

THE ASIAN AGE

9 JUNE 2025

Subhani

Much progress in Modi govt's 11 yrs, but lot still to be done

With Prime Minister Narendra Modi completing 11 years in office on Sunday, the question arises as to whether the average Indian is better off today than he was in 2014. While the jury could still be out on answering that query, what is indisputable is the BJP-led NDA has consolidated its position — especially in the last year since the people delivered the somewhat mixed verdict of 2024 — in the political landscape which 11 years ago saw a dramatic change come about.

There is no question that India's economic standing has leapt since 2014 when it was the 10th largest to now when it is poised to overtake Japan and Germany to become the world's third largest economy. Much of that growth may have been organic, expanding with the population as the country became the world's most populous after overtaking China, but a lot also had to do with how it was steered. While demonetisation may have been the most ill-considered decision affecting the economy that was later to be hit by the Covid-19 pandemic, it is obvious that India needs to grow at a much faster rate than even the 6.5 per cent last year. It is generally accepted that to fulfil Viksit Bharat goals of becoming a developed nation, India would have to see its economy growing at near 10 per cent per annum.

Statistics, like a bikini, may hide more than they reveal but poverty alleviation seems to have worked well enough for the World Bank to include, after adjusting its poverty line yardstick, that Indians living below the Lower-Middle-Income-Country (LMIC) decreased by nearly 400 million and which is reflected in household consumption and access to essential services. Qualitatively they could be far higher, but it is in the sheer quantum of infrastructure development in road, rail, air and mobile networks connectivity that the BJP clearly demonstrated political far-sightedness over a decade and which, along with allies, now rules in 19 states and two UTs in which over 900 million Indians live, excelled over previous governments. That India supplies 600 million people with basic food grains, even if much of it is for politically expedient reasons of not stopping a freebie, however, points to how much India must progress to become a developed nation. Offsetting that is the role India IT has played in making life easier for close to 150 crore people with digital payments.

There is little doubt that while the GST system, with all its faults, has proved a game changer for a diverse nation, the fact remains that Indians are highly taxed as seen in the mean GST rate close to 13 per cent and every Indian who consumes pays it. The burgeoning GST collection also points to many Indians being better off though the gaps in wealth have widened.

Political strength derived on the back of victories in Haryana, Maharashtra and Delhi may have also reflected in the kind of stern message that India delivered to Pakistan in Operation Sindoor, destroying terror dens and striking its bases. A more inclusive approach in conveying the message of Sindoor and the government's extensive use of Operation figures in delegations to carry the message of a nation's self-defence extending to fighting terrorism were an encouraging sign of nationalism.

If that sentiment is extended to looking after all the diverse peoples of the country without discrimination by religion or region, India would be achieving more in the four more years the NDA alliance will be in power. It should feel emboldened to take a serious look at unequal economic gains while sustaining growth to ensure that per capita income also rises.

Trump-Musk split: Who'll lose?

The dramatic breakup between US President Donald Trump and his estranged supporter and billionaire Elon Musk hints at the fragility of their friendship and the conflict of interests between two of the world's most powerful individuals. It is too early to hazard a guess on who will be a big loser in this spat. Musk bankrolled Trump's presidential campaign by pumping in nearly \$500 million for his election expenditure. He used his enormous clout on social media to project Trump as a messiah of the Americans. The distance grew ever since Trump allowed his pro-fil industry tilt, which will harm Musk's EV maker, Tesla Inc.

The feud escalated with Musk criticising Trump's flagship initiative — the One Big Beautiful Bill (OBBB) Act — which offered tax cuts and vast government spending in direct contravention of the mandate given to him to rein in government expenditure. Though Musk left his political innings over the OBBB Act, the camaraderie descended into a personal brawl within a few days, with both of them hurling insults at each other.

The Tesla CEO threatened to get Republicans, who supported the OBBB Act in the US Congress, defeated in the Congressional elections next year. Trump, who was named in the Epstein Files and called for his impeachment, Trump said he asked him to leave the government office. He threatened to withdraw billions of dollars in subsidies to Tesla and cancel US Federal contracts with SpaceX. Some reports suggested that Trump's refusal to appoint Musk's associate Jared Isaacman as the NASA chief over his donation to Democrats led to the final breakdown in the most powerful compact. If these reports are true, it would raise serious questions over the legitimacy of the role that business leaders play in politics around the world. While politicians and businessmen have an intricate relationship shaped by the election campaign's need for donations, politicians must maintain a safe distance from profit-driven persons and entities to retain the credibility of democracy.

THE ASIAN AGE

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The Asian Age office is located at:
New Delhi: Jawahar Nehru National Youth Centre, 219 Dron Deyapal Upadhyay Marg, New Delhi-110002. Phone: 011-26111114.
Published and Printed on behalf of and for:
Jawahar Nehru National Youth Centre, 219 Dron Deyapal Upadhyay Marg, New Delhi-110002. India. Tel: 011-26111114, C.O. Section III, New Delhi-110002.
London: Quakerhill Ltd, 8th Floor, 30, York Street, Elizabeth House, 30 York Street, London, SE1 1YQ. Tel: 020 7553 1234.
EOD Registration number: 3730034

Skand Tayal

Lee's victory in South Korea's Prez elections a sign of stability

The June 3 presidential election in Republic of Korea (South Korea) has produced a clear winner in the Democratic Party candidate, Lee Jae-myung, securing 49.42 per cent of the vote, as against 41.15 per cent by his main rival, Kim Moon-soo, of the People's Power Party.

The leadership vacuum since the turbulent events of last December following the sudden martial law declared by the then President, Yoon Suk Yeol, would now be filled by a left-leaning government.

By declaring martial law, President Yoon, elected in 2022 for a five-year term, had reacted impulsively when his frustration with a non-cooperative National Assembly boiled over. After the April 2024 elections in the 300-member National Assembly, the Opposition had 175 members. The main Opposition Democratic Party then adopted an obstructionist strategy, blocking all appointments, programmes and legislation of the President, leading to a paralysis in governance.

In the quest for division of power in the background of South Korea's authoritarian past, the 1987 Korean Constitution provides for only one five-year term for the directly elected President and four-year term for the directly elected National Assembly. The terms being different, the elections of the President and National Assembly have led separately, often leading to different parties controlling these two centres of power.

While the Constitution empowers the President to declare martial law on the grounds of national security, the declaration needs to be approved by the National Assembly. After the repeal of martial law

by the Assembly, impeachment proceedings against President Yoon had commenced and following a long legal battle in the Constitutional Court, he was finally removed from office on April 4, 2025.

The election winner, 61-year-old Lee Jae-myung, is a former chairman of the liberal Democratic Party and had lost the 2022 presidential election to the impeached President Yoon Suk Yeol by a razor thin margin of 0.73 per cent votes. The incoming President comes from a rather humble background and was a human rights lawyer. Interestingly, his two liberal predecessors Moon Jae-in (2017-22) and Roh Moo-hyun (2003-2008) were also human rights lawyers. In the electoral platform, Mr Lee promised financial aid to households, state support for the AI industry and measures to loosen the control of financial owners on Korean chaebols. He has also suggested constitutional reforms, proposing two four-year terms for the President instead of the present one five-year term. Amending the Constitution would require support of at least two-thirds of Assembly members, followed by a national referendum.

Democracy has developed deep roots in South Korea, with complete freedom of expression, an independent judiciary, a vibrant mass media and vocal trade unions. Elections are regularly held at all levels and power often swings between the conservatives and liberals. Since 1983, four Presidents — Kim Yoo-sung, Kim Dae-jung, Roh Moo-hyun and Moon Jae-in — were left of centre, while three — Lee Myung-bak, Park Geun-hye and Yoon Suk Yeol — were right of centre.

South Korean public opinion is quite polarised,

and almost equally divided between conservatives and liberals. Their main policy differences are around the extent of welfare measures, extent of support to SMEs and approach towards North Korea and China. At present, the conservatives appear to be in some disarray as they decisively lost the April 2024 National Assembly elections and their last two Presidents were both impeached. In the South Korean electorate, young people under 30 are 31 per cent of the vote, and over half are uncommitted to any political party. In South Korea, the youth unemployment rate is about 7.5 per cent, and the impact of the pandemic has left many people remain unmarried and to continue to live with their parents in rather small apartments. This has led to social tensions and a declining population. In his June 4 inaugural speech, President Lee urged reclaiming national security, rebuilding the economy and restoring democracy. He declared that his administration will be "non-ideological, pragmatic and market-oriented". He announced launching an "emergency task force to confront economic stagnation" and promised "massive investment in AI and semi-conductors". He announced a "thorough investigation" into the events surrounding the martial law and declared that those responsible will be held to account. President Lee needs to be cautious as any hunt would further deepen the political polarisation in the country. Importantly, President Lee emphasised that South Korea will "reinforce the Korea-US alliance and strengthen trilateral cooperation with US and Japan". On North Korea, he said that ROK would

"defeat nuclear threats and military provocations while keeping open channels of dialogue". Alluding to China, President Lee said Seoul would "approach relations with neighbouring countries through the lens of practicality and national interest".

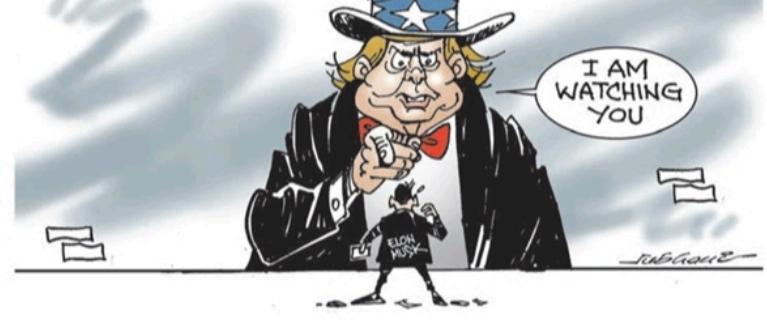
The incoming President's immediate task would be to devise a strategy to tackle the 25 per cent tariff imposed by US President Donald Trump and soften the impact on South Korea's export-led economy. The negative trends are unmistakable. Korean exports declined by 2.4 per cent in the first 20 days of May as compared to last year.

As many Korean products are part of the value chain of goods exported by China to the US, Korean exports to China declined by 7.1 per cent in this period and direct Korean exports to US declined by 14.6 per cent.

On foreign policy, the incoming President may moderate the pronounced pro-US stance on issues like total support to Ukraine and may work to restore the trajectory towards normalisation of relations with North Korea followed by former liberal President Moon Jae-in during 2018-21.

India has a "special strategic partnership" with ROK. There is complete bipartisan support for strong India-ROK ties in both countries. India looks at South Korea as a source of investment, technology and skills in its march towards a "Viksit Bharat". The growing partnership will get a boost from a stable and friendly government in Seoul.

The writer is a retired diplomat and has served as India's ambassador to South Korea



'Brain drain' gets support of govt with new initiative



Sanjaya Baru

Sanjayovacha

There was a time when Indian policymakers and planners worried about the phenomenon that is known as "brain drain" — the emigration of talented and skilled Indians. Eminent economists like Jagdish Bhagwati and V.M. Dandekar explored ways to discourage, if not stop, it. For decades now Indians have gone overseas, on the one hand, and the Indian economy is unable to make use of them at home.

None less than India's external affairs minister Subrahmanyan Jaishankar recently extended his official imprimatur to a private sector initiative to "position India as a global talent hub to address international labour shortages". This is the mission of the GATI Foundation (www.gatit foundation.org), that the external affairs minister launched recently. Surprisingly, there was little attention paid to this in the media, perhaps because working class and middle-class Indians have come to view overseas opportunities as a welcome exit route from Bharat's "digital Kaal". The most were seeking these opportunities on their own, now private sector Good Samaritans and the government are offering to facilitate such export. So, why not?

In Sanskrit, "gati" means motion, movement or progress. In Telugu it also implies fate. The fate of talented Indians is to quickly move out, with speed, and seek progress by emigrating. In his remarks at the launch of GATI, the external

affairs minister summed up his lengthy speech stating: "My short point is that there is a demand in the world, an availability in India and the basic groundwork done to enable Indian talent to gain global access is there." The government, he assured, will do its bit.

This column draws on a recently published book, *Secession of the Successful: The Flight Out of New India* (Penguin Random House, 2025), where I explore the changing nature of emigration from India and how earlier concerns about "brain drain" no longer seem to worry the Indian political leadership and the public policy world. In fact, GATI's team leader, Manish Sabharwal, even declared in a newspaper article in October 2023, that the Benjamin Netanyahu government in Israel reached out to India seeking export of "Hindi" labourers. The state governments of Haryana and Uttar Pradesh were quick to respond, asking eligible men to register themselves for work in Israel at employment centres opened in Rohtak and Lucknow.

The desperation of the Indian working class willing to seek work in a war-ravaged region was echoed by a worker in Rohtak, who told a Reuters reporter: "If it's in our destiny to die, we'll go there, either here or there. My hope is that we will go and do good work and spend some time in Israel. Israel is seeking masons, painters, electricians, plumbers and farmer labour." Vivek Sharma, a 28-year-old mason, was quoted by Reuters saying: "Yes, I am aware of the conflict, but I can earn a lot of money in a short time." Sharma hoped to earn in a year \$12,000, and added: "It could take me at least five

years to earn the same amount of money in India." Wage differentials have been at the heart of Indian labour export for several decades now.

The father of a young man killed on the war front in Ukraine, hailing from the developed Indian state of Gujarat, summed up this desperation. Hemil Mangukya, 23, joined the Russian Army and was killed at Donetsk on the Russia-Ukraine border. His father, Ashvinbhai Mangukya, told an Indian newspaper: "What is there in India? We are ready to move to Russia if everything falls in place. I am ready to give up Indian citizenship."

How different does this motivation to cross the seas sound from those of the many indentured labourers who escaped from deprivation at home to enter into slavery overseas? Sure, the Indian government connived in the indenture system and today's democratic government of a sovereign state does not. Rather, the State seeks to offer protection from such exploitation. But the motivation of the unemployed to migrate to search of a better life is an enduring one.

Soon after Israel indicated an interest in importing Indian labour, Taiwan too began negotiating with Indian government representatives. Taiwan's Premier Chen Chien-jen and India Taipei Association's director-general, Manohar Harshin Laxmanbhai Yadav signed a memorandum of understanding to facilitate labour migration. Taiwan is willing to provide employment for 100,000 Indians at wage rates comparable to what local workers are paid. Taiwan is reportedly looking to hire imported workers in the manufacturing sector as well as on construction projects, agricultural and fish farms and as house-

hold workers. GATI and the government will now help meet such demand.

The writer is an author, a former newspaper editor and adviser to Prime Minister Manmohan Singh

LETTERS ECONOMIC UPLIFT

Despite the World Bank raising the global poverty threshold to \$3 (PPP 2021), India has achieved a remarkable drop in extreme poverty, from 271 per cent in 2011-12 to just 5.3 per cent in 2022-23, lifting over 270 million people out of dire conditions. This success stems from improved consumption data, targeted welfare schemes and food subsidies that boosted rural livelihoods. It reflects not just statistical progress but a transformative shift in millions of lives. Yet, to sustain this momentum, challenges like inequality, job quality, and inclusive growth must be addressed with equal urgency.

Asad Damrubar

Mumbai

NOBLE MISSION

THE GOVERNMENT'S launch of Mission Vidyalakshmi, with collaboration from ITIs and IITs, is a commendable step towards enhancing foundational education. However, its success hinges on effective execution and equitable reach. How will this mission be implemented in schools already facing infrastructure gaps and teacher shortages? A visionary idea must not stay confined to select regions. It should urgently extend to rural and underprivileged areas to bridge decades of learning disparity. Without strong accountability and nationwide coverage, even the best-intentioned reform risks fading into another missed opportunity. Can we afford that, while millions of students still await meaningful change?

Hassan Rabbani

Mumbai

VRAT'S TURN

FOURTEEN years ago, India lifted the ODI World Cup title in Mumbai's Wankhede Stadium, scripting one of the most emotional moments in the nation's cricketing history. Now, with Virat Kohli formally announcing his retirement from all forms of the game in 2025, that iconic 15-member squad has all but walked into the sunset. Only one name remains: Virat Kohli.

Sankar Paul

Chakdaha, West Bengal

₹500 for the best letter of the week goes to Asad Damrubar (June 2). Email: asianage.letters@gmail.com.

Opinion

MONDAY, JUNE 9, 2025

HEALTH FOR PROGRESS
Union health minister JP Nadra
For a Viksit Bharat, a healthy India is necessary and that can be ensured through the right types of food, healthy food habits and healthy lifestyle



The meaning of guarantee

Rural jobs scheme needs rational outlays, curbs on misuse should not deprive the needy of aid

THE GOVERNMENT SEEMS to expect a significant reduction in the number of families seeking work under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) as well as the job cards issued over the coming years. The rural development ministry has reportedly demanded a 12% increase in the scheme's outlay for the five years through FY30, compared to the previous five. This may not even be enough to cover the inflation of material costs during the period, let alone any increase in wages to fully compensate for inflation, unless the beneficiary pool shrinks substantially. In FY25, 57.9 million households sought daily-wage MGNREGS work, down 23% from FY21 when it peaked amid the acute rural distress caused by the pandemic. The work offered (person days generated) has seen an even sharper decline, indicating increased vigil to check misuse of funds. It is plausible that all who seek work aren't getting it.

An attempt by the Union government to rein in excesses via a nationwide roll-out of Aadhar-based payment of wages may have contributed to the sharp decline in MGNREGS expenditure in real terms. The budget outlay for the scheme declined from ₹1.1 lakh crore in FY21 to ₹85,681 crore (revised estimate) in FY25, and is hardly seen to rise in the current fiscal. While a reduction in the number of beneficiaries is par for the course when poverty is reducing, the needy shouldn't be deprived either. The post-pandemic period apparently led to a return of the unskilled and semi-skilled job seekers from urban areas to their rural homes, seeking a share in the farm income pie. Real rural wages have therefore remained stagnant for years. The boom in construction activity in urban centres and the relatively robust performance of the agriculture sector in recent years may have alleviated the rural distress to an extent. However, the situation is still grim in several areas. The fact that demand for MGNREGS work isn't reducing as fast as it should is an indicator of this.

This newspaper has recently reported that four states — Tamil Nadu, Uttar Pradesh, Bihar, and Maharashtra — have got an additional ₹13,000 crore between FY23 and FY25, while West Bengal could not lay its hands on its share. There has been no release of funds to West Bengal since March 2022, as the Centre invoked Section 27 of the MGNREG Act, for "non-compliance with its directives". That absence of fund release to one state can itself lead to gains for others proves demand is not fully met under normal circumstances. The relevant Parliament committee has recommended the MGNREGS wages be raised to at least ₹400/day (from ₹241-400 at present), along with an increase in guaranteed working days to 150, from 100. Given the rates of inflation since the pan-India roll-out of the scheme in 2008-09, the panel's recommendation isn't extravagant, and needs to be acted upon.

A set of guidelines issued to the states recently aims to increase the oversight of gram panchayats over job cards deletions. This is welcome. MGNREGS has been a relatively successful welfare scheme due to its better design, and provided meaningful aid to the rural poor. It needs to be run efficiently for the next few decades, till the country's income levels improve and the scheme turns redundant. Other options like a Universal Basic Income scheme involve several implementation challenges.

● FROM PLATE TO PLOUGH
IT WILL LIFT EXPORTS AS WELL AS CREATE DEMAND THAT CAN PULL UP TEXTILE VALUE CHAIN

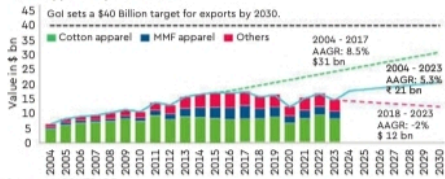
Scale up garment industry

ASHOK GULATI
AYUSHI GUPTA

Respectively distinguished professor and research associate at ICMR



India's apparel export forecasts



most powerful example is that of Shakti Exports. Founded by Sarfa Ahuja in 1974, the firm began a stitching unit with a team of 15 women producing 200 pieces a day. Today, it is India's largest apparel exporter, operating over 50 factories, three processing mills across eight states, and employing more than 100,000 workers — 70% of them women. With over a billion dollars in annual revenue, Shakti Exports is well known as 'Sara's garment miracle'. What sets it apart is not just scale but how it got there: evolved over decades with a focus on professionalising operations, investing in vertical integration (with 80% of fabric produced in-house), and building an enterprise that treats profits and its people as complementary, emphasising women's employment and environmental sustainability.

India needs bold reforms that enable scale. First, capital must be made accessible and affordable for scale-focused

investments. A structured capital subsidy of 25-30%, linked to the size of the unit, can provide the initial push. This could be targeted at enterprises meeting a minimum threshold of say 1,000 machines (as per the draft production-linked incentive [PLI] 2.0 scheme) to ensure viability and scale. Additionally, a five- to seven-year tax holiday for units would allow investments to mature and become competitive. India's cost of capital remains high, averaging 9%, compared to 3-3.5% in China and starting from 4.5% in Vietnam. In a sector with razor-thin margins (typically 4-5%), such incentives are critical to gain competitiveness. Second, India's central labour laws have created rigidities, discouraging formal hiring and scale. They need flexibility. Overtime payments are mandated at twice the hourly wage, compared to the International Labour Organisation standard of 1.25 times,

adding to cost pressures. Labour accounts for around 30% of garment production costs. A bold idea could be to link Mahatma Gandhi National Rural Employment Guarantee Act funds (say 25-30%) to subsidise labour costs. This could make labour-intensive units more competitive while generating productive employment on a sustainable basis. Schemes like Samarth should be significantly scaled up to provide short-cycle, demand-linked skilling, especially for women. India's low female labour force participation and high youth unemployment demand job creation, not just income transfers. Third, at least two of the seven PM Mega Integrated Textile Region and Apparel parks should be designated as garment-focused hubs, particularly in states like Uttar Pradesh and Madhya Pradesh where labour costs are low and worker migration to southern garment hubs is high. Bringing manufacturing closer to the workforce can reduce costs, boost underdeveloped regions, and build more inclusive industrialisation. Finally, India must rethink its incentive architecture. What the garment sector needs is an export-linked incentive rather than just PLI — schemes that reward firms not just for producing more, but for competing and winning in global markets.

The garment industry deserves policy attention because it sits at the intersection of mass employment and maximum value addition. Success in the segment doesn't just lift export numbers, but also creates demand that pulls up the entire textile value chain. However, to realise this potential, India must move beyond business as usual. If we are to build 10 Shakti Exports in the next 10 years, we need bold policies and swift execution. Our policymakers must rise to this challenge.

Views are personal

Musk-Trump feud may be as destructive as their friendship

RELATIONSHIP STATUS: IT'S complicated.

The simmering feud between President Donald Trump and tech titan Elon Musk has gone public, sending Tesla's stock tumbling then rebounding, calling his government contracts into question, and leaving Trump possibly in a more commanding position over the world's richest man.

But really, who knows what to make of this always-odd pairing between two erratic men?

Just last Thursday, Musk signalled he was open to a detente. Reports of a Friday phone call surfaced and were then dismissed by Trump, and all against the backdrop of pleadings from a Make America Great Again world view by the prospect of their leaders turning on each other. Yet little is permanent in Trump world, except for chaos and disruption.

Where this goes from here and how it ends is anyone's guess, but what's clear is that the political friendship that saw two of the world's most powerful men attached at the hip at the beginning of Trump's presidency has now become an unstable mess.

This, of course, is no way to run a country.

