serves as insurance, and portable ration cards that allow Indians to draw their quota of foodgrains from the public distribution system anywhere in the country necessitates state procurement from farmers. Full emphasis on farm sector reforms is still being worked on. Export bans and recourse to imports must be rare exceptions, at most. Nevertheless, what has been done is in response to a long-standing reform demand, and yet in its fulfillment some critics have managed to display parsimony in praise. Professor Ashok Gulati, though, called it India's 1991 moment for agriculture. Criticism will acquire legitimacy and be taken seriously when it is offered in conjunction with the acknowledgment and praise of good deeds. If not, the credibility of critics, more than that of the government, will be at stake. These are the author's personal views.

10 YEARS AGO



JUST A THOUGHT

If you have no will to change it, you have no right to criticize it.

MARK TWAIN

GUEST VIEW

The criticality of a coordinated policy approach in covid times

Monetary and fiscal authorities need to act in tandem to achieve better outcomes on driving growth and taming inflation



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India's move to a rules-based macroeconomic framework was based on the global thinking that since the central bank cares more for price stability and the government for growth, giving the central bank independence will deliver price stability, leaving the government to focus on reforms to ensure sustainable growth. As each works on its objectives, social welfare is maximized while ensuring consideration of the long-run consequences of short-run actions. But certain special features of the Indian economy make monetary-fiscal coordination necessary. If rules are interpreted flexibly, they allow coordination.

Coordination in macroeconomic policy: In India's economic structure, output is demand-determined. Monetary policy affects demand more, while fiscal policy affects supply-side costs and, therefore, inflation. Since each is more effective in achieving the other's objective, total independence leads to a prisoners' dilemma type of non-cooperative strategic interaction. As players follow their own interest, each is worse off in the outcome of higher inflation and lower growth.

The monetary authority (MA) keeps interest rates high since it believes the fiscal authority (FA) would not give priority to reducing inflation. But as expected growth and revenues fall and the costs of servicing debt rise, the FA cuts back on activities that could reduce inflation. Rules may restrain deficits, but the composition of expenditure matters for inflation.

A variety of mechanisms can, however, change incentives, leading to better outcomes. Rules making rules more flexible. For example, if there is delegation to a more pro-growth MA and less populist FA, the changed preferences reduce pay-offs from non-cooperation, making coordination (and not a prisoners' dilemma) the self-enforcing outcome. Since the MA knows the FA will act on the supply side, it can lower interest rates.

The Indian experience suggests a simple rule alone is not effective. It could be either interpreted too strictly, as inflation targeting was in the initial years, or it could be avoided, as fiscal responsibility was after the global financial crisis (GFC). Rules need to be flexible, with additional incentive mechanisms to direct a correct use of discretion.

Policy coordination in times of covid. The output shocks due to covid have changed preferences of central bankers worldwide to give more weight to growth. This explains why there is now much more coordination of monetary and fiscal policies. The change in preferences, as the MA also values growth more, enforces coordination. In pre-GFC times, advanced economies (AEs) had needed to separate monetary policy from government debt management functions because of possible conflicts of interest. But as debts grow large, central



banks again began to play an active role in facilitating government borrowing and spending. In India, the story is complicated because markets are not as willing to finance a large expansion in government borrowing as in AEs. Since financial stability becomes a delicate issue, a pro-growth central bank still requires a conservative FA for coordination to be self-enforcing. However, rating agencies and a fear of outflows force the FA to be conservative, so the MA can be accommodative as preferences change in a crisis.

Policy choices that have generated a lot of debate can be understood as emanating from such coordination where relatively conservative fiscal policy allows monetary policy to be expansionary. The government's strategy of channelling aid through the financial sector does not impact the fiscal deficit and market borrowing. If growth recovers, debt credit moderates. Caution in expanding deficits allowed the Reserve Bank of India to take multiple measures. Government credit warranties reduced risk aversion, in turn enabling the use of liquidity created. Coordination reversed an excessive tightening of financial conditions and, therefore, improved financial stability.

Since it is difficult to induce private spending in a crisis, monetary policy is considered ineffective. There are calls for more government spending. Loss of income, contagion and rising precautionary savings translates to depressed private investment and consumption. But the lockdown created serious supply chain disruptions. Gross domestic product estimates show that in April-June, supply-side contraction exceeded demand-side reduction. A fiscal demand stimulus would have been less effective in such conditions.