The day-long brawl starkly revealed what had always been plainly obvious: This relationship is transactional and has always smelled of corruption, with Musk's \$200 million loan to Trump's administration in return for a political ally in the government, including billions in contracts and access to data and the inner workings of federal agencies.

It was only last month that President Donald Trump gifted Musk with a golden key to the White House, saying his "service to America has been without comparison in modern history" and commemorating his final day as a special government employee. But that send-off couldn't paper over the increasing cracks in the friendship.

Musk had become a political liability to Trump, even as the president became a business liability to the world's richest man.

The union has cost Musk billions, damaging his brand and leading him to suggest he was done with politics. "I think I've done enough," Musk said in a Bloomberg interview last month when asked about his political meddling on Trump and the GOP cause. The billionaire, who operates the Building America's Future PAC, had vowed to spend \$100 million on the midterms, though that's now in doubt.

And in ceding such power to Musk, Trump married the first 100 days of his presidency with erratic cuts, mistakes and walk-backs that led to infighting among staff and cabinet members who couldn't control Musk. His Department of Government Efficiency was largely a failure, with costs likely outweighing savings, federal spending continuing to rise, and the Trump administration now undoing some of DOGE's findings. In the days after his official tenure wrapped up, Musk then proved just how uncontrollable he was, training his fire on Trump's massive reconciliation bill, calling it an "abomination."

"In November next year, we fire all politicians who betrayed the American people," Musk, the wannabe kingmaker, threatened on X on Tuesday.

Most of Trump's political allies have had a sell-by date, but his relationship with Musk has been like no other. For Trump, Musk was a force multiplier, magnifying his stature and bringing other billionaires, tech bros and regular bros along with him. But in challenging Trump, and particularly by bringing up his connection to Jeffrey Epstein, Musk tests his power over MAGA and puts himself — and his companies — at risk of canceled contracts and potentially even federal government investigations. Trump holds tremendous power over Musk's vast wealth. "The easiest way to save money in our Budget, Billions and Billions of Dollars, is to terminate Elon's Governmental Subsidies and Contracts," Mr. Trump wrote on Truth Social. "I was always surprised that Biden didn't do it!" This was scorching earth, revealing Trump's strong hand and Musk's big weakness.

Meanwhile, some Democrats have suggested that Musk is a potential free agent and should be courted and brought into the fold. But that would be a mistake. An alliance with Musk is akin to having a tiger by its tail in a very small and crowded tent. There are no good choices and the only certainty is chaos.

Diffusion ranks higher than invention



RISHI RAJ

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WHY NATIONS RISE and decline has been a question of scholarly analysis for long, and various academics have tried to examine and even offer prescriptive guidelines from time to time. However, as is the nature of history, it's difficult to proffer any fixed reason or explanation as different factors have led to the rise and fall of nations over centuries.

In the current era, artificial intelligence (AI) has emerged as the newest benchmark for national power. Once, it was naval superiority, then industrial prowess and nuclear capabilities. Today, AI is increasingly viewed as the key enabler of economic growth, military innovation, and societal transformation. The US and China have for long positioned themselves at the heart of this fierce technological competition. However, India, too, has entered the race recently, intent on carving its own path in the global race.

To reduce dependency on foreign AI systems and assert digital sovereignty, the government some time back selected Sarvam AI as the lead firm to build India's own foundational large language model. Recently, three other firms, Soken AI, Gan AI, and Gnanai AI, have been chosen to join the effort. The thinking is that control over core technologies is equivalent to control over economic and strategic autonomy.

In his seminal work *The Rise and Fall of the Great Powers*, Paul Kennedy argues that the fortunes of great nations have historically depended on the delicate balance between economic strength and military ambition. According to Kennedy, states rise when they possess the economic

capacity to support expansive goals, and they fall when they overreach, burdened by military commitments their economic base can no longer sustain, a condition he termed imperial overstretch. His analysis, spanning from 1500 to the late 20th century, shows how power has consistently gravitated toward nations that managed this equilibrium.

Contrasting Kennedy's geopolitical-economic perspective, Daron Acemoglu and James Robinson offer a fundamental institutional argument in their Nobel Prize-winning work, *Why Nations Fail*. Their thesis posits that the idea that political and economic institutions shape the trajectory of national development. Inclusive institutions, those that distribute power widely, protect property rights, and encourage innovation, lead to prosperity. In contrast, extractive institutions, those that concentrate power and suppress dynamism, lead to stagnation and eventual decline. For Acemoglu and Robinson, it is not merely the accumulation of resources or power that matters, but how those resources are governed and distributed within society. They caution that even resource-rich or technologically advanced nations can decline if their institutions stifle inclusive growth.

The latest to enter this dialogue is Jeffrey Ding, whose recent book, *Technology and the Rise of Great Powers*, presents a highly relevant dimension in the context of the AI revolution. Ding examines how AI technologies diffuse across nations and how this diffusion, not just invention, determines national power. His key insight is that it is not necessary to be the inventor of AI to benefit from it; what's more important is how effectively a country can adopt, adapt, and apply AI technologies across sectors. To support this, Ding draws on historical examples, such as Britain during the second industrial revolution

Being the inventor of AI isn't essential; what matters more is how effectively a country adopts, adapts, and applies it across sectors

which was overtaken in certain sectors by Germany and the US — not because it lacked invention, but because those nations were quicker to scale up and integrate technologies like chemical and electrical engineering into their industries. Similarly, post-war Japan became a tech powerhouse not by inventing new technologies, but by mastering diffusion — adopting global innovations and applying them efficiently to boost productivity and economic growth.

This idea is particularly relevant for countries like India, which may still not be at the cutting edge of foundational AI research but possess the scale, talent, and policy momentum to implement AI meaningfully within their unique socioeconomic contexts. The government, industry, and all stakeholders should look closely at Ding's emphasis on diffusion. With its vast population, expanding digital infrastructure, and a burgeoning ecosystem of start-ups and developers, India is well-positioned to localise and deploy AI at scale, even if it has not invented much so far.

The interplay of theories shows that no single explanation is sufficient to capture the complexity of national rise and decline. Kennedy's caution about overstretch remains relevant as nations invest heavily in AI without fully considering long-term economic sustainability or regulatory oversight. Acemoglu and Robinson remind us that AI in the hands of extractive institutions could lead to inequality and authoritarianism. Ding's thesis offers a powerful lens to view the technological race, but it, too, must be situated within the broader political and institutional framework of each country.

AI is not merely a tool; it is a system-shaping technology that can redefine economic production, labour markets, and political governance. Therefore, for India, the challenge is not only to develop AI capabilities but also to ensure its institutions support their equitable diffusion and ethical use.

True, AI has become both the symbol and substance of national ambition, and no doubt invention is important in this race. But as Ding rightly observes, it is diffusion — the capacity to absorb and adapt — which will yield the right results. And for this to happen, sectoral policies will not work; every policy step would need to examine how AI can be diffused. While it's nobody's case that invention and the drive towards making India a technology product nation should be abandoned, it's equally important to remember that diffusion trumps invention.

stitioned to localise and deploy AI at scale, even if it has not invented much so far.

The interplay of theories shows that no single explanation is sufficient to capture the complexity of national rise and decline. Kennedy's caution about overstretch remains relevant as nations invest heavily in AI without fully considering long-term economic sustainability or regulatory oversight. Acemoglu and Robinson remind us that AI in the hands of extractive institutions could lead to inequality and authoritarianism. Ding's thesis offers a powerful lens to view the technological race, but it, too, must be situated within the broader political and institutional framework of each country.

AI is not merely a tool; it is a system-shaping technology that can redefine economic production, labour markets, and political governance. Therefore, for India, the challenge is not only to develop AI capabilities but also to ensure its institutions support their equitable diffusion and ethical use.

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LETTERS TO THE EDITOR

Spurring next phase of growth

Aprons of "Over to corporate India" (FE, June 7), the 50-basis point rate cut by the Reserve Bank of India (RBI) is far more than what the market had expected, but softening inflation and strong economic indicators provided much needed legroom to the central bank. This move will provide a meaningful relief for borrowers as they can expect lower EMIs in long-term

loans and affordability for home buyers will improve. The RBI also slashed the cash reserve ratio by 100 basis points, which will release ₹2.5 lakh crore into the financial system. It is a great positive to provide India Inc access to cheaper capital to start their capex investment, because public capex can only do so much heavy lifting. India needs this easy money policy to spur the next phase of growth.
—Bal Govind, Noida

Welcome surprise

The Reserve Bank of India governor sprung up a pleasant surprise for corporate India with a 50-basis point cut in the repo rate, making loans cheaper, and a 100-basis point reduction in the cash reserve ratio that will bring more liquidity for the corporate sector to benefit from. However, those dependent on income from term deposits in banks are likely to see the interest rates

offered by banks lowered. Even if the contribution of agriculture to the GDP is decreasing, rural India yet depends on a good monsoon to create demand for manufactured goods. Most of all, corporate India needs to step up exports in a challenging environment. It must find ways to neutralise Trump's tariffs or, still better, use them to their own advantage.
—Anthony Henriques, Maharashtra

Write to us at letters@expressindia.com

THE IDEAS PAGE

Maharashtra's sore loser

Rahul Gandhi's accusations on the integrity of the assembly elections are fantastical, baseless. They show a lack of trust in the voter



BHUPENDER YADAV

FANTASIES ARE FAIR. But only so long as one doesn't start to believe that it's the national duty of institutions, people and opponents to make them come true. The Congress, and the son of the party's first family, who now happens to be the Leader of Opposition in Lok Sabha, has always believed that he is the "rightful heir to the throne". Away from the world of fantasies, in the real democratic setup in India, elections are won by delivering on promises, having a credible ideological roadmap, building organisational strength and discipline, and above all else — winning the trust of the people.

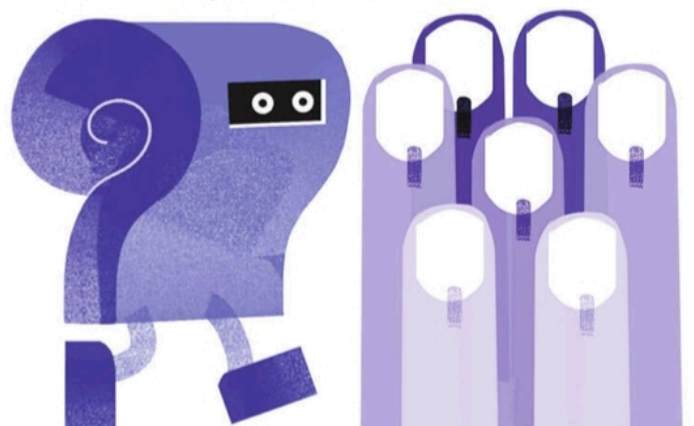
Rahul Gandhi's article ('Match-fixing Maharashtra', *IE*, June 7) is born out of the frustration of staying out of power, and goes on to cast baseless doubts on the Maharashtra Assembly election's integrity, alleging fake voters, bogus voting, and opacity.

The first aspersion is on the decision to place a Cabinet minister instead of the Chief Minister on the selection committee. A little knowledge of parliamentary powers would have come in handy for the LoP: Parliament is empowered to create a rule for the appointment of the Chief Election Commissioner. The committee had the CJ as a member as a temporary provision, until a rule was formed. Under the new laws, a committee headed by the law minister and senior bureaucrats finalises the shortlist, which is discussed by a committee comprising the PM, the LoP, and the Union Minister (in this case, the home minister).

Rahul Gandhi's memory seems to have failed him: He does not seem to realise that he was a member of the committee, and that the provision itself is in stark contrast to the way the Congress-led UPA government appointed the CEC. The Opposition was left over 50,000 votes. On all seats, voters numbers saw a significant increase. So, the allegation that only the BJP won on seats where voters increased is a deliberate lie. The Kamthi seat has been won by a margin of around 50 per cent in the four previous elections. In fact, in 2014, it was won by over 54 per cent. Attributing the convincing victory to voter addition is as far from the truth as Rahul Gandhi is from the electoral ground.

The EC, in its April 23 rebuttal, directly addressed the claim of an unusual turnout increase. It stated that the increase from 58.22 per cent to 59.22 per cent in the final tally is within normal voting trends. The LoP calls this 783 percentage points rise unprecedented. In reality, the 783 percentage points adjustment is mirrored in the 2024 Lok Sabha phase-wise data. When the post-5 pm jump averages 8.5 percentage points.

The EC calculated that with an average voting rate of 58 lakh votes per hour, up to 1.16 crore votes could have been cast in the final two hours, but only 65 lakh votes were recorded. Aligning with expected patterns, in fact, the EC claimed that the same was actually below the average. The EC called the LoP's claim — that such an increase was "physically impossible" — completely absurd and unsubstantiated, emphasising that the voting process was monitored by party agents, including 27,099 Congress-appointed agents, across 1 lakh polling stations. The EC further noted that no formal objections were raised during the scrutiny of Form 17A (voter turnout records) on polling day or the day after, reinforcing the legitimacy of the turnout figures.



minimal contestation.

But the LoP's coterie has withheld an important point from him. All political parties, including the Congress, had access to the lists. As many as 97,000 booth-level officers and 1,03 lakh booth-level agents, including 27,099 appointed by the Congress, oversaw the process. Why were no objections raised then? Instead of writing an opinion article, he should have met his booth-level workers and asked how the list "passed their smell test".

The article goes on to claim "certain booths" showed unusual turnouts and tries to question the result. The Maha Vikas Aghadi won 53 seats, Mumbai-Kalwa (NCP-SP), with a winning margin of 96,228, Bhiwandi East (Samajwadi Party) with 52,015, Khed Alandi (SHSURT) 51,743; and Nagpur North (Congress) with a margin of 28,467, are seats where the Opposition won by over 50,000 votes. On all seats, voter numbers saw a significant increase. So, the allegation that only the BJP won on seats where voters increased is a deliberate lie. The Kamthi seat has been won by a margin of around 50 per cent in the four previous elections. In fact, in 2014, it was won by over 54 per cent. Attributing the convincing victory to voter addition is as far from the truth as Rahul Gandhi is from the electoral ground.

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raised during the scrutiny of Form 17A (voter turnout records) on polling day or the day after, reinforcing the legitimacy of the figures. Again, the Congress not only failed to prepare well for the elections, but also failed in analysing why it lost. The LoP, I am sure, has till date not asked his party's foot soldiers why they failed to raise any objections to Form 17A.

Rahul Gandhi's claim that many names were deleted from the electoral roll is also based on falsehood. The EC confirmed that there were no unusual or bulk deletions across the state. The average deletion rate was around 2,779 electors per AC, and these deletions were primarily due to voter deaths, relocation, or duplicate entries. The process followed was transparent and included participation from INC representatives.

Rahul Gandhi's assertion that the amendment to Section 93(2)(a) of the Conduct of Election Rules, 1961, was a deliberate move to "hide evidence" of electoral malpractice is entirely speculative. The amendment, which clarifies access to CCTV footage and electronic records, was introduced to streamline the electoral process, protect voter privacy, and prevent misuse of sensitive data. It was made to ensure that sensitive electoral data, such as CCTV footage, is not misused for purposes like voter intimidation or manipulation. Secrecy of the ballot is a cornerstone of free and fair elections. The EC, in consultation with the government, introduced this change to align with the best practices followed globally. The EC has also stated that identical EPIC numbers in older voter lists were due to manual mechanisms in the past and do not indicate duplicate or fake voters.

The counting of votes is widely covered, and party representatives have a chance to challenge the result at any time, which was, again, not done by the Congress party. What Rahul Gandhi does not know is that elections are not won by conducting "smell tests" in party offices or the comfort of one's home. One has to wake up and smell the coffee brewing on the ground, just because a section of the media and an inner coterie say you are going to win, people do not simply vote for you. People vote for you when they trust you.

The writer is Union Cabinet Minister for Environment, Forest & Climate Change

WHAT THE OTHERS SAY

"Instead of doing what is ideally the responsibility of historians or society at large, we feel the interim government, which by definition is meant to do only crucial tasks, should focus on more urgent and present-day reforms that the nation is eagerly waiting to see."

—THE DAILY STAR, BANGLADESH

Going all out for growth

By cutting rates, the RBI has indicated that it has managed to tide over inflation. Task now is to lift consumer sentiment



SACHCHIDANAND SHUKLA

"THERE ARE DECADES where nothing happens, and there are months where decades happen." Lenin is said to have once remarked. He obviously would have had no inkling of what the Reserve Bank of India (RBI) was planning to do in the first six months of the year 2025. Yet, RBI actions could, albeit with some exaggeration, be categorised as worthy of the above statement.

What has the RBI done? It just delivered a Big Bang policy with a 50 bps (basis points) repo rate cut against consensus expectations of a 25 bps rate cut, and also doubled down with a surprise CRR (Cash Reserve Ratio) cut of 100 bps in four tranches of 25 bps to 3 per cent — a move that will release liquidity worth Rs 2.5 lakh crore by December. Notably, it has injected a total of Rs 9.5 lakh crore of liquidity into the banking system since January. A little earlier, it had announced a dividend transfer of Rs 2.69 lakh crore to the Centre. The RBI has also gone soft on some of the macro-prudential tightening norms. All of these measures cumulatively have surprised the expectations of most stakeholders and forecasters.

In the latest policy review, the RBI revised its CPI (Consumer Price Index) inflation estimate for FY26 down to 3.7 per cent from 4 per cent earlier. The CPI eased to a multi-year low of 3.2 per cent in April and is expected to remain below the RBI's 4 per cent target. On growth, the central bank retained its 6.5 per cent forecast for FY26 but cited global economic uncertainty, particularly due to renewed US tariffs and volatility in crude oil prices, as risk factors.

So what are the takeaways from the RBI's moves? The RBI has unabashedly turned pro-growth for now — and this may also seem like an acknowledgement of GDP growth weakness and the cloudy outlook due to global uncertainties. Moreover, the Governor asserted that the central bank has been able to attain a victory over inflation for the time being. The RBI has opportunistically — and rightly so — chosen to use the space opened up by the low inflation trajectory to front-load its rate cuts, instead of spreading them over two policy meetings with cuts of 25 bps each. The CPI inflation prints are likely to hit sub-3 per cent in the next few months, thanks also to a favourable statistical base and improved supplies.

Importantly, in what must be one of the quickest reversals in monetary policy stance, the RBI changed its stance back to "Neutral" from "Accommodative", announced in its April policy. The repo rate was around current levels only during the pandemic and in August 2018, and even the CRR has not been lowered to 3 per cent outside of the pandemic or a crisis. This is a clear signal that the RBI has concluded this

rate cut cycle and will most likely remain on a prolonged pause, subject to evolving economic conditions.

A few important questions remain. First, will this rate cut boost GDP growth and spur consumption and capex? Monetary policy works with lags and, assuming transmission by lenders, the fuller benefits may accrue in the year 2026. While the RBI has been on an overdrive to address the supply side of credit — cutting policy rates, infusing durable liquidity — the demand for credit remains a problem. Corporates remain flush with cash and, with their balance sheet strength, have the ability to tap market instruments rather than banks if they need funds. However, with huge global uncertainties and still ailing domestic demand, they may not be inclined to borrow to undertake big investments.

For households and consumption in general, the sentiment remains weak — in part due to the tepid wage growth cycle and the over-leveraging of the past. However, discretionary consumption segments, especially the high-ticket segments such as real estate and consumer durables or users of loaned funds, NBFCs (non-banking financial companies), will be among the immediate beneficiaries. While the RBI's aggressive moves are expected to support real GDP growth, nominal GDP growth is likely to remain subdued due to muted retail and wholesale inflation. This may weigh on top-line growth for corporates.

Second, will lenders lower rates and transmit the rate cuts? With low organic demand for credit, most lenders are likely to adopt a wait-and-watch approach. Also, given the huge liquidity boost and the fact that around 60 per cent of the loans are linked to external benchmark-based lending rates (EBLR), one can expect lending rates to soften by 25–50 bps broadly over the next few quarters. While the repo rate cut may hurt the NBMs (net interest margins) of lenders, the CRR cut could act as a cushion, providing 7% relief, according to the RBI. The CD (certificates of deposit) and CP (commercial paper) markets are already beginning to see easing of yields, though this may not be visible in the long end of the curve or in the 10-year yields.

Third, from an external economy perspective, the repo rate — now lower by 100 bps at 5.5 per cent — while the US Fed remains on a pause, will reduce the interest rate differential. This could weigh on capital inflows in a volatile world and also put downward pressure on the Indian Rupee.

Finally, why should the RBI have cut the CRR to 3 per cent — the floor mandated by current regulations — if liquidity was abundant, leaving the RBI with little ammunition in case of a global crisis?

Clearly, the RBI is not banking on "nudges" to the system and is counting on the money multiplier — in the backdrop of a larger monetary base and a huge liquidity gush — to shoulder probably a little more than its fair share of the responsibility of supporting growth.

The writer is Group Chief Economist, L&T. Views are personal

The women of Pahalgam

By appropriating their loss in muscular outrage, we do injustice to their grief



NALINI SINGH

IS THERE a drone that takes top-angle shots of the emotional pathways of the crowd below? If so, it would have mapped the thick relationships of love and belongingness in the family groups clustered at the Baisara meadow in Pahalgam at 1.45 pm on April 22. It would have generated digital evidence of the baffling paradox of the Indian middle class: Its soaring optimism among almost daily setbacks.

Honeymooners, mid-life couples on a family holiday, teenagers, pilgrims who take a detour to mini-Switzerland after the religious trek to the Vaishno Devi shrine and elderly people came face to face with the slaughter of 26 men by four or five Pakistan radicalised terrorists. The 26 who fell to the barbarians' bullets were deeply embedded in their families. The honeymooners, some married for only six days, were just beginning to hum the music that would hold their lives together, but the automatic weapons of the terrorists silenced the song in their heart forever.

Today, 26 families are living with the power of the memory of somebody who is not here and never will be. There's no set time for grieving an unexpected and violent death. Grief swamps you in tidal waves, and then it recedes a bit, lulling like an enemy helicopter, waiting to scoop you into its inky darkness in your loneliest moments. Experts say that an unexpected, violent death sends the

mourner into shock, and that it might take weeks, even months, before a mourner can "feel" again, when the brain begins to function at an intellectual level.

Six weeks into their terrible loss, the 26 families are most likely processing the searing reality of their altered life and beginning to redefine their identity in the absence of their family members. An event of this magnitude is like finding yourself alive after an aquatic landslide. It is precisely at this time, when the women, brutalised by the Baisara tragedy, might be returning to "life", that the country's leaders, political, civil society activists and journalists are referring to them as the "widows of Pahalgam". By identifying them by this collective label, as the inheritors of loss — to rephrase Kiran Desai — we are sending a coarse message that these women have lost social status, acquired a lifelong stigma, assumed a cloak of vulnerability, and invited public scrutiny, judgement and discrimination for the rest of their lives — the young and old women alike.

BJP MP Rani Chander Jangra has already accused the wives of "not having the passion, zeal, heart to fight the terrorists to save their husbands. That's why they folded their hands instead of fighting, and letting their husbands become victims of the terrorists' bullets". He wants to reignite the spirit of bravery of Rani Ahiyabai Holkar. Ironically, this warrior queen was as well as the intrepid Rani Jhansi Bai

had helmed their armies and attacked their enemies after the deaths of their husbands had wiped off their *sindoor*.

In our society, where marital status is a significant social marker, labelling the women victims of Pahalgam "widows" defines them by their loss rather than their potential resilience and ability to rebuild their families. Several of the women survivors were "homemakers", invested in familial relationships, traditionally dependent on their husbands for the family's authority, will now face loss of purpose and social role, unmoored from the tight social embrace that held them together as members of a community. They will face a lack of economic buoyancy, and challenges of inheritance rights. Their children will look up to their mother to navigate the trauma of their father's sudden absence, even as their mother's "widow" status diminishes her agency. The women are still being pressed into a role of mourning and dependency, as befits their *sindoor*-less status.