Policy space: Despite a rules-based framework,

there are freedoms in the implementation and timing of actions. The Fiscal Responsibility and Budget Management Act allows for monetary financing under a growth collapse. The government has space and can create more by asset and expenditure restructuring. Medical aid, preventing hunger and protecting livelihoods are priorities. But caution in the timing and sequencing of measures can make them more effective and conserve space to respond as the pandemic evolves. A moderate expansion in fiscal expenditure coinciding with the festival season and recovering supply chains could build private sector confidence and trigger spending. To some extent, deficits are self-adjusting as tax revenues recover with growth.

Even so, liquidity injections and regulatory easing were essential to tackle liquidity hoarding, stress in corporate and household balance sheets, and weakened funding as well as solvency of financial institutions—which could result in persistently lower potential output. Surplus liquidity aids government borrowing and also reduces financial sector tensions and future non-performing assets requiring more government support. Equity cushions are available for banks.

This coordinated equilibrium strategy can work in the pandemic. It avoids the dangers of high inflation and financial instability for a temporary output spike from a disequilibrium strategy of massive monetary-fiscal stimulus. It facilitates creative policy measures to ensure the alignment of demand with supply, a reduction in interest rates and spreads, and the use of system-wide liquidity support, apart from smoother credit flows and restructuring exercises with proper risk-pricing to minimize losses and aid recovery.

These are the authors' personal views.

MY VIEW | IT MATTERS

A better way of getting tech ready than learning to code

SIDDHARTH PAI



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Wherever I look online, I am bombarded with ads for courses by trained information technology specialists who promise to teach coding skills. Everyone seems to think that the pandemic has shifted the world firmly towards technology and digitization, and that the only businesses of the future would be technologically-enabled ones, or at least those that can quickly pivot themselves to a digital, remote delivery model. Displaced workers are signing on for these courses in droves in the hope that a newly-minted certification from an online learning app or a "massive open online course" will make them employable again. And then there are parents of school-going children who seem intent on producing a Sundar Pichai at home, even if not a Sergei Brin or a Larry Page.

In relatively private conversations (in so far as WhatsApp or other messaging applications are still private), I hear from parents of school-going children who have been

enrolled in such classes. Almost down to the last person, most of these are complaints about the quality of such classes. Many parents claim that these courses and the companies running them are frauds. They allege that they are rife with false marketing, aggressive sales, unlicensed photos of computer gurus such as Bill Gates, and false claims of millions of downloads.

Frying on the gullibility of displaced workers or worried parents is not hard. To start with, most of those who are in this class think that the world is a tough place, and that one needs to adapt to what is definitely going to be a watershed event (the covid pandemic) by retooling or upskilling oneself to meet new demands of the future. The tumultuous changes that are going on in the world have hastened the adoption of new technologies such as artificial intelligence, machine learning, blockchain, and the Internet of Things. The pandemic will also serve to speed up the use of automation and technology in a bid to reduce human-to-human contact across a variety of business functions. Industry body Nasscom even has a website devoted to future skills (<https://future.skills.nasscom.in/>). But in my observations, those who trained in other disciplines before finding themselves in careers that

required a deep knowledge of several types of technology have two sure-fire ways of making themselves future tech-proof. One is to truly understand how a given technology works at a macro level, and the second is to figure out how to adapt oneself to the changes it brings.

While this sounds like an overly simplified explanation of a tough task, learning how to leverage technology does not demand that you become an expert programmer. In reality, it only needs the application of certain specific filters to truly understand a technology, so that one can play the role of a media between a person with only a passing knowledge of that technology and someone who is so deep in its workings that he or she cannot understand its broader implications. This is an old consulting secret that is not freely shared even among consultants of the same firm since it allows those who are adept at it to gainfully occupy that middle ground for decades.

One should understand the broad working and application of a technology to truly become future-proof

The first rule of understanding technology is to approach each new breakthrough in an attempt to understand all the nuances of the "functionality" that the new technology offers—at the individual, group, industry and societal levels. All that "functional" means is a translation—in simple English—of what the technology actually achieves. For instance, understanding what blockchain technology actually does (it removes the need for a central verifier of transactions such as a bank or a notary card clearing house) allows you to become fluent in extending that understanding to other forms of aggregation—from the individual to a firm or nation. Once you understand the functionality of the technology, filling in the gaps around the technical minutiae of how it is delivered is a much easier task, and can be left to the ones who know how to write code.