As an angry nation, we are being exhorted to focus on the Pahalgam women victims' loss of *sindoor* in the parting of their hair, the fading of the *sindoor* that marks the end of their conjugal status. But why have we chosen the loss of *sindoor* as the symbol of the women's life ahead? Have we questioned the appropriation of the *sindoor* — the most tender and intimate moment when a groom

adorns his bride's hair with a sprinkling of the *sindoor*, as a mystical covenant between two persons to live together — to be used as a symbol of muscular martial outrage, where patriotism will be inscribed in a hair-parting? "Operation Veer Bhairav" repulsed the enemy, not the *sindoor*.

Have our societal norms advanced or retreated? Bapsi Sidhwa's *Water*, set in colonial India, followed an eight-year-old "child widow", Chuyiya, who is banished to an ascetic life of isolation and shaved heads in a widows' ashram, to atone for her sins that brought about her husband's death, but she rebels against this life of guilt and forced deprivation. Mahashweta Devi, Amrita Pritam and several other writers understood the sublimity of "widowhood" and the readers of that time greeted their inspiring stories with thoughtful acceptance.

So why are we promoting regressive thinking by referring to these 26 women, who lost their husbands so cruelly at the hands of Pakistan-trained terrorists, using a vocabulary that reminds them constantly of their *sindoor*-less status? These women are now gathering the strength to live courageous lives, their bonds of love with their absent husbands tethering them strongly to the tough terrain of the life ahead. These are the precious women of Pahalgam.

The writer is a senior journalist

LETTERS TO THE EDITOR

PLANNING FAILURE

THIS REFERS TO the editorial, '11 too many' (*IE*, June 6). The programme to celebrate the winning the much-coveted IPL trophy by RCB after a long and agonising wait of 18 years did not have the necessary planning and organisation to ensure the safety of the fans. What was supposed to be a joyful moment became a tragedy with the death of 11 innocent persons. About 50 people were injured as well. There was no rationale in holding such a popular spectacle within 12 hours of winning the trophy despite the police's objections to the contrary due to their inability to make adequate security arrangements and revamping logistics for the event within such short notice.

Ravi Mathur, Noida

CENSUS, AT LAST

THIS REFERS TO the editorial, 'More than stars' (*IE*, June 6). India figured among the 44 nations that had not conducted a decadal census. The announcement of India's next Census is both significant and overdue. While the shift to a digital Census marks a step forward, the more historic move is the inclusion of caste enumeration for the first time in independent India. This could provide critical data to inform policy decisions. It is imperative that the process be transparent, inclusive and methodologically sound. Enumerators must be thoroughly trained to handle sensitive caste data.

SS Paul, Noida

THIS REFERS TO THE EDITORIAL

"More than stars" (*IE*, June 6). Data acts as the basic foundation for evidence-based policy-making and when the same is considered at scale in a country like India, then the decadal census is a *sine qua non*. However, delay in this exercise is this case by half a decade, can hamper policy-making and may result in the exclusion of people deserving to be in the beneficiary list. At the same time, it may lead to distorted representation in the parliament as the Census will be followed by the delimitation exercise. Nevertheless, this delayed start is better than having no clear idea of when the next Census will be. Also, the use of digital tools will help synthesise data rapidly and may give speedy results.

Dewang Ganesh Thosar, New Delhi

THE WRONG ISSUE

THIS REFERS TO the article, 'Match-fixing Maharashtra' by Rahul Gandhi (*IE*, June 7). The article contains nothing in his speeches and press conferences. The EC has replied to his concerns multiple times. The long article's main point is that wherever the number of voters has gone up, the BJP has won. As Leader of Opposition, he should talk of issues relevant in the present-day context. He can serve his party better by an objective inspection of its electoral performance.

YG Choudhary, Pune

POLITICS

LS blip is past, BJP back in business

In the past year, BJP has won 3 state polls, reclaimed the nationalist narrative, doubled down on its political and ideological projects

VIKAS PATHAK
NEW DELHI, JUNE 8

THE 2024 general elections saw the BJP fall short of a majority in Lok Sabha with its tally dropping from 303 to 240 seats. For the first time since 2014, the party of Prime Minister Narendra Modi had to rely on coalition partners to be in government.

A year later, 2024's electoral setback appears to have been but a minor bump in the road for the Modi juggernaut. While continuing to bank on its nationalist credentials and image as a strong, uncompromising government, Modi 3.0 has taken policy stances that the opposition has struggled to counter. Here's a recap.

A quick rebound

In the past year, the BJP has secured clear majorities in state Assembly elections in Haryana, Maharashtra, and Delhi, cementing its status as the most dominant political force in the country, the 2024 blip notwithstanding.

In Haryana, where it had won just five out of 10 Lok Sabha seats in June 2024, the BJP bounced back in October, winning 48 seats in the 90-seat Assembly. Then in November, the BJP on its own won 132 seats in the 288-seat Maharashtra Assembly, with its Mahayuti alliance winning a whopping 235 seats.

In February this year, the BJP returned to power in the national capital for the first time in 27 years, winning 48 seats in the 70-seat Assembly and ending a decade of AAP rule in Delhi.

While the BJP did not win the Assembly elections in Jammu & Kashmir, it was dominant in Jammu, winning 29 seats to Congress's six. The National Conference came to power after winning 42 seats.

In fact the only significant Assembly polls



Prime Minister Narendra Modi with Indian Air Force personnel at Adampur air base in Punjab on May 13. X/@narendramodi

setback for the BJP was in Jharkhand last October. The Jharkhand Mukti Morcha won 31 of the 81 seats, and returned to government in alliance with the Congress, which won 16 seats. The BJP secured 21 seats.

Winning narrative war

The BJP's successes over the past year come on the back of its ability to keep tight control of the political narrative, and repeatedly push the opposition into uncomfortable corners. The best example for this is Operation

Sindoor, on whose back the BJP now rides a wave of nationalism across the country. Military successes aside, the Modi government has leveraged the operation to push the opposition, especially Congress, on the backfoot.

Like in times past, the Congress has struggled to find an apt political idiom to counter the government on national security matters. Its recent attacks have focussed on the government allegedly capitulating to international pressure while agreeing to a ceasefire. But this flies in the face of the over-

whelming national consensus, which views Op Sindoor as a resounding success that has established a new normal in India's response to terrorism. Several opposition leaders—including Shashi Tharoor and Salman Khurshid of the Congress, K Kanimozhi of the DMK, and Asaduddin Owaisi of AIMIM—too have echoed this position, and been a part of all-party delegations sent abroad to explain and defend the government's actions.

That the Congress has repeatedly thrown jibes at Tharoor for his eloquent defence of

Op Sindoor shows how confused the party is, a stark contrast to the BJP with its clear, resonant messaging.

Strong but deft

After 2024 elections, there was a perception that Modi 3.0 would be shakier than the previous two governments. The government's actions thus far prove that that is far from the case.

Most notably, Modi 3.0 has continued to address its core ideological projects, much like it had done in its first and second term.

In April, Parliament passed the Waqf (Amendment) Act, 2025. Much like the 2019 law banning triple talaq, the Waqf Act is borne out of the BJP's long-stated desire to bring transparency and a sense of justice in matters pertaining to the Muslim community. The law is currently under challenge in the Supreme Court.

The first year of Modi 3.0 also saw progress on the Prime Minister's pet idea of instituting simultaneous elections to the Lok Sabha and state Assemblies, with the introduction of two crucial Bills.

Moreover, the government has been deft in its political manoeuvring. By unexpectedly deciding to enumerate caste in the next census, the government has turned the tables on the Congress and Rahul Gandhi who have invested a lot of political capital on the matter for close to two years.

Effectively co-opting Congress' caste plank, the BJP has accused past Congress governments of not allowing a caste census, "insulting" Dr B R Ambedkar, and putting the Mandal Commission report on OBC quotas on the backburner in the 1980s.

As the Modi 3.0 turns one, there is every indication that the Prime Minister is well and truly in charge of a strong government, and like in his two previous terms, the Congress is yet to get its act together.

GOVERNANCE

Stepping up Naxal fight, carrying on welfare push



Modi expanded PM-JAY coverage to all Indians over the age of 70 last year. PTI

EXPRESS NEWS SERVICE
NEW DELHI, JUNE 8

THE FIRST year of Modi 3.0 has seen the government step up its efforts to root out the decades-long Naxal insurgency, while building on flagship welfare policies introduced in its previous two terms.

Final push against Naxals

Union Home Minister Amit Shah last August announced that Left-Wing Extremism (LWE) would be eliminated from the country by March 31, 2026. This was a statement of the government's intent to bring an end to the insurgency that has cast a shadow over the very heart of the country.

To this end, security forces have registered significant gains against Naxals over the past year, especially in Chhattisgarh and parts of Jharkhand and Odisha, considered to be the last bastions of the Maoists. Major inroads have been made in Maoist strongholds in the Bijapur-Sukma-Dantewada tri-junction in Chhattisgarh, supported by intensified operations, the construction of forward operating bases, and better road connectivity.

In Chhattisgarh alone, security forces have killed 209 Maoists in the first five months of 2025, compared to 219 in all of 2024. In 2023, forces had killed 53 Maoists across states. Those killed in encounters include top Maoist commanders: the biggest success came on May 21 when security forces killed CPI(M) Maoist general secretary Basavaraju in the forests of Abujmahad.

Key to these recent successes, sources said, has been the political will of the government, intelligence-driven operations, improved coordination between state and central agencies, and state forces such as the District Reserve Guards of Chhattisgarh taking the lead in operations.

However, there have also been some setbacks. Maoist ambushes in places such as Kolhan, Jharkhand, and Abujmahad, Chhattisgarh, have resulted in casualties among security forces, and indicated that Naxals retain the ability to hit back in their strongholds. The road ahead involves not only sustaining pressure on residual Maoist zones but also ensuring that governance and infrastructure reach these regions.

INDIA AND THE WORLD

Complex challenges in chaotic Trump world

SHUBHAJIT ROY
NEW DELHI, JUNE 8

WHEN NARENDRA MODI became Prime Minister for a third term in June 2024, Joe Biden was projected to be in a close race with Donald Trump for a second term in the White House. India's border standoff with China had been ongoing for four years. Sheikh Hasina had been at the helm of Bangladesh for 16 years, and in Pakistan, the army had propped up a new coalition government. Significantly, there had been no major attack by Pakistan-sponsored terrorists since February 2019.

A year on, almost everything has changed. Trump has made a phenomenal political comeback, Indian and Chinese troops have disengaged in Ladakh. Hasina has been ousted from power, and India has had a four-day military confrontation with Pakistan after a massive terror attack targeted civilian tourists in Pahalgam.

US: Trump, the Disruptor

Since he took charge as President in January, Donald Trump's actions have plunged the world into uncertainty.

His tariffs on countries around the world have caused massive disruptions in trade and markets, and India has been pushed into negotiating a trade deal with the US.

To signal intent to his domestic base, Trump has made a spectacle of the deportation of illegal immigrants—plane-loads of Indians, too, have been returned in shackles.

He has gone after universities like Harvard and Columbia and foreign students in the US, putting several Indian students under scrutiny and causing widespread concern.

With a number exceeding 3.3 lakh, Indians make up one of the largest foreign student cohorts in the US. New Delhi's diplomatic challenge in Washington has become more complicated in Trump's world.



Modi and President Trump in White House in February 2025. THE NYT

a house of cards in the face of street protests from students and activists backed by the political opposition in July-August last year. Prime Minister Sheikh Hasina fled, and has been living in India since August 5.

Following the chaotic transition to an interim government led by Nobel laureate Prof Muhammad Yunus, New Delhi's ties with Dhaka have suffered. Islamists and a spectrum of opportunists have gone after those aligned with Hasina's regime. Minorities, including Hindus, who benefited from Hasina's secularist politics, have been attacked, provoking a very strong response from New Delhi. Bangladesh has asked for Hasina to be extradited but India has taken the call of giving her refuge. Yunus has played the China card, and New Delhi has tightened screws on visas and trade.

India will now be watching how inclusive and democratic Bangladesh's elections, scheduled for April 2026, turn out to be.

PAKISTAN: Blood and Sindoor

India responded to the killing of 26 civilians in Pahalgam first with diplomatic steps—putting the Indus Waters Treaty in abeyance, scrapping all visas and trade, and expelling Pakistani diplomats en masse—and then with the military step of launching attacks on nine terrorist locations, including headquarters of the Lashkar-e-Taiba and Jaish-e-Mohammed.

Following four days of military confrontation, during which China's arms support to Pakistan was evident, a ceasefire was announced. India subsequently spelt out the new normal in its dealings with Pakistan, vowing a response whenever a terror attack takes place again.

THE UPSHOT: Testing times

In a world made chaotic by Trump's turbulent presidency, India continues to face challenges posed by Pakistan, and China, which continues to stand firmly with its "all-weather friend" and ally.

Moving ahead, President Trump, President Xi, and General Asim Munir will test New Delhi's diplomatic skills and capacity.

ECONOMY

Familiar problems linger, global uncertainties complicate picture

ANIL SASI
NEW DELHI, JUNE 8

HELPED by a late 7%-plus surge in the last quarter, India's real GDP in Financial Year 24-25 grew 6.5% on a year-on-year basis. Some tailwinds have continued on to this fiscal (FY26), with domestic economic activity exhibiting resilience in the wake of strong agri growth; some gains, albeit uneven, are seen in industrial activity, and there is continued buoyancy in the services sector.

The domestic headwinds are familiar: stubbornly indifferent private capex, weak urban consumption, patchy rural recovery, some indications of household balance sheet stress, and a negative credit impulse.

The uncertainty over tariffs imposed by the United States could weigh on global investment flows, but it also offers opportunities for India, from potential trade diversion to tapping into medium-term supply chain shifts. That said, higher tariffs and uncertainties could weigh on India's export performance as it negotiates multiple trade deals.

Continuing concerns

According to the World Bank, India's biggest supply side problem is capital expenditure, especially by the private sector—something that the BJP-led NDA government has tried hard to address over the last 11 years.

The government has more or less resolved the twin balance sheet problem by cleaning up the mess of corporate indebtedness and the bad loans on bank books.

The Goods and Services Tax (GST) introduced in 2017 unified the country's markets, while the insolvency code in 2016 offered banks a chance to resuscitate bankrupt companies.

In 2019, an unprecedented corporate tax cut was followed up with a major income tax relief in this Budget to boost consumption in the economy.

All along, the Centre has continued with the heavy lifting on capex, especially on infrastructure, in the hope that it will crowd in private investments. But to very little avail.

While companies' operating profits have surged since the corporate tax cut, capex has barely moved, with factories operating consistently at around 75% capacity over the last 11 years. Gross fixed capital formation, an investment metric, has remained at 25%, the same level as in 2014. There is now increasing concentration risk across sectors.

Companies are also scaling down their salary outlays, something that policy makers are concerned about. Analysts are flagging that growth in compensation, including hiring, has trailed the growth in

GDP GROWTH PROJECTIONS: SELECT ECONOMIES

PROJECTION FOR	2025		2026	
	April	January	April	January
World	2.8	3.3	3.0	3.3
US	1.8	2.7	1.7	2.1
UK	1.1	1.6	1.4	1.5
Euro area	0.8	1.0	1.2	1.4
Japan	0.6	1.1	0.6	0.8
India*	6.2	6.5	6.3	6.5
China	4.0	4.6	4.0	4.5
Mexico	-0.3	1.4	1.4	2.0
Brazil	2.0	2.2	2.0	2.2
South Africa	1.0	1.5	1.3	1.6

* India's data is on a fiscal year basis, while for all other countries it is for calendar years. Source: IMF/BOI

profitability.

The industry states the problem as follows: consumption not growing fast enough to persuade companies to invest in new facilities or expand existing units.

Limits to intervention

The RBI has cut lending rates four times—totaling 100 basis points—since February this year. With Friday's 50 basis point cut and the change in stance to neutral from accommodative, the big question is whether the central bank thinks it has any headroom left for more rate cuts going forward.

The problem is that with the front-loading of this cut, and a possible monetary policy pause round the corner, the government too has all but expended the ammunition—having followed up its earlier corporate tax cuts with income tax cuts earlier this year.

The view in the corridors of power in New Delhi is that there is little appetite for big reforms of any hue.

A relatively empty state election calendar in 2025 was seen as providing a window to push reforms. But with half the year gone, the appetite for initiating fresh reforms, or even restarting pending ones such as the Labour Codes, appears significantly diminished.

It is not that industry has stopped short of investing because of a paucity of funds; instead, it has done so more on account of a demand problem, and a degree of comfort in operating at a capacity utilisation of 75%. Dishing out manufacturing subsidies has its limitations, and that is now being debated internally.

From the perspective of the central bank, the last mile of disinflation that was turning out to be arduous is perhaps being the country. Also, the rate cuts could hopefully reverse the slowing credit

growth—both to households and the corporate sector.

Looking ahead

While India's long-term growth story is believed to be intact—with a 6.5% average growth rate projected over the next half-decade seen as helping the country retain the tag of the world's fastest-growing big economy—there are problems.

Countries such as China, Japan, and South Korea grew at well over 8% during their rapid growth phases on a sustained basis. Whether a 6%-plus growth would be enough for a country that needs to generate upwards of 8 million jobs every year until 2030 is a big question—also whether this growth would be enough to bridge the growing wealth disparities and offer scope for generational mobility.

A well-intentioned internship scheme, despite its promise on paper, is struggling to take off. Jobs, consumption recovery, and private capex are festering problems.

The prognosis for 2025 is marred further by multiple external headwinds, including the uncertainties over protectionist regulations and curbs on immigration, two ongoing wars with no end in sight, and a weakening American economy that could compound the problems of a struggling Chinese economy.

If tensions with Pakistan were to be renewed, investments could be impacted. Defence spending could be forced up in the coming years.

The high-level deregulation commission in reducing compliance burden on businesses could be a net positive.

Also, the global uncertainty around trade presents an opportunity for India to lower its protectionist barriers, alongside a renewed opportunity to push much-needed investments in education and skilling.

Expanding Ayushman Bharat

In what might be the most significant decision yet under Modi 3.0, the Centre last September approved the expansion of the Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (PM-JAY) to include all Indians above the age of 70 years, irrespective of their income or social status.

Launched in 2018, PM-JAY is the Modi government's flagship programme in the health sector. Even prior to its expansion, it was the world's largest health insurance scheme, providing free cover of up to Rs 5 lakh per family per year to 40% of the most economically backward households in India.

By extending universal coverage to the elderly, the Centre has anticipated what might be one of India's biggest challenges in the coming decades.

According to the government's Longitudinal Ageing Study in India, the number of senior citizens (60 years and above) will increase from 103 million in 2011 to 319 million in 2050, going up from 8.6% of the total population to 19.5%. According to the India Ageing Report 2023, just over 20% of this population was covered by any government, employer-provided, or personal insurance scheme.

Major infra push

Last year, the government approved the extension of Pradhan Mantri Awas Yojana-Gramin (PMAY-G) till 2029, paving the way for the construction of two crore more houses under the programme. The Centre has already released Rs 34,000 crore to states under the PMAY-G, and cleared the allocations of Rs 44.5 lakh houses.

The Centre has also approved Pradhan Mantri Gram Sadak Yojana-IV (PMGSY-IV) to connect 25,000 villages with all-weather roads by 2028-29.

In the agriculture sector, the government last September launched the Digital Agriculture Mission, allocating Rs 2,817 crore for provisions of digital infrastructure. These include creating Digital Public Infrastructure (DPI) and implementing the Digital General Crop Estimation Survey (DGCES).

Decoding the Kamal-Kannada episode

A ctor Kamal Haasan's remark that "Kannada was born from Tamil" has sparked several debates. But this is not a new idea; it has existed within the Tamil discourse for two centuries. Robert Caldwell and other linguists have said Dravidian languages branched off from a shared language, termed Proto-Dravidian. However, Tamil nationalists have never accepted this view. They have claimed that all Dravidian languages are offshoots of Tamil. At its peak, this belief extended to proclaiming that Tamil is the world's first language and that all other world languages were born from it.

The more acceptable idea
Even today, these two schools of thought continue to thrive in the Tamil intellectual space. The idea of a Proto-Dravidian language has gained traction beyond Tamil Nadu. In contrast, the notion that Tamil is the source of all languages has little traction or acceptance outside. We now live at a time when awareness around linguistic dominance has grown politically in India's multilingual context. Every national group tends to hold its language as the primary marker of its identity. Any idea or action that is perceived as one that diminishes their linguistic pride often invites a fierce backlash.

In such a climate, it is more appropriate on public platforms to affirm the idea that all Dravidian languages emerged from a common Proto-Dravidian root. Culturally and politically, this view fosters harmony and equality. To say other languages came from Tamil can easily be perceived by others as demeaning to their language and identity. They may see such a claim as a form of dominance imposed on them. For Tamil nationalists, who mix ancestral pride with political messaging, such assertions may help construct a narrative of ancient greatness. But beyond that, in contemporary politics, this view only serves to isolate Tamil



Perumal Murugan
Scholar and literary chronicler who writes in the Tamil language

Nadu. Without strong, widely accepted academic evidence, there is no need to insist that Tamil is the source of all languages.

The classical attributes of Tamil – its antiquity, literary richness, and unbroken literary tradition – are well known to other language communities and to the world at large. Merely presenting these strengths is enough to bring honour to Tamil. Even when compared with modern literature of any Indian language, Tamil literature stands equal, if not superior. What we need are conscious efforts to take this richness of Tamil to a wider world.

In 2022, Hindi writer Geetanjali Shree won the International Booker Prize. This year, Kannada writer Banu Mushtaq received the same honour. Tamil, too, deserves to be taken to such global heights. What we need is a sustained cultural effort in that direction – not the unproductive habit of making provocative statements that alienate speakers of other languages.

When Mr. Haasan said "Kannada was born from Tamil," his intent was not to insult that language. Kannada actor Shivarajkumar was on stage, and Mr. Haasan was speaking with pride about his warm relationship with that family. He was pointing to the kinship between Tamil and Kannada and was trying to say 'we are family; ours are different languages'. It is likely that in that moment, the idea that 'Tamil is the origin' – an idea long held by a section of Tamil thinkers – came to his mind. But there is no reason to doubt his intentions. He has the freedom to express such a view in public. Those who hold opposing views can disagree, and speak or write in response. But to issue threats to him is a violation of his right to express an opinion.

The court's view
When a case regarding the release of his film *Thug Life* came before the court in Karnataka, the judge almost compelled Mr. Haasan to

apologise. While linguistic fundamentalists are prepared to turn this into a conflict between two regional nationalities, should the court be approaching it in a way that favours them? The police may treat this as a law-and-order issue, but the court cannot view it that way. Should the court function like a *kattappanchayat* (extrajudicial body) enforcing commercial compromise?

The court should have treated this as an issue of freedom of expression. Anyone can say they are hurt by a particular view, but what is the measure of being hurt? Anyone can deliberately create social tension. The court cannot consider such people as a party to compromise. The court should have said that it will carefully examine whether Mr. Haasan has the right to express such a view; that this has no relation to the release of the film; and that it will allow the film's release with police protection. Whatever way the case came before the court, it should have been approached from the standpoint of freedom of expression. In a democracy, the court is the final refuge that safeguards that right.

Mr. Haasan did not apologise. He explained that "the opinion was not wrong; it was misunderstood." Normally, if any issue arises around a film, the standard response is to issue an immediate apology, remove scenes, and make compromises to facilitate the film's release. For the first time, someone from the film industry has said, "I will not apologise."

Whatever commercial calculations may lie behind that stance, the courage to make such a statement must be acknowledged. As the court itself said, this is not a matter of arrogance, but of self-respect. A person has every right to express an opinion and to stand by it if they believe it is right. Democratic opposition to such views can certainly be voiced. But issuing violent threats or denying someone their right to live must be treated as punishable crimes.

Using religion for political gains

Religious issues are increasingly dominating political narratives in Andhra

STATE OF PLAY

Sumit Bhattacharjee
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For the last four decades, political narratives in Andhra Pradesh have always hinged on caste equations. Even if we look at the composition of the current National Democratic Alliance (NDA), the two major parties – the Telugu Desam Party (TDP) and the Jana Sena Party (JSP) – are largely represented by two major castes in Andhra Pradesh – the Kammas and the Kapus. Similarly, the Congress and YSR Congress Party are dominated by the Reddy community.

This was not always the case. Before the 1980s, the key players in Andhra Pradesh were the Congress and Left parties, and their narratives were largely based on social issues. Though there were underlying currents of caste-based politics, these did not surface often. The narrative of caste-based politics started with the entry of N.T. Rama Rao into politics in 1982. Rao, the founder of the TDP, advocated for Telugu pride, yet his party was often termed a 'Kamma party'.

Ever since the composite State of Andhra Pradesh was bifurcated in 2014, and Telangana was formed, the politics in the residual State of Andhra Pradesh has changed and has assumed religious overtones. While this was noticeable during the previous YSRCP government headed by Y.S. Jagan Mohan Reddy, it has become all the more evident during the current NDA regime, which came to power in 2024. Political narratives have been based largely on a number of issues revolving around places of worship and have



ANDHRA PRADESH

caused quite a stir in the State.

The most prominent of these is the controversy surrounding the Tirumala Tirupati Devasthanam (TTD). It broke out in September 2024 when Andhra Pradesh Chief Minister Chandrababu Naidu alleged that the *laddu* prasadam was being made with adulterated ghee containing animal fat. He claimed that the contract for the supply of sub-standard ghee had been given to a firm by the earlier YSRCP government.

The accusation caused political and religious outrage across the country. Deputy Chief Minister Pawan Kalyan, who is the JSP chief, claimed that adding adulterated ghee was a concerted move to attack Sanatana Dharma. The parties and allies of the NDA left no stone unturned in attacking Mr. Jagan Reddy and his party. They went to the extent of saying that the practice of hiring staff from other faiths had led to 'sacrilege' of the TTD. A Special Investigation Team was constituted to probe this matter and the issue finally reached the Supreme Court.

When the controversy died down after a couple of months, Mr. Reddy turned the tables on the NDA following a stampede at the Vaikunta Ekadasi festival at the TTD temple in Tirupati. The incident, which took place on January 8, claimed six lives. Mr. Jagan Reddy and his party alleged

negligence, and held the NDA responsible for it.

Before this incident too could die down, TTD's former chairman, former MLA Bhuvanar

Karunakar Reddy, alleged that over 170 cows had died in a month at the *devasthanams goshala* (cow shed) and said that funds for the *goshala* were being misused by the present TTD board and officials. This led to tense moments in the temple town. Both the YSRCP and the NDA locked horns over the issue. All the political parties in the State, including the Left parties, took turns to add to the discourse. The issue reached a feverish pitch and dominated the political narrative in the State.

However, this is not the case only with the present NDA regime although it seems more prominent now. The de-securitisation of Lord Rama's idol at the 12th century Ramatherey temple in Vizianagaram was killed in a December 2020 gained considerable political traction. The YSRCP was in power then. All the Opposition parties, including the TDP, the JSP, and the BJP, raised their pitch and made this an election issue in the 2024 general elections. In the same year, a century-old wooden chariot of the Lakshmi Narasimha Swamy temple, located in Sakshinipati Mandal in East Godavari district, was set on fire by miscreants. The Opposition parties alleged that people from other faiths had set fire to the chariot. The suspect in the case, who hails from a minority community, was killed in a road accident.

Senior politicians and political analysts say that this appears to be a new trend in the State. With religious issues taking centre stage, core issues are taking a backseat.

Defence production in India receives a filip

While India continues to import a large share of its defence equipment and weapons, government data shows that domestic manufacturing has picked up

DATA POINT

Samreen Wani

In the weeks following Operation Sindoor, there have been discussions on the efficacy of India's home-grown defence capabilities, and confidence in them. As India's defence production and exports have hit record highs in the past financial year, contributions from private defence companies and MSMEs have increased.

The stocks of various defence companies rose significantly in the week of Operation Sindoor and even beat the performance of the largest 50 companies on the National Stock Exchange. For the purpose of this analysis, the stocks of 18 companies included in the Nifty Defence Index were considered for comparison. These include state-run companies such as Hindustan Aeronautics Limited as well as prominent private companies such as Paras Defence and Space Technologies Limited. Defence stocks increased by almost 21% in the week India conducted its first military strikes against Pakistan in May, far exceeding the 3.1% rise seen in the Nifty50 index in the same period. In the following week, defence stocks rose by 5.4% compared to a 0.5% drop in the Nifty50 index. Operation Sindoor seems to have provided a filip to the performance of defence companies which were otherwise outperformed by Nifty50 companies in the weeks preceding the strikes (Chart 1).

While India continues to import a large share of its defence equipment and weapons, government data shows that domestic manufacturing has picked up. India's defence production touched a record high in 2023-24 (FY24) at ₹1.3 lakh crore, growing at 17% compared to the previous year and exceeding the ₹1 lakh crore mark for the second year in a row. In fact, defence production has been seeing double-digit growth since FY22. Pro-

duction had contracted by 2.5% in FY20, the year before the pandemic began. While the complete figures for FY25 are not yet in, government data as of December 2024 shows that production is touching ₹90,000 crore against a target of ₹1.6 lakh crore for the year (Chart 2).

Similarly, India's defence exports have picked up and exceeded ₹20,000 crore in the past two financial years. These figures are twice those of what was seen before FY20 (Chart 3). India's defence exports include small arms, protective gear, and artillery. The export target set for the current fiscal is ₹30,000 crore.

While public sector companies account for a majority of the total defence production, private companies are steadily carving out a larger share for themselves. They accounted for about 20% of the total defence production in FY17; this continued till FY24. In FY25, their share has increased to almost 24%. Similarly private defence companies also account for a majority of the share of defence exports on account of export authorisations (Chart 4).

MSMEs have also emerged in the defence production story by providing components to the defence industry. The government has set mandatory targets of public procurement from MSMEs to ensure state support to such units.

Goods worth ₹13,000 crore were procured from MSMEs in FY25, which is more than double the target set for the fiscal. Small businesses contributed goods worth up to ₹3,000 crore to the Defence Ministry between FY18 and FY20. In the years after FY20, larger orders were taken from MSMEs (Chart 5).

An increase in the value of defence production and exports notwithstanding, the share of defence in overall government expenditure has been declining. But India still spends more on its military (relative to GDP) than many other emerging market economies.

Taking stock

The data for the charts were taken from the Department of Defence Production, Ministry of MSME, and the NSE

Chart 1: The change in the indices before and after Operation Sindoor, in April and May 2025 (n %)

Defence companies outperformed by Nifty50 companies before the strikes

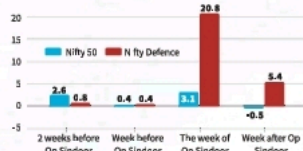


Chart 2: The total value of defence production (in ₹ crore) and its rate of growth (n %)

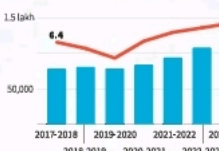


Chart 3: The total value of defence export (in ₹ crore) and its rate of growth (n %)

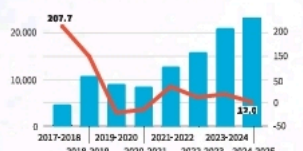
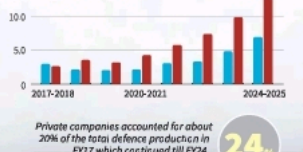


Chart 4: The share of private defence companies in total defence production (LHS) and exports (RHS)



Chart 5: The target set and achieved for public procurement from MSMEs by the Defence Ministry (in ₹ '000 crore)



FROM THE ARCHIVES

The Hindu

FIFTY YEARS AGO JUNE 9, 1975

IIT develops solar air-conditioner

Madras: The Indian Institute of Technology Madras has recently developed a system of solar air-conditioning, using the "absorption principle," suitable for the hot and humid climate of the coastal region of India. It is now engaged in perfecting the various parts to make the equipment suitable for mass production.

Developed by Dr. M.C. Gupta and his associates at the institute with financial support from the Central Department of Science and Technology, the system contemplates dehumidifying room air by using an absorbent chemical solution. Moisture is removed by the drying agent which is then regenerated by solar heating. The room air is dehumidified in a spray tower where regenerated chemical solution is used. This dehumidified air is further cooled by an evaporative cooler and thus the conditioned air is now ready to go back into the room.

The heart of the system is the regenerator which regenerates the chemical solution used for dehumidifying the air. It uses sun's energy directly and so no blowers or other mechanical contrivances are necessary, except a small pump to circulate the solution. The collector-cum-regenerator, developed at the institute, is claimed to be more efficient than its counterparts developed in other countries.

The unit can be operated with much lower irradiation thus permitting operation in the mornings and evenings. Sufficient regenerated absorbent solution can be stored to work the equipment during extended cloudy weather and nights. It is of simple construction and is made of galvanised iron sheets, glass sheets, and wooden planks and the air flows through the collector by natural wind forces. The collector-cum-regenerator may be fitted directly on top of the sloping roof of a building. This integration with the building will bring down the cost of the collector further.

A HUNDRED YEARS AGO JUNE 9, 1925

Theft of German colonies

Munich, June 8: The annual meeting of the German Colonial Society has passed a resolution strongly protesting against the theft of Germany's colonies and demanding the Government to ask for their return and requesting the Reich-Commercial Treaty unless the anti-German regulations still enforced in British colonies are cancelled.



Meeting interlocutors

The delegations projected a united image of pluralistic India

The seven Indian delegations of mostly Members of Parliament and some former diplomats, tasked by the government to carry diplomatic messages after Operation Sindoor, have completed their travels. The 59 members visited 32 countries to convey the country's position on the outrage felt over the Pahalgam terror attack and its links to Pakistan, the restrained and precise nature of Indian strikes on Pakistan's terrorist infrastructure, and the "new normal" the government has adopted for terrorist strikes. The message was meant not just for foreign governments but also for lawmakers, the foreign media and the general public, especially in countries where New Delhi has felt it has not found the expected support. Many of the countries visited are members of the UN Security Council (UNSC), and include those which are elected non-permanent members or will join next year. This is important as India faced a diplomatic setback when Pakistan, an elected UNSC member for 2025-26, was able to amend the UNSC statement to omit references to The Resistance Front (TRF) that had claimed responsibility for the Pahalgam attack. That Pakistan managed to be chosen Chair of the Taliban Sanctions committee and Vice-Chair of the UN Counter-terrorism Committee will make India's task of holding the terrorists responsible for the attack accountable through UN designations and at the Financial Action Task Force more difficult. Another area of focus was the membership of the Organisation of Islamic Cooperation that has been particularly critical of India. Finally, the focus on the U.S. was pointed, where the delegation visited New York and Washington. This may have stemmed from the appearance that ties with Washington are strained over President Donald Trump's persistent claim that he had mediated the ceasefire between India and Pakistan, using trade ties as a leverage to avert a "nuclear conflict".

It remains to be seen just how successful these tours of political diplomacy have been, given criticism in India that more time was spent speaking to the Indian diaspora, and giving interviews to the accompanying Indian media rather than in influencing interlocutors abroad. The delegations also had to contend with a copy-cat move from Pakistan to counter the Indian narrative. However, the overarching message of the delegations, comprising representatives from a number of Indian States, faiths and political parties, is a powerful one – of Indian unity and consensus on the issue of national security. At a time when the Modi government is under criticism internationally for "democratic decline" and increasing majoritarianism, New Delhi chose its messengers wisely, with a view to projecting abroad a positive and pluralistic image of a country that was resolute against terrorism.

Lawful measures

Breaking the cycle of impunity in Manipur requires unpopular measures

Ethnic conflicts, unlike other variants of strife, are more difficult to end because of the nature and the level of grievances of the communities hostile to each other. This persecution complex is fed by those who drive passions to such an extent that taking a position on reconciliation through mutual compromises and peace-building becomes difficult even if a silent majority are in favour of it. Using threats by brandishing arms, chauvinist sections try to draw out voices of repression by drilling in fear and ideas of further vengeance. That seems to be the case with Manipur too, where, after months of dilly-dallying over taking on the patrons of violence, the Bharatiya Janata Party-led Union government has finally decided to isolate such elements and subject them to the long arm of the law. That the Imphal valley has again erupted in protest over the arrest of leaders of the extremist identitarian outfit, Aaramb Tengol, highlights the necessity and the difficulty of implementing law enforcement measures in an ethnic conflict. This group had engaged in acts of wanton lawlessness with impunity, targeting those who did not agree with its militant agenda with violence and threats. It had also coerced MLAs into signing pledges for its chauvinist cause. Shockingly, the then BJP-led State government looked the other way – a consequence of Chief Minister N. Biren Singh's inability to rise above his partisanship. The security forces were also unable to act because of public protection for the violent offenders. Soon, such groups went to become a major threat to peace and it was only after implementing President's Rule that the government managed to get the group, among others, to return most of the weapons looted from police constabularies.

The arrests have coincided with similar actions against other militant volunteers in the hills who were allegedly involved in violence against law enforcement officers. The government of Manipur, which is currently under President's Rule, must make a clear case of the involvement of those arrested in crimes and bring them to justice. It should not give in to the threats made by those stoking communal passions, and must convince the people – across ethnic lines – that these are lawful actions against malefactors. It must simultaneously engage in talks with other stakeholders, also asserting that such steps will coincide with peace-building and rehabilitation measures. It must use devices such as convening all-party meetings and involving civil society representatives from across all ethnic lines to reinforce this message, and must not give in to pressure to reverse the legal steps taken against the offenders.

Judicial sensitivity to sentiments is a sign of regression

Indian courts today are not defending free speech. They are managing it. And in this curious inversion of constitutional values, we are witnessing a quiet retreat from the principle that animated Article 19(0a) of the Constitution: that speech, even provocative, offensive, or unsettling, is the citizen's shield against tyranny – not its tool.

Once envisioned as the counter-majoritarian bulwark of our democracy, the judiciary now increasingly resembles an arbiter of decorum, demanding apologies and deference in the name of civility, sensitivity, or national pride. But when courts focus on what was said rather than why the right to say it must be protected, the Republic is left vulnerable to a new tyranny: that of sentiment, outrage, and the lowest tolerance denominator.

Let us begin with a chillingly ordinary example: a social media post by a 24-year-old man criticising Prime Minister Narendra Modi. After the ceasefire with Pakistan following Operation Sindoor in May 2025. Was this tasteless? Perhaps. But taste is not a constitutional metric. The Allahabad High Court thought otherwise. In rejecting the plea to quash the first information report (FIR), the Bench declared that "emotions cannot be permitted to overflow to an extent that constitutional authorities of the country are dragged into disrepute". That is a remarkable formulation. It subtly inverts the constitutional design: the citizen is no longer the source of power holding the state to account, but a child to be reprimanded for speaking too freely.

A validation of outrage
Instead of interpreting Article 19(0a) as a liberty that limits state power, courts have begun treating it as a licence that comes with behavioural conditions – conditions defined not by law but by the perceived dignity of public figures and institutions. Take the Kamal Haasan controversy in connection with his film, *Thug Life*. The actor made a remark about Kannada being a daughter of Tamil. The Karnataka High Court responded not by evaluating whether the actor's statement met the threshold of incitement, defamation, or hate, but by advising him to apologise to the "sentiments of the masses". This advice is corrosive. When courts suggest apologies for lawful speech, they set a precedent that expression must pass a popularity test. They validate the very outrage that threatens free speech, rather than shielding expression from it. An apology does not close the loop but only widens it, inviting further claims of offence. In *Ramver Gautam Allahabadia vs Union of India*, the 'digital content creator and podcaster' was confronted with judicial comments bordering on cultural supervision for his use of explicit language in a podcast. The court directed the



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The judiciary in India is eroding free speech by policing its content

Union to clarify whether such "vulgar" language fell outside constitutional protection. Here again, the concern was not whether the speech incited harm, but on whether it offended prevailing norms of taste and modesty – a dangerously subjective threshold. Similarly, historian and a professor, Ali Khan Mahumadab, was dragged into proceedings after sharing critical views on the optics of India using a woman soldier to explain its war situation with Pakistan. The argument was that his comments hurt sentiments. That it even reached court underscores the problem: invoking hurt feelings is now sufficient to invite judicial scrutiny of constitutionally protected speech. The professor's scholarly critique became a matter for judicial assessment and a special investigation to assess whether there was any dog whistle intent that played on the fragility of the audience.

A misreading
Two disturbing patterns emerge from these cases.

First, the judiciary is increasingly equating speech that provokes emotional reactions with legally actionable harm. This misreads the Constitution and the rationale of a democracy. The test for restricting speech under Article 19(2) is not whether it angers, irritates, or offends but whether it incites violence, hatred or disrupts public order. Second, by encouraging apologies and moral policing of language, courts create a perverse incentive. The more outrage a comment generates, the more likely it is to be litigated. This does not protect society. It emboldens mobs and serial litigants. It creates a market for offence.

This shift is starkly evident in cases that involve the armed forces. In a recent judgment, the Allahabad High Court denied the Leader of the Opposition, Rahul Gandhi, relief in a defamation case on his alleged derogatory remarks about the Indian Army. The High Court said that the freedom of speech does not include the freedom to "defame" the military. But defamation, as a legal standard, must be carefully assessed particularly when invoked by or on behalf of state institutions by busy-bodies.

Likewise, in a previous first information report against a man using the word "coward" to describe the Prime Minister after the recent military stand-down, the court saw no issue with Sections 152 and 353(2) of the Bharatiya Nyaya Sanhita being invoked – laws meant for threats to sovereignty and public mischief. These laws, meant for seditious-like scenarios, are being contorted to punish sarcasm and satire. It is telling that courts will routinely deny the quashing of FIRs in such cases, claiming that it is too early to interfere and that police investigations must run their course. But this abdication is neither neutral nor passive. For the citizen facing criminal prosecution, the process

itself is the punishment. The system does not need a conviction to chill speech. A summons and a charge sheet do the job. The Madras High Court has occasionally resisted this drift. But this was more about narrative correction than structural protection of speech.

Courts in India must return to a principle-centric model of speech protection. Instead of obsessing over what was said, they must ask whether the speaker's right was violated, and not someone else's sentiment. Apologies should not be judicial recommendations. They should be individual choices. Otherwise, courts become confessional booths where speech is absolved not by legal reasoning but by remorse. And remorse demanded is remorse devalued – it empowers the outraged, not the rational.

The signal to the citizen

Moreover, as long as laws such as sedition or the ever-morphing public order clauses remain vague, courts must lean toward liberty. The doctrine of "chilling effect" that is robust in American and European jurisprudence, has been acknowledged in India's courts but seldom enforced with spine. This is not just about high-profile speech or celebrities. It is about the slow attrition of constitutional confidence. When a YouTuber is told to bleep a joke, or a professor is dragged to court for a tweet, or a film-maker is told to grovel for linguistic pride the signal to the ordinary citizen is clear: express only what is safe, bland and agreeable.

But democracies are not built on agreeable speech. They thrive on disagreement – noisy, rude, even reckless at times. The test of a society's strength is not how well it tolerates politeness, but how it handles provocation. Free speech is not just about giving offence, but about withstanding it. If India is to preserve its democratic soul, it must restore the dignity of dissent. It must not demand the dignity of institutions at the cost of liberty.

Judges are the guardians of the Constitution, and not the curators of culture. They must protect the right to speak and not the comfort of the listener. Because when speech is chilled in courtrooms, freedom dies not with a bang, but with a sigh of deference. The new age of judicial sensitivity to sentiments is not a sign of progress. It is a sign of regression. It confuses harmony with homogeneity, and respect with restraint. Apologies should never be a legal strategy. And speech should not need blessings to be legitimate. Let our courts not forget that the Republic was not born from politeness but from protest. The Constitution came from the pen of a Dr. B.R. Ambedkar, who also wrote, "...the world owes much to rebels who would dare to argue in the face of the pontiff and insist that he is not infallible".

Consultative regulation-making that should go further

In May this year, the Reserve Bank of India (RBI) issued a policy framework for how it will publish regulations, directions, guidelines and notifications. This follows a similar move by the Securities and Exchange Board of India (SEBI), in February, which published regulations setting out the procedure it would follow to issue regulations.

Regulators such as the Reserve Bank of India (RBI) and SEBI, have been created by Acts of Parliament and have quasi-legislative powers. Within this context, strong procedural safeguards and robust checks and balances are essential to uphold the rule of law. The recent frameworks, which outline the procedures that the RBI and SEBI must follow when making law, are a welcome start. When proposing any new regulations or amendment to existing regulations, the RBI will now conduct "impact analyses" and SEBI will state the "regulatory intent and objectives". Both regulators will also invite public comments for 21 days. Moreover, they will now periodically review their own regulations.

These reforms signal a welcome shift toward more transparent and consultative regulation-making. Yet, they can, and should go further. Two additions will make these processes more robust, and ensure greater transparency and accountability. First, regulators should clearly identify the economic rationale for their interventions, and second, they should institute mechanisms to ensure accountability for periodic reviews and responses to public comments.

The issue of market failure

The RBI's impact analyses and SEBI's statements of objectives must be grounded in economic rationale that identifies the problem that their proposed regulation will address. In 2013, the Financial Sector Legislative Reforms Commission (FSLRC) emphasised that "laws must be defined in terms of their economic purpose". Regulatory practices in other jurisdictions also support the FSLRC's suggestion.

For example, executive memoranda in the United States mandate that regulators undertake



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The RBI and SEBI have taken the initial steps, but Parliament should contemplate a law, with standardised procedures for regulation-making

a cost-benefit analysis before proposing or adopting a regulation. Regulators there must also ensure the "least burden on society", assess an approach that maximises benefits, and adopt the feasibility of alternatives to direct regulation. As another example, under the European Union's Better Regulation Framework, impact assessments involve identifying the problem, potential solutions and their impact, and mechanism for monitoring and evaluating the results.

Currently, RBI's framework calls for "impact analysis" considering "economic environments". SEBI must explain its objectives. However, neither are explicitly required to provide the economic rationale of any proposed regulation or identify the underlying market failure. This can be contrasted with the framework implemented by the International Financial Services Centres Authority (IFSCA), which must state the issue that its proposed regulation seeks to address.

Financial sector regulators such as the RBI and SEBI should: identify the market failure that necessitates regulatory intervention; demonstrate how the proposed regulation will address such failure; conduct a cost-benefit analysis to demonstrate the expected impact of the proposed regulation, and formulate a monitoring and evaluation framework to assess the impact of the regulation.