These concepts internalize the gross logic of how and why the technology functions, and its logical design sequencing within the

economic chain of an industry. In other words, one will need to learn why the functionality of the technology he or she has now understood has economic impact. For example, blockchain could conceivably replace credit cards. The basis for this logic can come from a variety of areas: breaking existing trading groups, statistics to predict outcomes, user-friendly access and so on.

The third is to learn from where the technology gets its data or information on which it acts to provide the above-mentioned technical functionality. Once these three components are properly understood, one will then be armed with enough knowledge to see how to adapt to it, or better still, profit from it.

People also assume that there is another key to becoming a successful self-help books author. However, many of these books, some of them timeless classics, do not provide any practical advice with respect to learning technology.

It is about time we stopped trying to fix ourselves by looking to the insights of behavioural science to help us form new behaviours or preparing for the future by merely learning how to code. The puzzle is completely ignoring how the pieces of the jigsaw actually fit together.

MINT CURATOR



Palaeontologists believe these sharks could have reached as much as 50ft in length

A predator we are glad isn't around anymore

It is the shark that makes the great white in *Jaws* look like small fry. The gargantuan megalodon, which lived in oceans around the world between 15 and 3.6 million years ago, was a supersized apex predator and one of the largest fish ever to have existed. The fossil record indicates this species dominated oceans during that period, before eventually dying out. But without a complete fossilised skeleton ever having been found—because cartilaginous fishes' soft skeletons are unlikely to be preserved—palaeontologists have to rely on studying teeth. A new study, examining measurements taken from the same group of sharks as the *Otodus megalodon*, indicates the maximum body size it could have reached would have been huge: about 50ft in length—or "off the charts in the shark world", according to the team.

The Independent

Meet Italy's 'escape genius': Papillon the bear

His code name is M49. AKA Papillon, and until his capture last month, he was Europe's most wanted wild animal, accused of having slaughtered dozens of cows and sheep in the mountains of northern Italy. Papillon, weighing 140kg, is considered by the authorities to be an "escape genius". He was recaptured by Italian rangers on 7 September having fled six weeks earlier from his enclosure at the Castellorosso wildlife centre, south of the city of Trento. The enclosure had previously been reinforced after Papillon had escaped three times. The story of Papillon, who was eventually caught two weeks after another young male bear attacked a police officer in Trento province, has reignited the debate about the reintroduction of brown bears into the region.

The Guardian

Volunteer hackers work against electoral fraud

Beatrice Atobatele is trying to hack one of the most commonly used voting machines in the US, to look for security vulnerabilities, but not with any criminal intentions. Beatrice is actually one of more than 200 people who have signed up to a volunteer group of security experts and hackers called Election Cyber Surge. And by understanding how this machine works, she hopes she can ensure any vulnerabilities are fixed. "I've bypassed the authentication itself," she says. "I'm still learning and trying to find any new vulnerabilities that might not be known about yet." The problem with US elections, Beatrice and others say, is how disjointed they are. Most estimates suggest there are about 8,000 separate election jurisdictions. The equipment and voting methods vary dramatically.

BBC

A five-star quarantine in Thailand

A private infinity pool, gourmet meals—and two temperature checks a day. Welcome to five-star quarantine in Thailand, where well-heeled tourists can live in luxury while obeying some of the world's strictest anti-coronavirus measures. After barring visitors for six months, the tourism-reliant country is reopening to a small number of holidaymakers, with the first batch arriving in Phuket, a popular resort island, in the coming weeks. At The Senses Resort overlooking Phuket's Patong Bay, 16 villas have been specially prepared for quarantine guests. "Upmarket quarantine does not come cheap. Confinement at The Senses runs to a hefty US\$5,300 (US\$7,220), or US\$18,700 for a family of four. If the Phuket model proves successful, the government will attempt to replicate it in the rest of the country.

The Straits Times

Racist content bedevils online learning module

Zan Timtim doesn't think it's safe for her eighth-grade daughter to return to school in person during the coronavirus pandemic but also doesn't want her exposed to a remote learning program that misspelled and mispronounced the name of Queen Lili'uokalani, the last monarch to rule the Hawaiian Kingdom... Even before the school year started, Timtim said she heard from other parents about racist, sexist and other concerning content on Acellus, an online program some students use to learn from home. As parents help their children navigate remote classes, they're more aware of what's being taught... Because of the scramble to keep classes running during the health crisis, educators may not have been as thorough as it should have been, experts say.

AP

Important Editorials from Read To Succeed 6th October