Strengthening accountability

The track records of the regulators in consultative regulation-making are not encouraging. It was found by two researchers that between June 2014 and July 2015, the RBI had sought public comments on 2.4% of its circulars while SEBI had done the same on less than half of its regulations. Even though this suggests that there are limited opportunities for stakeholders to submit their views on proposed regulation, one is optimistic that this will now change. However, the regulators must be transparent in their approaches toward consultative regulation-making. The reporting of the following information on an annual basis will strengthen accountability: the number of public

consultations vis-à-vis the number of proposed regulations or amendments; responses received; suggestions that have been accepted and rejected; rationale for acceptance and rejection; the impact of public feedback on the proposed regulation or amendment, and, finally, all associated timelines. This is by no means an exhaustive list. Some of this information can be found in the agendas for SEBI's board meetings. But typically, as in SEBI's latest board meeting, the summary of public comments is "excised for reasons of confidentiality".

In addition, the RBI and SEBI must define the intervals at which they will review their regulations. This is relevant in the context of promises toward deregulation. Once again, this is may be contrasted with the IFSCA's framework, which mandates a review every three years. Regulators should, at pre-defined and reasonably frequent intervals, assess whether current regulations are achieving their intended objectives and addressing the problems they were designed to solve.

A hurdle

Good regulatory practice warrants meaningful justification for regulatory intervention, and the RBI and SEBI have taken the initial steps in that direction. Notably, limited state capacity is a significant hurdle to implementing regulatory impact assessments and consultative practices.

Moreover, piecemeal reforms by individual regulators may not be sufficient to ensure consistent adherence to good regulatory practice. Parliament could contemplate enactment of a law, similar to the Administrative Procedure Act in the United States, with standardised procedures for regulation-making, which includes impact analysis, public consultation and periodic review.

The United Kingdom and Canada have issued guidelines for regulation-making by agencies. Such an approach would institutionalise transparency and accountability for all regulators in India.

The views expressed are personal

LETTERS TO THE EDITOR

A reflection

The tragedy in Bengaluru was unfortunate. But one should remember that it was not the first of a pattern of such incidents. Various allegations that occur during sports, arts and religious rituals have

been witnesses to such happenings globally. While crowd control measures can primarily be the responsibility of the authorities, it is also time to teach people that they too have a role to play. It should be made the duty of every

individual to judge situations sensibly in advance and help him or her and the law-enforcing agencies to prevent accidents. The absence of proper priorities and orientation in life among citizens is clear. As a reader

wrote last week ('Letters to The Editor'), the crowds that gather on any

occasions also indicate that the participants have no useful work to do. The most

Corrections & Clarifications

In a report, "Packaging firm Seegwerk plans to double capacity" (Business page, June 8, 2025, Assam should be replaced with Bihar, Rajasthan (seventh paragraph).

unfortunate part is that common sense has become uncommon.

P.R.V. Raja,
Pandalam, Kerala
Letters emailed to
letters@thehindu.co.in
must carry the postal address
and the full name.

Palatable option

Duty cuts on edible oils strike the right balance

India's retail inflation has cooled, but one item that has continued to sizzle is cooking oils. The 'oils and fats' component of the Consumer Price Index (CPI) has shown a persistent year-on-year escalation of 16-17 per cent in recent months. This is perhaps why the Centre decided to slash import duties on crude edible oils last week, just seven months after sharply hiking it. On May 30, the basic customs duty on crude soyabean, palm and sunflower oil was reduced from 20 per cent to 10 per cent, cutting the effective tariff to 16.5 per cent including cess. Duties on refined oils have been left untouched and remain at an effective 35.75 per cent.

Cooking oil has been a key contributor to inflation since September last year (when crude edible oils were raised from 0 to 20 per cent and refined oils from 12.5 to 32.5 per cent). The partial rollback now promises consumers some relief. While the change may also cheer the edible oil processing industry, farmers may need to budget for lower realisations. Tariff decisions on edible oils are a tricky balancing act, given the conflicting interests of consumers, the oil processing industry and farmers. For consumers, the perpetual shortfall in domestic supplies of cooking oil, the near-60 per cent import dependence and concentrated supply origins pose a problem. Soyabean, sunflower and palm oil crop prospects in Malaysia, Indonesia, Argentina or Brazil can trigger high volatility in global oil prices which gets passed on to Indian consumers. Farmers find the oilseed crop less remunerative than crops like paddy, where Minimum Support Prices are backed by assured procurement. Frequent tinkering with edible oil trade and tariff policies add to the uncertainty around realisations for farmers. The domestic solvent extraction and refining industry is plagued by excess capacity. With limited domestic availability of oilseeds, the industry relies on imported crude oils and manages profitable operations only when duty differentials between crude and refined oils are wide.

Given this situation, the Centre does appear to have struck a reasonable balance. By halving duties on crude edible oil, it has tried to bring down raw material costs for the oil processing and refining industry. The wide difference of 19.25 per cent between crude and refined oils makes it viable for refiners to use idle capacity for profitable operations. Farmer interests have also been kept in mind to an extent, by retaining a 10 per cent tariff on crude oils and not restoring it back to zero duty, as was the case before September 2024. However, the timing of this cut could have been better. Coming just when kharif sowing is picking up steam, the duty cut can prompt farmers to rethink oilseed acreage. The extent of relief to consumers will also depend on whether the extraction and refining industry passes on cost savings. Should it prove tardy in passing on benefits, the Centre can consider slashing tariffs on refined oils too by 5-6 percentage points.



LINE & LENGTH.
TCA SRINIVASA RAGHAVAN

Everyone is getting excited about the Donald Trump and Elon Musk quarrel as if it is the first time such a thing is happening. But as some great man once said there is nothing new under the sun. The sorry tale of friends falling out is so distressingly long that it's hard to know where to start. You can find the same story in different parts of the world, from China to Chile, Denmark to South Africa. We all know about the British quarrels, of course, because we were taught British history for a hundred years. We even know about that scoundrel of a king, Henry II who fought with his good friend and adviser, the Archbishop of Canterbury. That was 1400 years ago! Their quarrel lasted for nearly a decade, from 1161 to 1170 and ended with the latter being murdered. Typically, the British historians now say that maybe it wasn't because Henry ordered it but because his lieutenants decided to be helpful. If you believe that you will believe anything. Napoleon Bonaparte, who was from the French army, also parted ways with two of his closest friends and advisers. Both were generals, just like he had been before he grabbed power in 1799. The best known one who was discarded is Jean Junot. But General Jean Lannes is probably a better example. We must not forget Kaiser Wilhelm I of 19th century Germany and his *grise eminence*, Otto Von Bismarck. Together they united Germany, just as Sardar Patel united India. And then the Kaiser booted out Bismarck. The episode came to be known as 'dropping the pilot'. After that the Kaiser lost the plot as well.

KILLING FRIENDS Tsarist Russia, of course, is full of such examples. The worst of these was a fellow called Leo Vorensky who was Catherine the Great's lover for many years. Catherine let him be killed saying it was all for all Mother Russia! There were a few more who met the same or similar fates. Nor has the world forgotten the horrific quarrel between Joseph Stalin and Leon Trotsky. Both had fought together against the Tsar. Then they fell out and Stalin exiled Trotsky in 1926. Stalin then had him backed to death in 1940 in Mexico, just to be sure. Trotsky, however, lives on in JNU. Then there is the notorious fight between Adolf Hitler and Ernst Roehm. They were close friends and partners from 1918 onwards, until in 1934 Hitler had him killed or, according to another version, leaving nothing to chance, killed him himself. If you want a job done properly, he must have thought, you must do it yourself. You will find a somewhat similar story in Pakistan between Prime Minister Iskandar Mirza and his defence minister, General Ayub Khan. They were good friends. Mirza was the patron, Ayub Khan the beneficiary. Until one fine day Khan forcibly sent Mirza into exile, with just a suitcase. When the latter died 11 years later he wasn't allowed to be buried in Pakistan. General Musharraf and prime minister Nawaz Sharif re-enacted that episode in 1999. Sharif sacked Musharraf and Musharraf then sacked Sharif. Jolly fellows, both. Today Shahbaz, younger brother of Nawaz, is the prime minister and is very careful not to annoy Field Marshal Asim Munir, the only general in history to be promoted after a defeat.

India could cut tariffs for all except China

At a time when rules of the trade game are crumbling, India should look at out-of-the-box options

Global trade is shifting rapidly with Donald Trump back in the White House. After a tariff stand-off, the US and China have agreed to a 90-day truce; US tariffs on Chinese goods dropped from 145 per cent to 30 per cent, and China's from 125 per cent to 10 per cent. While the move offers hope, the outcome remains uncertain, and tensions could quickly return. Nearly all countries, including India, are already facing a 10 per cent baseline US tariff. India has been in Trump's crosshairs since the start of his second term. On April 2, he proposed a 26 per cent reciprocal tariff on Indian imports, later withdrawn, but imposed a 10 per cent baseline tariff. These duties, introduced under the International Emergency Economic Powers Act (IEEPA) of 1977, were recently blocked by a US court, though an appeals court granted interim relief, keeping them in place. Even if reciprocal tariffs are scrapped for good, other levies, like metal tariffs under Sections 232, and other restrictions under Section 301, will remain. The uncertainty driven by the US' volatile trade stance and ongoing



The long history of friends falling out

History is replete with strong friendships ending in bitter feuds. In the past, kings and heads of states even got their erstwhile friends murdered

India also has its share of such dramatic ruptures. Jawaharlal Nehru and Subhash Chandra Bose; Nehru and Abul Kalam Azad; Indira Gandhi and Dinesh Singh; Rajiv Gandhi and the two Aruns, Singh and Nehru. General Ayub Khan. They were good friends. Mirza was the patron, Ayub Khan the beneficiary. Until one fine day Khan forcibly sent Mirza into exile, with just a suitcase. When the latter died 11 years later he wasn't allowed to be buried in Pakistan. General Musharraf and prime minister Nawaz Sharif re-enacted that episode in 1999. Sharif sacked Musharraf and Musharraf then sacked Sharif. Jolly fellows, both. Today Shahbaz, younger brother of Nawaz, is the prime minister and is very careful not to annoy Field Marshal Asim Munir, the only general in history to be promoted after a defeat.

INDIAN STORIES India also has its share of such dramatic ruptures. Jawaharlal Nehru and Subhash Chandra Bose; Nehru and Abul Kalam Azad; Indira Gandhi and Dinesh Singh; Rajiv Gandhi and the two Aruns, Singh and Nehru. Also there was VP Singh who wasn't quite such a close friend of Rajiv

but certainly a close associate. He destroyed Rajiv's reputation in the Bofors scandal. Such cases abound at the State level also. M Karunanidhi and MG Ramachandran in Tamil Nadu and the Thackerays in Maharashtra are the most prominent examples. Not all that long ago, Arvind Kejriwal was dumping all those who had helped him become Chief Minister of Delhi. The list of these quarrels and perfidies is depressingly long going back to Julius Caesar who was murdered by his closest friends. As to the Muslim rulers of India, the less said the better. But two things are worth noting. One, the friendships that last through the inevitable ups and downs are far greater in number than those that don't. There are several Alai Behari Vajpayee and Lal Krishna Advanis. Secondly, generally the friends that take the lower profile don't do very badly in life and gradually their reputations are restored and refurbished. Not always but often enough.

Simulation results

	Tariff cuts for all except China	Tariff cuts for all
Welfare (in \$ billion)	53.8	51.4
Change in GDP (%)	2.6	2.5
Sectoral output (%)	2.8	2.6
Domestic demand (%)	1.8	2.3
Aggregate export (%)	2.3	1.6
Aggregate import (%)	4.3	3.8
Imports from China (%)	8.5	1.7

and its own strained economy. As a large market, India is an attractive outlet for China's surplus. In 2024, according to the Director General of Trade Remedies (DGTR), 25 of 31 ongoing anti-dumping investigations and 24 of 29 concluded cases involved Chinese firms. While India's DGTR follows a lengthy process to resolve dumping cases, a more strategic response to Chinese dumping in these uncertain times is to cut tariffs for all trading partners, except China. This makes Chinese goods relatively costlier than those from other trade partners, which would reduce dumping risks while still reaping trade war gains. Though not strictly WTO-compliant, the global trade war itself is unfolding

outside WTO norms. In such abnormal times, India must act decisively to protect its economic interests. To test the impact of two policies — (i) cutting tariffs for all, and (ii) cutting tariffs for all except China — we ran global trade simulations using the GTAP dataset and model, a global computable general equilibrium model. The simulation results are in the table. With a 25 per cent across-the-board tariff cut, India could gain \$54 billion, boost GDP by 2.6 per cent, sectoral output by 2.8 per cent, and exports by 4.3 per cent. However, imports from China would surge by 8.6 per cent, raising dumping concerns. Under the second policy, where tariffs on China remain unchanged, GDP, welfare, and output remain strong, domestic demand doubles, and exports stay positive. In a rapidly shifting global trade landscape, India must respond with agility and strategic foresight. While forging a trade pact with the US may offer some gains, unilateral tariff reforms — especially those excluding China — can deliver economic dividends while safeguarding against dumping risks.

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BELOW THE LINE

TRUSTEES. Under the lens of a magnifying glass, a trustee is a person who holds property or assets for the benefit of another person or group of people. Trustees are often found in family trusts, pension funds, and other financial arrangements. The role of a trustee is to manage the assets and distribute the income or principal to the beneficiaries. Trustees have a fiduciary duty to act in the best interests of the beneficiaries and to avoid conflicts of interest. The role of a trustee is often a significant one, and it requires a high level of trust and responsibility. Trustees are often appointed by a court or a government body, and they are often subject to strict regulations and oversight. The role of a trustee is often a challenging one, and it requires a high level of skill and experience. Trustees are often paid for their services, and they are often held accountable for their actions. The role of a trustee is often a significant one, and it requires a high level of trust and responsibility.

Eastern inspiration 'Why is India not like America, Japan or Europe? These questions are often asked in movies. "However, if we want to become like that, shouldn't we also have the self-discipline like those people have?" Tamil Nadu Chief Minister MK Stalin said this at his address on the World Environment Day celebrations. The Cleanliness Mission launched by the State government is the first step towards creating awareness about segregation of garbage. "You should take responsibility for the schemes introduced by the government for environmental protection as your own project," he told the audience.

No more fellow travellers The ambitious Kaleshwaram Project of Telangana at the banks of Godavari continues to generate political heat. You may ask, so what is new as most projects draw political attention. What makes this different is one Cabinet Minister coming forward to depose before the Justice PC Ghose Commission which is probing into alleged irregularities in the project. Telangana Agriculture Minister T Nageswara Rao has categorically rejected the claims made by BJP MP Etefa Rajender regarding the Kaleshwaram Lift Irrigation Project, calling them "false, misleading, and part of a larger conspiracy to deflect from the ongoing investigation." The Cabinet Sub-Committee on which I served never deliberated on the Kaleshwaram project," said Rao.

Our Bureau "The Government Order sanctioning the project was issued before the committee was even formed. It was never discussed or approved by the Cabinet under the BRS regime — a fact I can personally attest to." The Minister went on to say that he will cooperate fully with the probe. "I will submit an affidavit, along with all relevant documentary evidence, to refute the baseless claims made by Etefa Rajender," he said. "Dragging my name into this issue is unwarranted and an attempt to create confusion to protect those truly responsible." Both Rao and Rajender were ministers in the erstwhile BRS government in Telangana. The project is the brainchild of former Chief Minister and founder of BRS K Chandrashekar Rao.

The Indian EXPRESS

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RAMNATH GOENKA

BECAUSE THE TRUTH INVOLVES US ALL

Tailoring a sector

FIGURES OF HOPE

Release of new data clears the air on poverty in India, it should now lead to more informed policymaking

POVERTY AND INEQUALITY estimation in India have been subjects of considerable debate, especially in recent years with the economy experiencing several shocks. The great India poverty debate has, in fact, been marked by significant differences of opinion on the household survey data which forms the basis of estimation, the construction of the poverty lines, and on the trends over the decades. The debate has been particularly heated in the absence of data — the government did not release the consumption expenditure survey data for 2017-18 due to "data quality issues". This led to several studies trying to estimate poverty levels in India by drawing on alternate data sources such as the Periodic Labour Force Surveys and the CMIE data. Recently, the government has attempted to fill the data gap by conducting two rounds of household consumption expenditure surveys for 2022-23 and 2023-24. These surveys now allow for an examination of the trends in poverty over the past decade or so. The decline has been significant.

Extreme poverty in India is estimated to have declined from 27.1 per cent in 2011-12 to 5.3 per cent in 2022-23 as per the latest World Bank data reported in this paper. This steep decline has occurred even as the Bank has raised the threshold for measuring extreme poverty to \$3 a day from \$2.15 earlier. To put these figures in perspective — the number of people living in extreme poverty in India fell from 344.47 million to 75.24 million over this period. While there has been some concern over the comparability of the consumption expenditure surveys carried out in 2011-12 and 2022-23 due to changes in the manner in which the recent survey was carried out and its sampling design, this is a steep decline. Moreover, even considering the poverty line for lower-middle income countries of \$4.2 per day (revised upwards from \$3.65), the poverty ratio in India fell from 57.7 per cent in 2011-12 to 23.9 per cent in 2022-23. The decline appears to have continued in the year thereafter. Earlier, Niti Aayog had estimated that multidimensional poverty in India had also registered a steep decline — falling from 55.34 per cent in 2005-06 to 24.85 per cent in 2015-16 to 14.96 per cent in 2019-21. This estimate of poverty was based on 12 indicators and drew on data from the National Family Health Surveys.

Alongside these poverty estimates, the World Bank has also estimated that inequality in India, based on measures such as the Gini and Theil indices, did fall between 2011 and 2022. However, these estimates of inequality are based on the household consumption expenditure data, which typically tends to be lower than estimates based on household income. This is not just an academic exercise. The data from the latest rounds of the consumption expenditure surveys as well as the labour force surveys must serve as a valuable input for policy, informing the choices of policymakers.

A PLACE IN THE FAMILY

In recognising transgender couple as co-parents, Kerala HC affirms constitutional values; reimagines parenthood

IN A REASSURING affirmation of dignity and equality, the Kerala High Court has recognised a transgender couple from Kozhikode as the legal "parents" of their biological child. The transgender man who gave birth in 2023, and his partner, had sought recognition as co-parents without gender-binary labels so that their child's future — especially with regard to identification documents and school admission — is not impeded. While the Court declined to read down the format mentioned in the Registration of Births and Deaths Rules, 1969, saying that this was a "rare and exceptional" case, it has directed authorities to issue a birth certificate that reflects the gender-neutral term instead of the conventional "father" and "mother". In its observation, the Court emphasised that in certain instances, "social justice adjudication" must take precedence over an "adversarial approach". In doing so, it broadened the legal imagination around family, gender, and parenthood.

In August 2022, granting maternity leave to a central government employee who had previously availed it for the care of her step-children, a bench comprising Justices D Y Chandrachud and AS Bopanna had observed that "atypical" families are equally deserving of legal protections and social welfare benefits. "The black letter of the law must not be relied upon to disadvantage families which are different from traditional ones," they had held. The apex court's refusal to extend civil union or joint adoption rights to LGBTQIA+ couples and its deferral of substantive rights to legislative reform — despite acknowledging queer love and lived discrimination — however, has come as a setback after years of progressive milestones, such as the 2014 NALSA verdict recognising the rights of transgender persons and the 2018 Navtej Johar ruling that decriminalised same-sex relations. In such circumstances, the Kerala High Court's verdict offers a template for affirming queer parenthood within the existing legal framework — and places the child at the centre of that empathetic recognition. It asserts that constitutional dignity cannot wait for political consensus.

Days after the Kerala HC verdict, the Madras High Court, while ruling on a habeas corpus petition by a woman forcibly estranged from her lesbian partner, upheld her right to "find a family". "The concept of a 'chosen family' is now well-settled and acknowledged in LGBTQIA+ jurisprudence," the division bench said. In a country grappling with entrenched social prejudices, these affirmations of diversity reflect a welcome judicial sensitivity to the complexities and plurality of lived experience. They validate, with quiet strength, the right to belong — not as a privilege granted conditionally by tradition, but a truth that embraces every identity, even those that challenge convention.

FREEZE FRAME

E P UNNY

He is far too electric for a mere electric carmaker to handle.

ON OFF

-E P UNNY

FROM PLATE TO PLOUGH

BY ASHOK GULATI AND AYUSHI GUPTA

INDIA HAS A deep-rooted tradition in textiles and apparel (T&A). The sector employs 45 million people and contributes 2.3 per cent to overall GDP. But its share in global trade remains low at 4.2 per cent, a mere \$378 billion out of \$897.8 billion.

A closer look at the apparel segment alone (under HS codes 61 and 62) shows that India's share in global trade is even lower, at 3 per cent — \$15.7 billion out of \$529.3 billion. More disturbing is the fact that this share has remained stagnant for the past two decades.

Despite these modest numbers, India has set a target of \$40 billion in apparel exports by 2030. But in the last few years, apparel exports have declined at an AAGR of -2 per cent. If we had sustained the stronger AAGR of 8.5 per cent (2004-2017), we would reach \$31 billion by 2030. And an AAGR of 8.5 per cent (2004-2023) suggests exports to reach \$21 billion by 2030. These numbers make it clear that without a significant shift in policy and strategy, the \$40-billion goal will remain a pipe dream.

Our research points to a fundamental constraint — India's lack of scale. Put simply, we are too many, too small, and too dispersed. Over 80 per cent of India's apparel units are Micro, Small and Medium Enterprises (MSMEs). China and Vietnam have built large-scale and export-oriented factories backed by integrated production systems. Even Bangladesh has found a way to either scale up or have single-window "buying houses" that take large orders and then get executed from various factories. The large scale helps them attract global buyers who demand volume. Scale also drives down unit costs, shortens delivery timelines, and generates mass formal employment. For a country like India with a young population, the garment industry offers a wonderful opportunity to expand employment and grab a larger share of the global market. A worker can be trained to operate a sewing machine in just 60 days.

While the overall garment manufacturing sector remains fragmented, there is a silver lining that shows what scale can achieve. In this context, the most powerful example is that of

JAGJEET SARAN

AMID HEIGHTENED Indo-Pak tensions, a Pakistani outlet claimed cyberattacks had knocked out 70 per cent of India's electricity. The false report exposed a very real anxiety: What happens when energy infrastructure becomes a frontline in cyber warfare?

For years, the renewable energy sector has diligently optimised turbine efficiency, improved grid integration and focused on speedy deployment. These remain essential. However, an equally pressing threat looms quietly in the background: Cybersecurity and the pace of maximum value addition and localisation in manufacturing.

Unlike finance or defence sectors, where digital safeguards have long been entrenched, robust cybersecurity measures are only now being introduced into India's renewable energy framework. And it's about time. A compromised SCADA (Supervisory Control and Data Acquisition) system or remote-access breach could disable a wind farm — or multiple sites — in mere seconds.

As India pushes towards achieving 500 GW of non-fossil-based electric installed capacity by 2030, including an ambitious target of over 100 GW from wind, the true challenge goes beyond just scaling up. It lies in securing what we install and how it is manufactured.

The proposed amendment requires all operational wind turbine data to be stored within Indian territory. Foreign entities will no longer be allowed to remotely access or control Indian wind farms, a clear attempt to eliminate vulnerabilities to external cyber

threats. More importantly, Original Equipment Manufacturers (OEMs) will be required to establish R&D facilities in India, signalling a decisive shift from passive assembly to active domestic innovation.

This aligns with NITI Aayog's 2024 roadmap, emphasising localisation of both hardware and control systems. Given the various global incidents where cyberattacks have crippled energy grids, India's push for digital self-reliance isn't just necessary — it's urgent.

Mandating local R&D isn't just about job creation or investment; it's about creating wind turbine technology designed for India's grid, climate, and challenges. India — not China or Europe — must become the epicentre for wind turbine innovation and manufacturing.

However, strong policy intent must translate into effective execution, and here the amendment stumbles. Firstly, there is a greater need to build capacity for enforcement. While a concrete monitoring mechanism, these rules risk becoming paper mandates.

Secondly, the amendment needs to articulate India-specific design adaptation clearly. Renewable energy projects here face extreme operating conditions — temperatures exceeding 45°C, saline coastal air, monsoon deluges, and erratic grid voltages. Yet, there is no mandate for in-country prototype testing or climate-resilience validation before inclusion in the RLMs (Revised List of Models & Manufacturers). This oversight risks importing turbines built for European conditions that buckle under India's punishing climate.

As India pushes towards achieving 500 GW of non-fossil-based electric installed capacity by 2030, including an ambitious target of over 100 GW from wind, the true challenge goes beyond just scaling up. It lies in securing what we install and how it is manufactured.

The garment industry needs export-oriented incentives, not just encouragement to produce more

Shahi Exports. Founded by Sarla Ahuja in 1974, it began as a stitching unit with just a 15-woman team, producing 200 pieces a day. But today, it is India's largest apparel exporter, operating over 50 factories, and three processing mills across eight states, and employing more than 1,00,000 workers, 70 per cent of them women. With over a billion dollars in annual revenue, Shahi Exports is well known as "Sarala's garment miracle". What sets Shahi Exports apart is not just its scale, but how it got there: It evolved over 50 years, with a focus on professionalising operations, investing in vertical integration (with 80 per cent of the fabric produced in-house), and building an enterprise that treats profits and its people as complementary, emphasising women's employment and environmental sustainability. It is living proof that Indian firms can scale up and succeed. But it was an organic evolution over 50 years. If we have to revolutionise this sector and create 10 more Shahi-type enterprises in the next 10 years, we need out-of-box policies. Only then we can hope to increase our market share in the global trade of apparel.

To translate ambition into reality, India needs bold reforms enabling scale.

First, capital must be made accessible and affordable for scale-focused investments. A structured capital subsidy of 25-30 per cent, linked to the size of the unit, can provide the initial push. This could be targeted at enterprises meeting a minimum threshold of, say, 1,000 machines (as per the draft PLI 2.0 scheme), to ensure viability and scale. A five to seven-year tax holiday for units would allow investments to mature and become globally competitive. India's cost of capital remains high, averaging 9 per cent compared to 3-3.5 per cent in China and starting from 4.5 per cent in Vietnam. In a sector where margins are razor-thin (typically 4-5 per cent), such incentives are critical for gaining competitiveness.

Second, India's 52 central labour laws have created rigidities, discouraging formal hiring and scale. They need flexibility. Overtime payments are mandated at two times the hourly wage, compared to the ILO standard of 1.25

RENEWABLE AND PROTECTED

India's wind sector must innovate and secure, not just scale

Third, the policy skirts the need for embedded systems security. Today, power converters used in wind turbines and solar inverters in solar projects are effectively software-defined assets. They depend on SCADA systems, PLCs, and firmware that may be compromised — often subtly and invisibly. Without mandatory audits of software stacks and hardware backdoors, especially from OEMs in adversarial jurisdictions, India's wind and solar assets remain vulnerable.

To operate in India, vendors/OEMs must obtain certification and clearance from Indian authorities and adhere to Government of India (GOI) regulations. These regulations should include provisions for force majeure situations, where vendor/OEM-supplied equipment may fail to receive support and patches, potentially leading to significant security breaches and national security risks. This ensures that even in times of geopolitical uncertainty, India's energy infrastructure remains operable, supported, and secure.

Additionally, existing regulatory frameworks — like the Central Electricity Authority's temperature thresholds or the National Institute of Wind Energy's certification protocols — are treated as optional references, not core requirements. This disconnect must be addressed if we want turbines that are not just "Made in India" but truly Engineered for India.

The writer is a Partner at Dalberg Advisors, where he leads climate-related projects in Asia Pacific and globally

JUNE 9, 1985, FORTY YEARS AGO

RESEARCH COOPERATION

INDIA AND FRANCE opened a new era of co-operation with the signing of an agreement to set up a science and technology research centre in New Delhi. Another agreement on co-operation in the field of environment, which includes France's help for cleaning the Ganga's waters, will be signed as well. To be jointly financed by India and France, the centre will always have an Indian director.

CURFEW IN HOSHIARPUR

DAY CURFEW was imposed in Hoshiarpur which remained tense after last night's incidents of arson and violence followed by police firing. The town remained tense ever since the murder of the Punjab Lok Dal president, Balbir Singh, on May 10. The deputy commissioner said that the curfew may be relaxed tomorrow if the situation warranted. He also said that 45 people have been arrested on charges of indulging in violence and arson.

SIACHEN CLAIM

PAGISTAN'S FOREIGN MINISTER, Sahabzada Yaqub Khan, disputed India's claim to the Siachen glacier area and said that Islamabad would take up the matter again with the Indian government. Khan told the National

Assembly that the Indian government had for the second time put forward its claim to this area. "It obviously is not a new occurrence".

ZHAO ON TIBET

THE CHINESE PRIME MINISTER, Zhao Ziyang, said there was no question of reconsidering the future of Tibet except within the framework of China. He said that Tibet has been an inalienable part of China since the seventh century. This was a historical fact and has been recognised by the international community. As such there was "no question" of discussing its future pattern or status except within the framework of China's territory, he asserted.

SCIENCE

New study makes controversial weather-tweaking idea more realistic

Stratospheric aerosol injection is a method in which aerosols are injected into the earth's stratosphere at around 20 km altitude to reduce the amount of sunlight reaching the surface of the earth. The idea is controversial because the effects will be global: if one country injects aerosols, all countries will be affected, and not always in a good way

Shreejaya Karantha

The world needs to lower its dependence on fossil fuels. Countries have done so in fits and starts: issues like war, poverty, disease, and inflation have often left climate mitigation on the back burner. Today, greenhouse gas emissions are increasing worldwide.

Some researchers have proposed the use of technologies to directly cool the planet rather than bank on reducing emissions alone. Stratospheric aerosol injection (SAI) is one such technology – and a controversial one. In SAI, aerosols are injected into the earth's stratosphere to reduce the amount of sunlight reaching the surface. A study recently published in the journal *Earth's Future* offered an innovative approach to this technique that could reduce its costs but also bring it closer to fruition despite the opposition to it.

A volcano-inspired tool

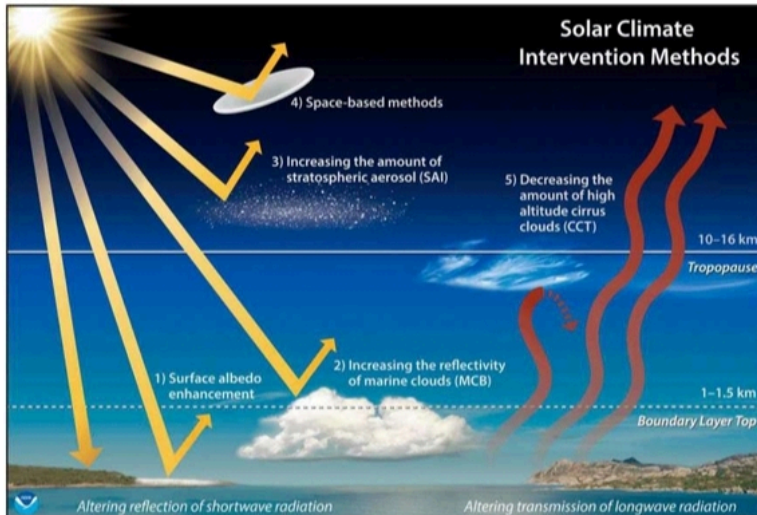
SAI is a "proposed method of cooling the planet and reducing the impacts of climate change by adding a layer of tiny reflective particles to the high atmosphere," Alistair Duffey, a PhD student at the Department of Earth Sciences at the University College London and the study's lead author, said.

The method was inspired by volcanic eruptions, which have been known to have a cooling effect on the planet by spewing aerosols into the air. By reflecting more sunlight away from the earth, SAI aims to create a cooling effect.

How well SAI works depends on the type of material injected, the timing of the injection, and the location. Technical challenges are also more pronounced at higher altitudes. Most studies of SAI's efficacy have focused on implementing it at 20 km or more, particularly over areas closer to the equator. Doing so demands specially designed aircraft capable of operating at such elevations.

A contrasting approach

The study's authors have explored an alternative approach to undertaking SAI using existing aircraft. "We were interested in understanding how the effectiveness of stratospheric aerosol injection varies with the altitude," Duffey said, adding that "low altitude injection strategies are necessarily" meant for the polar regions. At the equator and regions close to the equator, the stratosphere is higher – 18 km and above – where existing aircraft can't fly. In polar and extratropical regions, the boundary between the troposphere and stratosphere, called the tropopause, is at a lower altitude than over the equator or subtropics. This means existing jets can



Infographic showing the different solar climate intervention techniques. US NOAA/PUBLIC DOMAIN

reach the stratosphere.

"Higher altitude injection is generally more effective because the particles stay in the stratosphere for longer," anywhere between months or years, Duffey said.

In contrast, particles released at lower altitudes are more likely to be caught in clouds and washed out by rain. Despite this, researchers are exploring low-altitude SAI because spraying particles at lower heights is technically less challenging and doesn't require specially designed high-altitude aircraft, also making the approach potentially more accessible and cost-effective.

Even when using existing aircraft, modifications are necessary. An August 2024 study said aircraft like the Boeing 777F would have to be modified to install insulated double-walled pressurised tanks to ensure the safe transport of aerosols and maintain the desired temperature.

Time and cost-effective

The new study's researchers simulated various particle-injection strategies. Using the UK's Earth System Model 1 (UKESM1), a computer model of the climate, they simulated the "spraying" of sulphur dioxide at different altitudes, latitudes, and seasons. The team found that injecting 12 million tonnes of sulphur dioxide every year at an altitude

How well SAI works depends on the type of material injected, the timing of the injection, and the location. Technical challenges are also more pronounced at higher altitudes

of 13 km in the local spring and summer seasons of each hemisphere could cool the planet by approximately 0.6 degrees Celsius. The spray quantity is comparable to the amount added to the atmosphere by the Mount Pinatubo volcano in 1991. For cooling by 1 degree Celsius, their models suggested spraying 21 million tonnes of sulphur dioxide a year. If the particles were injected at an even higher altitude in the subtropics, only 7.6 million tonnes would be required annually.

An added advantage is that this technique could begin sooner than conventional higher altitude methods because designing and building specialised aircraft meant for flying 20 km and above requires almost a decade and several billion dollars in capital expenses.

Is it worth the risk?

But while there are some benefits to this method, using three times the usual amount of aerosols carries greater risk. "There are lots of important risks and side-effects related to SAI, including social

and geopolitical risks, as well as direct side-effects such as delayed recovery of the ozone hole and acid rain," Duffey said. The cooling effect will also be more pronounced in polar regions than in the tropics, where warming is more severe. Duffey also stressed that the cooling effect wouldn't reverse climate change. The cooling may also have some other ecological effects, but it would also introduce new challenges.

As *The Hindu* reported recently, the cooling could mask warming on the ground and make countries complacent about curtailing emissions.

SAI is also controversial because its effects are global: if one country injects aerosols into the stratosphere, all countries will be affected, and not always in a good way.

In 2021, the US National Academies of Sciences, Engineering, and Medicine recommended the US government fund solar geoengineering research with a focus on transparency.

But a year later, an international coalition of scholars called for a moratorium on solar geoengineering R&D because the technology is "ungovernable in a fair, democratic, and effective manner."

(Shreejaya Karantha is a freelance science writer. shreejayakaranth@gmail.com)

THE GIST

SAI aims to cool the planet and reduce the impact of climate change by adding a layer of tiny reflective particles to the high atmosphere. The method was inspired by volcanic eruptions, which have been known to have a cooling effect by spewing aerosols into the air

Higher altitude injection is more effective because particles stay for longer. At lower altitudes particles are more likely to be caught in clouds and washed out by rain. Despite this, researchers are exploring low-altitude spraying because it is technically less challenging

Researchers found that 12 million tonnes of sulphur dioxide every year at an altitude of 13 km could cool the planet 0.6 degrees Celsius. The spray quantity is comparable to the amount added to the atmosphere by the Mount Pinatubo volcano in 1991

BIG SHOT



A drone view shows the early stages of the rewetting process at Ballaghurt Bog, Ireland, on April 16, 2024. The semi-state company Bord na Mona has been given the task of trying to rewet the bogs to curb carbon emissions and eventually turn them back into carbon sinks. The European Commission last year referred Ireland to the European Court of Justice for failing to protect its bogs. REUTERS

WHAT IS IT?

MagIC microscopy: take a closer look

Manaswini Vijayakumar

Scientists use a powerful technique called cryo-electron microscopy to see the 3D shapes of biological molecules, but it normally needs the molecules to be extremely concentrated in a sample first. But for rare molecules this is hard to achieve. In a new study, researchers in the U.S. have created a workaround called Magnetic Isolation and Concentration cryo-electron microscopy (MagIC for short). It lets researchers sidestep the limitation and study samples 100x more dilute than before. The findings were published in *eLife* in May.

The new method works by attaching molecules of interest in a sample to 50-nm beads, then using a magnet to clump the beads together. This way each micrograph ended up with several usable images even when the solution had less than 0.0005 mg/ml of the molecules. Because the beads were easy to spot even at low magnification, the scientists could quickly move the microscope to regions rich in particles, speeding up data collection. Small particles often hide in



A pair of cryo-electron microscopes at the University of Leeds. HIMANAN02 (CC BY-SA)

background noise. To pull them out, the authors built a computer workflow called Duplicated Selection To Exclude Rubbish (DuSTER). It picked each particle twice, kept those that landed in the same place after two rounds of 2D or 3D classification, and threw the rest away. Thus MagIC lowers the sample demand to just 5 nanograms per grid while DuSTER rescues clear classes from seemingly hopeless images.

For feedback and suggestions for 'Science', please write to science@thehindu.co.in with the subject 'Daily page'



On a wing and a prayer

The CSIR-National Aerospace Laboratories has, for nearly three decades, worked on perfecting the two-seater Hansa aircraft for commercial manufacture. This year, it has inked a deal with a private company that will manufacture the planes. **Jacob Koshy** explores why despite having research capabilities, India is still struggling to manufacture training aircraft

Hansa, India's first light aircraft to be used for pilot training, designed and developed by CSIR-NAL, Bengaluru, on a sortie at Aero India 2025 in February. MURALI KUMAR K.

In April 4, the Council of Scientific and Industrial Research - National Aerospace Laboratories (CSIR-NAL) announced that it had entered into a "historic agreement" with a private company, Pioneer Clean AMPs Pvt Ltd, to manufacture the upgraded version of the Hansa-3, called the Hansa-3 NG (Next Generation). This two-seater trainer aircraft gives trainee pilots the opportunity to practise within India while undergoing their basic flying training.

Touted as "India's only government R&D organisation in civil aircraft development", CSIR-NAL is in Bengaluru and was established in 1959. "While we have had a successful track record, we have now managed to seal a partnership with a private company, which will manufacture these planes," N. Kalaiselvi, Director-General, CSIR, had said at the launch event held in Delhi. It was also presided over by Union Minister for Science and Technology Jitendra Singh and Minister for Civil Aviation Ram Mohan Naidu.

Pioneer Clean AMPs Pvt Ltd is three years old and expected to set up manufacturing facilities as well as handle marketing, servicing, and after-sales. NAL will be closely involved in the initial years to help the company with various aspects of manufacturing and operations, says Abhay Pashilkar, Director, CSIR-NAL.

Kishore Patel, founder and managing director of the Mumbai-based company, says his experience in business lay in the chemicals and automotive sector, but he decided to venture into aircraft manufacturing because of the opportunities and untapped potential. In the past year, he has organised a team of experts from the aviation sector, including engineers and scientists from organisations such as Hindustan Aeronautics Ltd - India's workhorse producer of defence aircraft - to be able to manufacture the Hansa-3 (NG).

"The aviation sector is rapidly growing and with that, the demand for trained pilots. We expect locally manufactured aircraft trainers to be cheaper and offer quick turnaround time for maintenance than foreign planes," he said on the sidelines of a press event to announce the technology transfer.

The making of a plane

The NAL, a cluster of buildings spread out on a verdant campus of centenarian banyan and peepal trees, was intended to be away from the city. Few public labs in India can boast of having their own runways. Among these, the CSIR-NAL runway - a bluish grey rectangle of tarred road improbably laid out in a vast grassy field - is unique. It isn't your everyday airstrip intended for the private planes of the privileged. It is meant for planes imagined, designed, crafted, welded, and assembled on the campus. Even a small plane going awry mid-flight can be an aerial coffin for the pilot, and at worst, a crashing inferno of a public hazard.

Therefore, every plane, when it flies for the first time, is a nerve-wracking experience for the engineers, designers, and technicians behind it because of the many things that could go wrong. It's inevitable that a runway and a surrounding vista, far from a bustling city, be built into a facility made to make planes.

In one of these buildings is a cavernous workshop. There is a smattering of plane-parts: fuselage, wings, cockpit, propeller in various degrees of assembly, with none having reached their de-nouement. Like the baking moulds used to create cookies or cakes in assorted shapes, the fuselage - or the main spindle-shaped body of the plane where passengers and pilot are seated - is made by layering multiple layers of "composites" like glass fibre, carbon fibre, and aluminium over spindle-shaped moulds. Depending on whether the plane will be a two-seater or a five-seater, the placing of the plane's engines, the positions where the wings will be, different fuselage is employed. There are large 'layup' machines housed in various locations of the workshop.

Like the handlooms that spin out fabric, these



A car, if it malfunctions on the road, can be taken to the roadside for fixing. You can't do that for an aircraft. Hence, the making and manufacture... of even the smallest part is tightly regulated. This deters private sector participation

ABHAY PASHILKAR
Director, CSIR-NAL



machines can spin out the 'composites' used to make wings or any other parts. "You can have up to 70 layers of composite depending on which part of the plane is involved and how they must be attached to the fuselage," explains Abbani Rinku, Chief Scientist and the person in charge of CSIR-NAL's flagship Hansa (Swan) category of planes.

First flight

On May 11, 1998, three nuclear tests were conducted deep in Rajasthan's Pokhran desert, the first time such bombs had gone off since 1974, in a move by India to 'announce' its status as a nuclear power. It's the reason that India annually commemorates this day as Technology Day.

Nearly 2,000 km away in Bengaluru, another tech event took place: the inaugural test flight of the Light Trainer Aircraft Hansa-3 Prototype II.

Speaking in Parliament on June 8, 1998, then Education and Science Minister Murlu Manohar Joshi said, "This aircraft is a prototype designed, developed, and manufactured by National Aerospace Laboratories, Bangalore."

The production of the aircraft was to be taken up towards the end of 1998 by a private sector company in Bengaluru. The expected cost of production was ₹30 lakh per aircraft.

NAL had entered into an agreement with Taneja Aerospace and Aviation (TAA), which had a manufacturing base in Hosur, Karnataka, to make the plane. Out of the 14 Hansa planes that were manufactured, one was made by TAA, says Rinku. However, he doesn't explain why more planes weren't manufactured by the company.

They have all been given to flying clubs used

by the Directorate General of Civil Aviation (DGCA) and were being used as trainer-aircraft for pilots in training.

The upgraded version of the Hansa-3 that will be made by Pioneer is a far more evolved variant of the one from Joshi's time. The aircraft offers a digital display (glass cockpit) system and is powered by an advanced fuel-efficient Rotax 912 iSC3 Sports engine and bubble canopy with a cabin width of 43 inches. It is equipped with electrically operated flaps to meet the user's requirements. It can fly up to 620 nautical miles and has 7-hour endurance and maximum cruise speed of 98 knots calibrated airspeed (KCAS).

All of this also translates to the Hansa costing around ₹3 crore, a 10-fold spike. Pashilkar says it is still half the cost of an equivalent imported plane, and with the manufacturing and repairs expected to be handled locally, have a lower "down-time" than comparable ones. Moreover, he added, the real draw of the plane is that many more pilots can be trained within India (today, several must go abroad for their licences). It will meet what Naidu projected as an "explosive" demand for planes and pilots in India. The country will need 30,000 pilots in the next 15-20 years, with 1,700 planes to be added to the fleet, he had said.

Manufacturing blues

The CSIR-NAL is a research agency. Its mandate is in designing new planes. This means experimenting with every component of the aircraft - wings, fuselage, tail, propeller - and figuring out new ways of making planes lighter and more durable. They are also expected to design planes for a range of purposes, for instance as air-ambulances, or transporting cargo, or chartered planes, or fuselage of varying lengths to run smaller planes that can be used in towns and cities, sans full-sized airports. These new designs can then be taken up by private manufacturing companies that can make these planes in bulk, service them, find new markets, export, and most importantly establish the complex chain of intermediary manufacturers and suppliers of the complex hardware that must all be integrated into the manufacture of an aircraft. Despite successfully designing two-seater planes such as the Hansa and a 14-seater plane, Saras, the NAL hasn't yet been able to successfully rope in an Indian company that will manufacture its planes.

In 2018, the CSIR-NAL made significant upgrades to the Hansa-3, including integrating a glass-cockpit as well as significantly improved avionics and instrumentation. It announced a partnership with Mesco Aerospace Pvt Ltd to design and manufacture the Hansa-3 NG. The "targeted" cost of manufacturing the plane would be ₹80 lakh-₹100 lakh, an accompanying press re-

lease had said then.

Rinku says while Mesco showed interest in producing the NG plane, the firm couldn't continue beyond one year. "There were reportedly some internal issues (with the company) but nothing to do with the aircraft or its design. While we had signed an agreement to be involved right from the stage of designing the aircraft, we didn't progress to the stage of production," he adds. This forced NAL to look for a new partner to design the Hansa-3 NG, and after four years of search found a partner in Pioneer.

It isn't because the manufacturing of plane parts, assembling them, or establishing workshops is technically daunting that only research institutions like the CSIR-NAL or the Hindustan Aeronautics Limited (which makes defence aeronautical systems) are capable of. In America, Pashilkar says, the Hansa category of planes would come under the "home-built" category.

The Hansa has its origins in a category of planes called the Light Canard Research Aircraft (LCRA), a Long-EZ aircraft developed by pioneering American aerospace engineer and designer Burt Rutan and put together in 1985 at NAL by a team led by Rustom Damania. Over the 300 hours that the plane was flown in its lifetime, engineers and scientists discovered practical challenges, including the use of composites.

"We simply imported it as a knock-down kit, assembled it ourselves, then flew it. Even today, these are categorised as home-built planes and so in theory can be built by anyone. Despite all the know-how and potential, it is challenging to get a private manufacturer," says Pashilkar.

Among the concerns that potential manufacturers raised were the availability of trained and skilled manpower. "There's huge attrition in this industry. Yes, setting up the facilities to manufacture plane parts aren't that challenging, but it requires extremely skillful people."

For a plane like Hansa, it is essential that every component be made to the exact weight specifications. "We can now make it to within a kg of the required weight. Few organisations in India can do that. Take welding. While it sounds simple, only a few organisations - like HAL - have been approved by aviation regulators to be able to weld components. Aviation is a highly regulated sector, and you can't go to a corner shop," explains Pashilkar. "A car, if it malfunctions on the road, can be taken to the roadside for fixing. You can't do that for an aircraft. Hence, the making and manufacture - given the risks - of even the smallest part is tightly regulated. This deters private sector participation."

Then there's the challenge of importing the raw material to make the composites. "With so few manufacturers, nobody produces these materials in India. And because nobody makes enough of this, there are few manufacturers, necessitating imports. You add up all the demand for civilian planes - an existing fleet of about 800 with 1,200 in the next five years - and it still doesn't make commercial sense for a private manufacturer to set up a foundry (to make raw materials) in India," Pashilkar reckons.

Another challenge is finding pilots. The NAL does not have pilots of its own, and given that these are test planes, it depends on pilots from the Indian Air Force. "Whether it is Hindustan Aeronautics Ltd, or us, there is always a shortage of pilots. Because there are different certification requirements for civil and military aircraft, we face delays in flying our test aircraft," rues Pashilkar.

By the rules under which NAL works, any private manufacturer has to first replicate NAL's manufacturing facilities. "Following this, they can come to our facilities and get help with making the first prototype; then we can go to theirs for the next one," explains Pashilkar. "This time, we've reduced technology transfer fees and given them two-year access to our facilities. Aircraft manufacturing is full of challenges in India, but we persevere."

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Hansa fabrication hangar on the CSIR-NAL campus. MURALI KUMAR K.

BIHAR



Posters outside the office of the Lok Janshakti Party (Ram Vilas) in Patna, Bihar. AMIT BHELARI

From Parliament to Patna

Three-time Bihar MP Chirag Paswan has thrown open the decision on whether to contest the Assembly election later this year to his State's electorate and to his party, the Lok Janshakti Party (Ram Vilas). **Sobhana K. Nair** and **Amit Bhelari** delve into how a man with a national outlook is making a space for himself in State politics

The crowd lustily waves red-blue-green flags carrying Ram Vilas Paswan's photograph alongside the Lok Janshakti Party (Ram Vilas)'s (LJP (RV)) helicopter symbol at the 'Nav-Sankalp' (new resolution) rally at Shahbad in south-west Bihar. On the stage heaving with party functionaries, one of the men places a magenta turban on Chirag Paswan's head. Chirag, whose name translates to lamp, is a Union Cabinet Minister and the party's president.

A thick vermilion *tika* bisects his forehead. He is handed a naked sword, which he raises to the crowd that roars in approval. The crowd — mostly men in their youth — has been waiting for hours under a white canopy, which barely keeps the sun out. They want to hear him speak.

This is his first public address after he announced his intent to contest the Bihar Assembly election. So far, his sound bites to the media have been framed in 'ifs' and 'buts'. No one knows which seat he will contest from. The restive crowd is waiting for clarity.

He paces through various themes, attacking the Congress for alleged "years of neglect", hailing the NDA government in Bihar led by the Janata Dal (United) president Nitish Kumar, and recalling the split in the Lok Janshakti Party (LJP) after his father's death. In 2021, his uncle, Pashupati Paras, walked away with five out of six Parliamentarians. Somewhere at the halfway mark, his face glistening with sweat, he finally comes to what the crowd has been waiting for.

"Haan main Bihar se chunav ladunga... Bihar ke liye ladunga." (Yes, I will contest from Bihar; in fact, I will fight for Bihar). There are no more details. "It is for you to decide; should Chirag Paswan contest the Assembly election and from which seat? Chirag Paswan will do what you tell him to," he says, referring to himself in third person, the way politicians often do. Then, "Let me assure you: whatever I do, it will be for Bihar."

Chirag currently holds the Hajipur Parliamentary seat that his father, Ram Vilas Paswan, won eight times. Ram Vilas had been in politics for five decades until his death in 2020. The LJP was formed in November 2000 by Ram Vilas as a Dalit-centric party. Chirag has been an active politician — after what he himself calls his "failed stint" in Bollywood — since 2013. In the past, he was elected from the Jamui constituency.

The Bihar election will take place later this year, for 243 Assembly seats. At 43, Chirag has committed to moving from national to Bihar politics. This is unlike his father, Dalit leader Ram Vilas, who went from one Cabinet to another, headed by Prime Ministers of different persuasions, remaining firmly in Delhi. Chirag has chosen Bihar as his battleground.

Over the past month the LJP (RV) has plastered posters across Bihar, of Chirag wearing a silver crown, like the shiny plastic versions used by local theatre groups for period dramas. "Bihar Kar Raha Hai Tajposhi Ka Intezaar" (Bihar is waiting to crown him) a poster declares, indicating his Chief Ministerial ambitions.

Rocky relationships

This is the first Assembly election in Bihar where the LJP (RV) will be contesting alongside Nitish Kumar and campaigning for votes on his behalf. Opposing them are the Rashtriya Janata Dal, the Congress, and the CPI (ML). "Our voters may not switch to the other side (RJD-led coalition) but what if they simply do not step out to vote? We

Chirag is our king. Can one fight a battle without the king? Without him in the fray, there isn't much to look forward to in the election

VINOD PASWAN
Rickshaw puller,
Paswan Tola,
Hajipur

Chirag's and Kumar's relationship has always been rocky. Only five years ago, Chirag ran the Assembly election under the slogan, "Modi se bair nahi, Nitish teri khair nahi" (There's no enmity with Modi, but we won't spare Nitish).

This was despite the LJP being in the NDA together with Kumar's JD(U). Chirag's ailing father was still a Union Minister. Ahead of the election Chirag ran a campaign discrediting Kumar's administration, highlighting the gaps in delivery of welfare schemes, and training the spotlight over Bihar's backwardness. It dealt a sharp blow to JD (U) and Nitish Kumar's brand, with the party being reduced to 43 seats, a distant third behind the RJD and BJP.

In 2000, Ram Vilas was against Kumar as Chief Minister, battling for a BJP CM and arguing that they were the rightful claimants with the highest tally of seats among the allies. But the BJP ignored him to anoint Kumar, who could stay in the seat for just seven days. That was the last time Kumar and Chirag fought the election on the same side. It was also the year of the launch of the LJP.

In 2007, two years into his first full term as Chief Minister, Kumar carved out a Maha Dalit group to provide special government assistance to those marginalised within the Scheduled Caste (SC) groups. Out of the 22 sub-castes of SCs, 21 were categorised as Maha Dalit. The only sub-caste excluded was the Paswad or Paswan. It was only in 2018 that this exclusion ended, bringing the Paswans too into the fold.

In the 2019 Lok Sabha election, the undivided LJP, the BJP, and the JD(U), in a seat-sharing arrangement, decided to give one Rajya Sabha seat to Ram Vilas. But a few months later, just before nominations were to be filed, the father and son were sent by senior BJP functionaries to Kumar's house. There, Chirag says, he made them wait for a couple of hours and forced them to plead for the seat.

At the epicentre

The Hajipur Lok Sabha constituency that Ram Vilas represented is close to Patna. Hajipur town is just 40 km from the State Capital in Vaishali district. This is the epicentre of Chirag's politics. His face is everywhere: waving from walls, bowing from billboards, smiling from the backs of autorickshaws. The density of these posters is expected

to rise as the election nears.

Paswan Tola, a village in Hajipur dominated by the Paswans, is caught in a transition. A few brick-and-mortar houses sit awkwardly between straw-and-clay structures here. It is mid-morning, and Vinod Paswan, a rickshaw puller in his mid-40s, is eating watery dal with rice and mango pickle. This meal must serve him till he returns home in the evening. Dressed in a *gungli* and lungi, he rinses his steel plate and sits down in his *kuchha* house. "Chirag is our king. Can one fight a battle without the king?" he says. Without him in the fray, there isn't much to look forward to in the election," he claims.

Dharamdeo Paswan, in his early 60s, lives close to Vinod's house. He says, "I always wanted to see his father as the Prime Minister or the Chief Minister of Bihar." He recounts the times he has seen the senior Paswan campaigning in the area. For him and many others, the switch from father to son is organic. Unlike Vinod, he is not bothered whether Chirag contests or not. "Bihar main vote aur beti aapne jaat main dete hai," (In Bihar, casting your vote and marrying your daughter are both decided by caste).

New vs old

For many, Chirag represents a new phase of Bihar's politics. "I am very happy that Chirag Paswan is planning to contest the Assembly election. He has been an MP for the last 10 years. It's time for him to work in Bihar. His presence in the election will surely make a difference," says Ambika Paswan, 65, a resident of Lalganj in Vaishali district. He is a retired government employee, sipping his morning tea and poring over the morning newspaper at the local tea stall.

Mangesh Kumar, 27, a committed Paswan voter and resident of Patna who works as a mutual fund investor, likes that Chirag is "young and energetic", adding that "he has many years left in politics, whereas Nitishji these days does not look healthy".

Chirag has been incrementally building the stage for his entry into Bihar politics. In April, more than six months away from the poll, he announced to the press in Patna: "Bihar mujhe bula raha hai," (Bihar is calling me). He added that he would spend more time there than in Delhi.

Then began sound bites and social media from his party MPs urging him to contest the Bi-

har Assembly election. His brother-in-law and the party's Jamui MP upped the ante on June 1 with his post on X. The party workers, he said, want Chirag to contest from a general seat to send out the message that he was now ready to lead not just one section (the Dalits), but the whole of Bihar.

However, the next day in Raipur, Chirag said to the media: "There is no vacancy for the CM post in Bihar." He also said, "The party is evaluating whether my candidature will benefit it. Because when national leaders contest State elections, that strengthens your position in the election. The BJP has tried this strategy many times by fielding their MPs in the Assembly election and have benefited."

He added that Kumar would return as the CM. The NDA is going into the poll with Nitish as their Chief Ministerial face, but a leader from Chirag's party says, "The party is preparing for all eventualities."

With almost 20 years of Kumar's government — he is Bihar's longest serving CM — there is some voter fatigue. Nand Kishor Sharma, 45, is a *lohar* (blacksmith) both by caste and profession. At Gadai Sarai village, Hajipur, with temperatures rising to 40 degrees Celsius in the afternoon, Nand Kishor sits before the fire working on a shovel. He's also cooking on the side. He speaks between the rhythmic fall of his hammer.

Lohars are part of the Extremely Backward Classes, a sub-group of Other Backward Classes, created by Nitish Kumar for better outreach of government-sponsored welfare schemes. "There should be a change," Nand Kishor declares. He asserts that Bihar needs "young and energetic" leaders. "I do not know who will form the government but that there are several eligible: Chirag Paswan, Tejashwi Yadav (RJD), or Samrat Choudhary (senior BJP leader, Deputy CM)."

Ratnesh Kumar, 55, a resident of Muzaffarpur city in central Bihar, who runs a dry-cleaning shop, has a litany of complaints: "I have not seen any change in the last 10 years except good roads and electricity. Crime has increased, and every day something happens and we have to close our shops. My son has been trying for a (State) government job for the past three years but there are few jobs."

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CACHE



REUTERS

What does Google plan to do about the ‘online search’ antitrust decision?

The U.S. Department of Justice has hit Google with multiple legal challenges, alleging violation of antitrust laws, and the monopolisation of multiple markets the search giant operates in. However, Google has consistently defended the quality and innovation of its products

Sahana Venugopal

The story so far:

On May 31, Google said it will appeal an antitrust decision aimed at making competition in the online search market fair. Google's reaction to the decision comes a day after U.S. Judge Amit Mehta heard closing arguments in a trial that sought to curtail the tech giant's illegal monopoly in online search. While the U.S. Department of Justice (DOJ) proposed stringent remedies to bring about fair competition, Google is opposed to these measures and proposed its own tentative remedies. After considering the proposed remedies from both sides, Judge Mehta is expected to deliver his decision. These court remedies could potentially unravel Google's position as a dominant player in the online search business.

What is DOJ vs Google antitrust case?

The DOJ hit Google with multiple legal challenges in recent years, alleging violation of antitrust laws, and the monopolisation of multiple markets the search giant operates in. In particular, the regulator scrutinised Google's revenue sharing agreements with partners like Apple over worries that the search giant's rivals' services are being locked out of the market and that customers are seeing reduced choices for search engines on their devices.

In August 2024, Judge Mehta handed the DOJ a victory when he ruled that Google was an illegal monopolist with monopoly power in the general search services and general search text advertising markets. The Google Search Remedies trial that followed this year saw

the DOJ presenting a series of far-reaching proposals to cut down Google's monopoly power, while Google presented its own list of far milder proposals.

What is DOJ's case against Google?

The DOJ and the U.S. Federal Trade Commission (FTC) are regulators that both work to ensure that companies, including Big Tech firms, are complying with American antitrust laws to enable fair competition. While the two regulators coordinate their efforts, the U.S. DOJ has the power to obtain criminal sanctions and has sole antitrust jurisdiction across industries including telecommunications, banks, railroads, and airlines.

One of the key topics in Google's Search Remedies trial is the Big Tech company's multi-billion dollar deals with telecom device manufacturers to offer Google services via their products. To bring about fairer competition, the U.S. DOJ suggested the forced sale of the Chrome browser, possible divestment of the Android platform, temporary restrictions on some of Google's market activities, and the creation of a 'Technical Committee' to oversee Google's compliance measures.

What is Google's defence?

Google has consistently defended the quality and innovation of its products, while denying that it stifled competition. The tech giant vocally criticised the DOJ's remedies to reduce its dominance, claiming that data-sharing with rivals would put customers at risk and that giving up Chrome and Android would lead to cybersecurity risks as well as increased device costs.

Google strongly opposed the idea of a

DOJ-controlled Technical Committee, complaining that it would reserve the right for the U.S. government to decide who can access Google users' data. This is not a favourable outcome for the company, since U.S. President Donald Trump has systematically worked to reduce the independence of even federal agencies and regulators such as the FTC. Mr. Trump also suggested in the past that Google could shut down. However, the DOJ had suggested a court-appointed Technical Committee made up of independent experts.

Google's own proposed remedies include more flexible browser agreements and Android contracts, as well as oversight to ensure that Google complies with the court's order rather than coming under government control. "While we heard a lot about how the remedies would help various well-funded competitors (w/ repeated references to Bing), we heard very little about how all this helps consumers," posted Google on X on May 31.

However, a new issue in Google's antitrust quandary is Generative AI, and whether or not Google's monopoly in multiple markets also hurts competition in markets related to large language models (LLMs) and AI integrations across devices and the web. For example, Google's 'AI overviews' that now greet users at the top of their searches could reshape the way customers worldwide search for information online. Google, meanwhile, claimed that the AI space was highly competitive and that rivals were thriving even without government intervention.

"The U.S. Department of Justice's 2020 search distribution lawsuit is a

backwards-looking case at a time of intense competition and unprecedented innovation. With new services like ChatGPT (and foreign competitors like DeepSeek) thriving, DOJ's sweeping remedy proposals are both unnecessary and harmful," wrote Lee-Anne Mulholland, Vice President, Regulatory Affairs, Google, in a company blog post.

What happens to Google next?

U.S. Judge Amit Mehta will take time over the summer months to consider the facts of the case. A decision regarding the Google Search Remedies trial is expected from him before Labour Day (the first Monday of September), as per AP.

Google is waiting for the court's remedies but said it still disagrees with the original decision and believes it is "wrong."

The tech giant also plans to present its side during the appeal, which will happen after the court remedy is revealed. In other words, the legal process could stretch on for years.

This is just one of several antitrust challenges that Google is facing in the U.S. and overseas, with cases covering different areas of its lucrative business such as its advertising technology, rights to its Android platform, and the treatment of developers using the Google Play Store.

The U.S. DOJ in April announced that it "prevailed" against Google in a second monopolisation case, where the U.S. District Court for the Eastern District of Virginia held that Google "violated antitrust law by monopolising open-web digital advertising markets." Google disagreed with this decision as well and said it would appeal the ruling.



KNOW YOUR ENGLISH

She nailed most of her entrance tests!

Even though some colleges and universities rejected her, she didn't turn a hair

S. Upendran

"Was Rajeev angry that you didn't manage to get tickets to the IPL final?" "Ten years ago, he might have been. But nowadays, he doesn't worry about such things. When I gave him the news, he didn't turn a hair. In fact, he was..." "He wouldn't have been able to do that even if he wanted to. Being completely bald, he wouldn't have been able to turn a hair!" "You have a point there! Do you know what the expression 'not turn a hair' means?" "Does it mean not react to some bad piece of news?" "Very good! You remain calm after receiving really bad news." "In other words, you show no emotion — no fear, surprise or distress. You remain cool under pressure." "Exactly! It's as if you are unaffected by the news. Here is an example. When I informed my boss that the prices of the shares were plummeting, he didn't turn a hair."

"When Income Tax officials and the police walked into the house, Amrit didn't turn a hair."

"That's pretty unusual. Usually, in such situations, Amrit loses her cool."

"She's famous for her temper, but this time around, she maintained her cool. Maybe she was expecting the raid."

"Possible. When we told Sowmya the price we paid for the car, we thought she would rant and rave. She didn't turn a hair."

"While we're on the subject of Sowmya, doesn't she have a big interview coming up later this week?"

"You must be getting old, my friend. The interview was last week."

"Really? Oh my god! I usually wish her before an important interview. This time, I completely forgot. Any idea how she did?"

"As far as the interview is concerned, she nailed it."

"Nailed it? What are you talking about? How can anyone nail an interview?"

"In native varieties of English, the expression 'nailed it' is frequently used in informal contexts. It has several different meanings. When you perform a task exceptionally well, then you can say that you nailed it. Here's an example. During rehearsals, he kept singing out of tune. But when he performed in front of the judges, he nailed the song."

"Meaning, he sang the song exceptionally well."

"That's right! It was perfect and the judges were..."

"How about this example? I was looking at the audience while Bharath was making his presentation. From the looks on their face, I knew he had nailed it." upendrankye@gmail.com

THE DAILY QUIZ

With the inauguration of the highest rail bridge and arch bridge in the world over the Chenab, a quiz on bridges around the world

V.V. Ramanan

QUESTION 1

Name the railway stations on the Jammu-Baramulla line between which the Chenab bridge is located.

QUESTION 2

Where is the famous Ponte Vecchio and 'Bridge of Sighs' located?

QUESTION 3

On which famous bridge, as per law, a bundle of hay must be suspended when work is happening to alert ships that there is less room to pass under its bascules than normal.

QUESTION 4

Soaring 343 metres above the Tarn River valley in France, this bridge holds the record for the tallest

bridge in the world. What is it called?

QUESTION 5

A variation of the 'International Orange' colour, this distinctive paint for the iconic bridge is currently supplied by Sherwin Williams and the closest off-the-shelf paint colour available is 'Fireweed'. Which bridge?

QUESTION 6

This bridge connecting Denmark and Sweden runs for 8 kilometres before transitioning into an underwater tunnel for 4 kilometres. This was done so as to not affect air and shipping traffic. Name this marvel of engineering.



Visual question:

In which Indian State can one witness these 'living root' bridges? FILE PHOTO

Questions and Answers to the June 6 edition of the daily quiz: 1. This variety of mango is known as the 'king's favourite'.

Ans: Imam Pasand

2. A box of mangoes was apparently gifted to this leader just before he boarded a plane and it is believed that it contained a bomb that exploded when he was mid-air. Ans: Zia Ul Haq

3. This mango variety is known after a Portuguese general and viceroy. Ans: Alphonso

4. This mango variety is associated with a Mughal emperor who fought a battle against Sher Shah Suri. Ans: Chausa

5. This mango is said to have played a key role in the spread of this religion. This courtesan is said to have offered her mango orchards as a venue for sermons. Ans: Amrapali; Buddhism

Visual: Name this architect. Ans: Laurie Baker

Early Birds: Haridas Palli Piyali Tuli

Word of the day

Vitiate:

corrupt morally or by intemperance or sensuality; make imperfect; take away the legal force of or render ineffective

Synonyms: corrupt, debase, debase, demoralise, deprave, misdirect, pervert, profane, subvert, impair, mar, spoil, invalidate, void

Usage: The impact of the film was vitiated by the cast.

Pronunciation: /vɪˈteɪəteɪə/

International Phonetic Alphabet: /vɪˌteɪə/

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

IDEA EXCHANGE

NEWSMAKERS IN THE NEWSROOM

Ravi Dutta Mishra: In the multiple trade negotiations that are underway, India may be forced to lower tariffs. Will there be an adverse effect on our manufacturing as we open ourselves to Western countries? Are we ready for it?

President (Donald) Trump has described India as a tariff king and, on this, he is right. Our tariffs are much higher than most other developing countries. I have consistently said our tariffs are too high and they should be reduced in our own interest. This process was started in the 1991 reforms and was continued through successive governments, including the Vajpayee government. The economy did well in this period and our export performance also improved. Unfortunately, the policy was reversed in 2017 and our exports have done poorly since then. Indian manufacturers are uncompetitive due to a variety of reasons such as high tariffs, bureaucratic controls and logistical deficiencies. However, this means they are not competitive at the current exchange rate. Depreciating the currency is one way of making them more competitive. It helps those competing against imports and also helps exporters.

P Vaidyanathan Iyer: How do the Trump tariffs impact the world and the US economy?

That's a difficult question to answer since we don't know where the tariffs will end. The US has imposed 10 per cent on all imports and 25 per cent on selected items. In addition, it has imposed so-called reciprocal tariffs at different levels for different countries. The reciprocal tariffs have been paused until July 9 pending the outcome of negotiations that are underway with different countries. We don't know how far these tariffs will be modified. However, it is quite clear that the US will end up with protection levels much higher than in recent memory. It will also have different tariffs for the same product for different countries, which is a departure from the most-favoured nation principle.

P Vaidyanathan Iyer: Do you think there is any rational basis for what the US is doing?

Frankly, no. The US has been concerned about two developments for some time but what they are doing is not the solution for either of them. One long-standing concern, which resonates with the US public is the hollowing out of old industries in the so-called 'rust belt'. This is actually a natural process in which industries that had become uncompetitive have shifted to other countries that are more competitive. Against this so-called 'loss', the US has also gained massively because it became dominant in the financial sector and the tech sector. Both sectors have produced an expansion in high-paying jobs. The logical way to deal with the loss of jobs in the older industries would have been to encourage new industries, where the US is competitive, to expand in the states being hollowed out and to reskill the workforce in these areas.

The second US concern is the remarkable rise of China. They clearly thought that integrating China into the global system would make China more like other democracies but that didn't happen. China has gained enormously from globalisation but it has also explicitly stated a confrontational objective of challenging the US economically, technologically and also militarily. The Biden administration had adopted a targeted policy of constraining trade restrictions on China, especially in sensitive areas. What has been unleashed now is a much broader weaponisation of tariffs against many more countries. This seems to be driven by the spurious argument that they are running trade surpluses. Most economists don't think one should worry about bilateral trade balances, and especially trade balances in goods while leaving out services. The US/EU position exemplifies the problem. The US is running a large trade deficit against the EU in goods but it has an almost equal sized surplus in services. Taking goods and services together, the US/EU trade is balanced.

The problem is the US is not just any country. If the US were a small country, then we could point out its errors and simply refuse to enter into any such negotiations. But the US is the largest economy in the world and the largest importer and therefore, in principle, the largest debtor. So you cannot ignore it. Therefore, even though their position is not theoretically defensible, most countries are trying to see what they can get out of it through negotiation.

Ravi Dutta Mishra: Our unwillingness to open up to China led to us abandoning RCEP. Can we just open up to the West and ignore RCEP?

That's a very important point. Asia is where most of the growth will take place in the future and we should certainly not ignore it. As you said, we backed out of signing the RCEP agreement because our producers lobbied that they can't compete if duty-free access is given to Chinese imports. It is true that China is widely regarded as a non-transparent trader which subsidises its exports in many ways. However, if this was the main reason for not signing RCEP, we should apply to join the



MONTEK SINGH AHLUWALIA

ECONOMIST AND FORMER DEPUTY CHAIRMAN, PLANNING COMMISSION OF INDIA

WHY MONTEK SINGH AHLUWALIA

Having played a pivotal role in the 1991 economic reforms that structurally changed the economic landscape of India, Montek Singh Ahluwalia went on to hold key positions in the Union Finance Ministry, the IMF and the Planning Commission. Drawing on his decades-long experience at the intersection of politics and economics, he now unpacks what the new phase of global geopolitics and trade tensions could mean for India



China challenged the US and what's been unleashed is the weaponisation of tariffs

Montek Singh Ahluwalia, economist and former Deputy Chairman, Planning Commission of India, on India's way around US tariffs, the need for less protectionism and why trade with China needs careful thought. The session was moderated by Ravi Dutta Mishra, Principal Correspondent, *The Indian Express*

Comprehensive and Progressive Trade Agreement for Trans-Pacific Partnership (CPTPP). This grouping does not include China but covers other important Asian countries, including Japan and South Korea. We have free trade agreements with these countries but they are old and limited arrangements. We need to enter into deeper arrangements which also align behind the border standards.

P Vaidyanathan Iyer: We have seen more than three decades of reforms and

competition? That takes time but that is why lowering of duties in a free trade agreement is always phased over time. We have to realise that while granting protection is a simple solution, it only helps the industry protected, while hurting others, all of whom suffer from the same handicaps. Exports are particularly badly hit by protection because it only raises the domestic cost structure, making exports less competitive. I should point out that our exports have done very poorly in the past five years and this also the period when we started raising import duties.

P Vaidyanathan Iyer: What do you think of the PLI type schemes which are designed to encourage the domestic industry. Do you see this as tantamount to protection or are they stepping stones for the industry to prepare for global

liberalisation. Are there certain sectors which still require protection?

Whenever an industry is unable to compete with imports, it will demand for protection to save it. If you go into it more deeply, they will tell you they can't compete because they have to cope with poor infrastructure, poor logistics, high cost of power, burdensome procedures, poor access to bank credit, etc. All this is true. But the solution lies in rectifying these problems, not conceding pro-

competition?

PLIs are a way of protecting the industry by extending a subsidy. It has the advantage of providing support without raising the price of the protected product as would happen if duties were raised. The cost is borne by the budget. The example of East Asia is often cited to support the idea that industries can be encouraged through subsidy in the initial stages, which allows them to become competitive. In the East Asian cases, the success of the indus-

try support effort was ultimately judged on whether they became internationally competitive. If they failed to penetrate export markets as expected, the subsidy was withdrawn. Our PLI schemes do not have any such linkage with export performance.

It is, perhaps, too early to pronounce judgment on PLIs, but we should conduct a serious independent evaluation of these schemes. This task should not be performed by the ministry running the scheme. It should be entrusted to another body, such as NITI Aayog or the Economic Advisory Council to the Prime Minister, for an independent view. Ministries always support whatever schemes they are running or at most suggest some marginal improvements. That's why third party evaluation is needed.

P Vaidyanathan Iyer: What should be our trade policy vis-à-vis China?

China is the second-largest economy in the world and under normal circumstances we should view it as a potentially important trade partner. However, it is also true that we have serious security concerns about China. We have to address these different types of problems.

First, there is the problem of non-transparent subsidisation which may hurt our domestic industry. This is best handled by an

efficient and speedy system of imposing countervailing duties to counter unfair trade practices.

The second problem relates to situations where we have become unduly dependent upon China, enabling it to hurt our economy by denying us exports that we want. The pharmaceutical industry is an example. We pride ourselves on being the pharmacy of the world because we have genuine strength in formulations and other products. However, we have become excessively dependent on China for supplying active pharmaceutical

ON INDIAN TARIFFS

PRESIDENT TRUMP HAS DESCRIBED INDIA AS A TARIFF KING AND HE IS RIGHT. OUR TARIFFS ARE MUCH HIGHER THAN MOST OTHER DEVELOPING COUNTRIES. I HAVE CONSISTENTLY SAID THEY SHOULD BE REDUCED IN OUR OWN INTEREST

ingredients. This is not a case for rejecting Chinese imports as such but we should reduce dependence on them by developing our own sources domestically or if there are other supply sources available, we should diversify. There is a case for increasing domestic production, and introducing a PLI, if necessary. There is also a case for diversifying supply linkages to other sources. A similar problem arises in the case of various rare earths and minerals, which are needed for

our energy transition and where we don't have domestic reserves. China has already weaponised this monopoly. The solution in such cases clearly lies in building access to these items wherever they are available from other countries and perhaps encouraging our own industry to build production capacity elsewhere.

A third problem arises in the case of products, particularly advanced electronic products that can be infested with malware. For example, the use of untrusted products in key systems such as the telephone system, the air traffic control system, the electric grid, the banking and payments system, etc. present the possibility of a cyber attack which could impose serious damage. Cyber attacks are happening even without compromised equipment and we need heightened vigilance in these areas but compromised products increase our vulnerability. In such cases, countries have to resort to some combination of relying on domestic supply or importing only from 'trusted sources'.

I would emphasise that these considerations should not lead to extreme positions excluding all Chinese imports. Solar cells are a good example. Solar cells are not like chips in the sense that you cannot interfere with the functioning of a solar cell from the outside. China has built capacity more than double the world's current demand for solar chips, as a result of which the price of solar chips has collapsed globally. Importing these chips will allow us to expand our solar generation capacity rapidly and reduce the cost of solar electricity. Should we benefit from this or insist on domestic production of chips at a higher cost? We need to evolve a carefully tailored policy that allows us to derive the benefits of trade with China, without making us vulnerable

to pressure.

Sandeep Singh: While the Trump tariffs have caused a disruption, is there some positive effect for Indian manufacturing?

The only possible positive effect we can expect is if the US wants to discourage imports from China-centred supply lines and shift to supply lines based on more trusted partners. If India is treated as a more trusted partner, then it creates an opportunity. Of course, the extent of benefit will depend upon whether we can attract the FDI and technology needed to fit into the altered supply chain. Some shifting out of China has been taking place but the countries that benefited were Vietnam and Malaysia, not India. A good example of what looks like a success is the possibility that India-made iPhones will serve a large part of the US market. I have seen reports of President Trump saying he wants Apple to produce all iPhones for the American market domestically. That amounts to insisting on 'reshoring' rather than 'friend shoring'. We should explain that iPhones produced in India are only assembled in India and almost half the value consists of IP which accrues to Apple. The phone also has thousands of components produced in other countries. The assembly stage is actually a low-tech activity, although it creates a lot of jobs which is important. It also gives us a hold from where we could progressively supply more components. If assembly is performed in the US at US wages, it will substantially increase the cost of the phones. Hopefully, these considerations will be used by Apple to defend its India strategy.

Aggam Walia: You mentioned deregulation and now the ball is in the states' court. They have to lead the charge. How do you assess this view? Also, many states, both publicly and privately, have been asking for a greater share of the Centre's taxes. Do you think that is tenable?

As far as deregulation is concerned, there has to be both Centre and state agenda. The Central government has said they are setting up a committee to recommend a deregulation package. I hope we see early outlining of the proposed agenda, a discussion of what is proposed and then an early implementation. The scope for deregulation at the state level is also great. It would be a great idea if some CMs took the lead and set up committees that could help identify critical areas where deregulation can be implemented. It would help small and medium enterprises the most, since they are most burdened by complex procedures. Ideally, an institution like NITI Aayog could document what the Centre has actually done on deregulation and put pressure on the states to follow suit. On the devolution of taxes, the 16th Finance Commission is the Constitutional body responsible for making recommendations and they will look into it. I feel the states definitely need more devolution of taxes and it is better to have larger automatic transfers rather than rely on the Central government schemes where the Centre funds part of the cost but designs the scheme. Frankly, the more advanced states are now much more capable and they need more resources. There is a linked issue here and that is that the states don't delegate downward to local bodies. Unfortunately, this can't be done through the Finance Commission. It has to be done by the state government delegating downward. Very few states are willing to do this.

Illustration: Sangeeta Day

Search for certainty

The RBI has done nearly all it can

In a world of economic uncertainties, the Reserve Bank of India (RBI) last week made a bold attempt to provide the Indian financial system and economy at large some certainty. The monetary policy committee (MPC), in its second meeting of the financial year, decided to reduce the policy rate by 50 basis points to 5.5 per cent on Friday. The consensus in the market was for a 25-basis-point cut. The MPC clearly aimed to frontload policy accommodation to boost economic activities. With last week's rate reduction, the MPC has reduced the policy rate by 100 basis points in the current cycle. Further, in addition to the larger than expected rate cut, the RBI decided to reduce the cash reserve ratio (CRR) by 100 basis points to 3 per cent, which will be implemented in four stages, adding durable liquidity worth ₹2.5 trillion to the system.

It is expected to enhance the transmission of the policy-rate reduction and reduce the cost of funds for the banking system. The RBI has, in fact, taken several steps in recent months to provide adequate liquidity. It has infused liquidity worth ₹9.5 trillion since the beginning of the year. As a result, the weighted average call rate (WACR), the operational target of the monetary policy, was hovering at the lower end of the liquidity adjustment facility corridor. This also means that the actual policy accommodation has been higher than what the rate cuts suggest. The RBI will likely keep WACR at the lower end of the corridor to enable transmission of the latest rate cut.

Notably, the MPC not only delivered a higher than expected rate cut but also clearly communicated to the market that "...under the current circumstances, monetary policy is left with very limited space to support growth". To put it differently, the RBI has nearly done its part to support growth. It also changed the policy stance from "accommodative" to "neutral", underscoring that the next policy action will not necessarily be a rate cut. This raises an important question for market participants: Has the MPC reached the terminal rate for this cycle? It is worth noting that the space for a bigger rate cut was created by moderation in the headline inflation rate. The inflation rate moderated to 3.2 per cent in April. The MPC also revised its inflation projection for the year from 4 per cent to 3.7 per cent. Some economists believe that actual inflation would be lower than the MPC's projection.

However, assuming the MPC's projections hold, it expects the inflation rate to average a little over 4 per cent in the second half of the financial year. RBI economists have previously shown the neutral rate lies between 1.4 per cent and 1.6 per cent. Assuming the MPC works with this estimate and monetary policy needs to be forward-looking, the chances of further rate cuts are low. If inflation outcomes do surprise on the downside, it would open up space for more rate cuts, but it may not happen in the coming months. On the growth front, the MPC maintained its projection of 6.5 per cent, though it remains unclear to what extent it expects the policy rate cuts to stimulate growth. Given that growth last financial year was at the same level, policy intervention will need to go beyond monetary accommodation to sustainably increase the medium-term potential growth rate above 7 per cent.

Saving the Aravallis

Political, bureaucratic buy-in is critical

Given the scale of destruction of the Aravallis, one of India's oldest mountain ranges, the launch of the Aravalli Green Wall project on June 5, World Environment Day, has not come a day too soon. Inspired by Africa's Great Green Wall project to regreen the Sahel, the Indian version aims to reforest 700 km of the range in 29 districts in Delhi, Haryana, Rajasthan, and Gujarat. The broad plan is to displace destructive alien species with native species on scrubland, wasteland and degraded forest and restore water bodies to create an additional 2.5 billion tonnes of carbon sink, as India has committed as its Nationally Determined Contributions under the United Nations' Paris climate change agreement. The notable point about this project, initially announced in 2019, is that the government plans to work with stakeholders — state governments, civil society organisations, and private sector and local communities in pasture development and agroforestry. The Aravalli Green Wall project is ambitious and long overdue, given the dangers of creeping desertification from the Thar Desert and the dangerously depleted water table.

Though the project ticks all the boxes in terms of intention, it starts with the handicap of facing a landscape, a recognised biodiversity hotspot, which is losing its natural wealth to unchecked ecological exploitation. Almost a decade ago, the Indian Space Research Organisation, based on satellite data, had raised the red flag on the degradation of the Aravallis. Today, over a quarter of the range is degraded, thanks to unchecked mining, deforestation, and encroachment. Whole hillsides have been obliterated by illegal miners extracting stone to meet the construction industry's insatiable demands. Many rivers in north Rajasthan have dried up as a result of excessive mining. The knock-on impact of this is devastating. In 2023, the Central Ground Water Board said groundwater levels in Haryana and Rajasthan were depleting by 1 to 1.5 metres annually, a disaster for farming, livestock, and peoples' access to drinking water.

It is worth noting that the bulk of the degradation of the Aravallis is the result of plain illegal activities, costing state governments crores of rupees in revenue. Checking such large-scale transgressions, conducted openly and with impunity, suggests that the success of the Aravalli Green Wall project must be preceded by the hard institutional work of breaking longstanding collusion between the state officialdom and private entrepreneurs and promoting robust inter-state institutional mechanisms to ensure effective monitoring and deterrence. For the project to be sustainable, political and bureaucratic buy-in is, therefore, critical so that the initiative transcends political change. The rapidly deteriorating ecology of the Western Ghats offers a cautionary tale in the dangers of inadequate recognition from state political regimes. Ravaged by climate change, this fragile biodiversity hotspot has been the focus of two reports recommending banning, to varying degrees, mining, quarrying, and thermal power plants in designated ecologically sensitive areas (ESAs). Yet, assessments of landslides in Wayanad, Kerala, in July last year, killing over 250 people, are instructive. Satellite imagery reveals that the area has 48 stone quarries, 15 of them located in ESAs. The Aravalli Green Wall is an opportunity to learn from others' mistakes.

An opening for Indian gains

Many aspects of Indian macro policy are now clarifying

ILLUSTRATION BY AJAYA MOHANTY



The overall context of macroeconomic policy comprises two main issues. The first issue is the sustained problem of weak private investment over a long period. The second is the remarkable developments in the global economy and a glimmer of possibility for a better position for India. The recent moves by the monetary policy committee, of cutting rates, are in the right direction, and should be seen in the larger context of macro policy.

The most important element of India's growth is the emergence of large, high-productivity private firms which control greater resources of labour and capital. Hence, watching the growth of these firms is of the essence in understanding the Indian journey. In the Annual Reports of large private non-financial firms, a good measure of investment is the year-on-year growth of the net fixed assets. This has averaged 6.6 per cent from 2016-17 to 2023-24 (a period of eight years). If we think of the inflation target as 4 per cent, this is a real growth rate of 2.6 per cent a year, which is not consistent with Indian success.

Why did private Indian firms reduce the intensity of their investment? Largely speaking, this has to do with the problems of central planning and rule of law. Building a business requires immense commitments of emotional energy, time, effort, capital, and children. When the external environment imposes unreasonable levels of policy risk and expropriation risk, private persons feel inclined to pull back. This is the essence of how the socialist pattern of society — of government control

of products and processes inside private firms, coupled with arbitrary power in picking winners — induces stagnation.

Holding these things constant, a better financing environment will help matters. Holding these risks constant, if more capital were available at a lower cost, this would give higher investment. One perennial lever for this lies in the capital-control regime. Removing capital controls in India is always a good idea because this reduces the cost of capital within India.

There has been some progress of this nature in the recent period, and we hope that much more can happen in the coming year.

And then, there is monetary policy. The fundamental foundation of the Reserve Bank of India (RBI) has to be the inflation target of 4 per cent. The biggest contribution that the RBI can make to India's prosperity is to make inflation predictable and stable. When we look at the core CPI (consumer price index), the RBI got a big deflation done, getting the inflation rate down from about 6 per cent in the August 2020 to December 2022 period, to about 4 per cent today. This makes cutting rates today sensible.

The international environment has changed in ways that open up new possibilities for India. Recent events have estranged China even more from the core of the world economy. Global firms are trying even harder to reduce their dependence on China as compared with the way things worked earlier. Difficulties in the United States (US) also encourage global firms to do more in global capability centres and other con-

tracting mechanisms in India.

For a long time, I have been sceptical about the "China plus one" claims made about India: I have kept my eyes glued on the foreign direct investment (FDI) and goods exports data, and noticed that these didn't really budge so far. But it's possible to see early signs of gains now. A ratio that watches China's exports into the US divided by India's exports to the US. In March 2025, this got down to a historically low value of 2.63. It has trended down from values like eight in 2019, and slowly gotten better in India's favour.

A good measure of Indian exports is goods plus services exports, excluding petroleum products and excluding gold. These were stagnant at about \$5 billion per month for 2022-24. They have shown some growth in recent months, going up to a peak value near \$70 billion per month. The FDI data remains very weak. It is hard to imagine a path to sustained Indian success without much better performance in FDI in India, as foreign firms hold the keys to globalisation and to the knowledge of how high-productivity firms work.

An important problem holding India back on exporting is the barriers to globalisation. Tariff and non-tariff barriers make raw materials expensive for Indian producers. Capital controls make capital expensive for Indian producers, and capital is the biggest raw material in many industries. For the first time in many years, we are starting to see gains on these. This bodes well for growth in Indian exports.

The India-United Kingdom free-trade agreement made gains on Indian trade liberalisation, the likes of which had eluded Indian policymakers in preceding years. We may hope that similar big removals of trade barriers would feature in future India-US and India-European Union agreements. And then, once a few important countries have low barriers, the case for trade barriers against anyone else melts away. The wide path for Indian trade policy lies in focusing on China's macroeconomic crisis, and dumping by China, Inc., with the rest of the world.

Every trade liberalisation exerts forces upon the macroeconomy. Lower tariffs stimulate import demand, leading to a deterioration of the trade balance. This trade deficit induces rupee depreciation to restore equilibrium. Cutting the domestic interest rate also reduces capital inflows, which pushes in the same direction.

India's success as a venue for globalised production, through reduced tariffs, through the desire of global firms for "China plus US plus one" production, and through Indian capital-account decontrol, then there can be gains in capital flows into India and that can counterbalance the forces of depreciation.

Levers of policy are often used to try to fight rupee depreciation. This is a critical time in India's history, where the stars are aligning in favour of Indian success. The best test of macro policy is a combination of trade liberalisation, soft monetary policy, improvements on the foundations of policy (the problems of central planning and rule of law), capital account decontrol, and a weaker rupee.

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SNAKES & LADDERS
AJAY SHAH

Electric vehicles: Why and how

There are three key reasons why countries need to electrify their vehicle fleet. One is climate change. The transport sector guzzles massive amounts of oil (petrol and diesel) and globally contributes roughly 15 per cent of annual carbon dioxide emissions. Zero-emission vehicles, or electric vehicles (EVs), replace oil with electricity, which is ideally generated in renewable-energy plants, and are seen as the solution. The second reason, which is more important for Indian cities, is that replacing petrol and diesel vehicles with zero-emission ones will reduce local pollution. And third, it will save us valuable foreign exchange because oil consumption will lessen.

All of these are valid reasons to act. But these alone cannot usher in the change that is needed. We need a reason that we can move not just the vehicle electrification agenda but get the benefits that are so desperately required.

Let us take our cities first, where electrification coalesces into multiplier benefits by reducing toxic air pollution, saving on foreign exchange, and mitigating greenhouse emissions. All good, but only if we are clear about the intent of the policy and then drive its outcome — deliberately and at scale. It was in 2019 that the NITI Aayog laid out India's EV ambition. By 2030, the penetration of EVs would be 70 per cent of all new commercial cars, 30 per cent of private cars, 40 per cent of buses, and 80 per cent of two- and three-wheelers. We are still far from this — as of mid-2025, the only segment that is surging is three-wheelers, with close to 60 per cent of new registration being EVs. These are mostly non-branded, locally built

vehicles that crowd roads but provide an affordable commute. The rest of the EV fleet transition is too little to speak about; 5-6 per cent of the new registrations of cars, two-wheelers, or even buses are EVs. This makes no dent at all in reducing pollution, oil imports or decarbonisation.

This is when we know that vehicles are the top contributors to the toxins we breathe. The problem is not just with the different categories of vehicles that add to pollution, but also with their numbers on the road that add to congestion and in turn to pollution. So, the twin action agenda for air pollution control is to make the transition to clean vehicles and to reduce the overall numbers. When Delhi transitioned to compressed natural gas (CNG) in the early 2000s, it targeted gross polluting vehicles such as buses, taxis, and auto-rickshaws. This category of public and commercial vehicles has the highest mileage of travel in any city, particularly Delhi, and the science of pollution is clear that the longer the travel, the greater the emissions. In addition, a public subsidy given for replacing old vehicles with newer CNG models was directed towards upgrading the mass transit system — providing space for people to move, not vehicles.

But Delhi's story went wrong — a policy mistake we must not repeat because it negates the gains of clean air and wastes public investment. Delhi, in the two decades after its CNG revolution, has not been able to sufficiently improve its public transport so that it restricts the growth of vehicles on the road. Delhi adds some 1,800 new personal vehicles each day. Of those over 500 are private cars. The country

on the whole adds over 10,000 vehicles cars on to its roads every day. This implosion of private cars on our roads, despite all the new flyovers and road networks, has meant that we are stuck in traffic, speeding down. My colleagues at the Centre for Science and Environment (CSE) analysed hourly travel time data, extracted using Google application programming interfaces (APIs), and found that during weekdays, Delhi witnesses an average speed reduction of 41 per cent during morning peak hours and 56 per cent during the evening rush. The correlation between hours spent in traffic and growing air pollution is well established. But the story gets worse: Another study by my colleagues found that buses were stuck in the same traffic and these chronic delays meant that ridership goes down as people shift to more dependable private transport. The Delhi Metro, which has an incredible reach now, is also losing because of the lack of last-mile connectivity, its cost and other hassles.

So, the way ahead is to be focused and deliberate on our policy. The National Clean Air Plan (NCAP), which targets all cities with high air pollution, must target the convergence of the twin goals of cleaner vehicles and fewer vehicles. It is not enough to count only the number of new electric buses — which is crucial — but also its modal share in traffic so that each city plans to scale up public transport and make it possible for us to spend less time and money on commute, more quality time at home, and most critically, breathe air that does not make us ill. This is not all. The question is: Do we really need private EVs in India and the rest of the world? I will discuss this next time.

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DOWN TO EARTH
SUNITA NARAIN

America's unsung founding father



TED WIDMER

When John Hancock scrawled his enormous signature at the bottom of the Declaration of Independence, it was a brave act; capture by the British might have meant execution. The musical 1776 has Hancock claiming that he wrote it out "super-sized" so "Fat George in London can read it without his glasses".

But despite his courage, Hancock remains a little hard to see. Unlike Adams and Jefferson, he did not leave extensive writings. Unlike Washington, he did not play a leading military role (though he longed to). Unlike all three of

them, he did not make it to the presidency, but served as a precursor or forerunner in the Continental Congress.

These deficits have left their mark. Historians generally neglect Hancock when they write collective biographies of the founders, and there are no major monuments to him. There will be 250 statues in Donald Trump's National Garden of American Heroes that is supposed to be completed by July 4 next year. The actress Jodie Comer and the *Jeopardy!* host Alex Trebek have made the cut, but not the American who did more than most to define Independence Day.

The Declaration of Independence may have been composed by a different founder, but, as the historian Willard Sterne Randall writes in *John Hancock*, it was Hancock who led the Second Continental Congress to appoint the committee that drafted it. He also raised funds for the Continental Army, oversaw shipbuilding efforts for the Navy and

kept Congress together even as it fled Philadelphia when the British came too close for comfort.

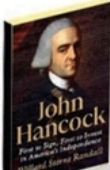
For all these reasons, it is welcome news to have a biography that presents a compelling case for a reappraisal. Randall tells the story of an 18th-century American who seemed preordained to follow the path of his father and grandfather into the ministry, but then swerved in another direction when his father died and a wealthy uncle offered to adopt him. At times, the narrative structure resembles the twists and turns of Henry Fielding's 1749 novel, *Tom Jones*, about a foundling with a hearty appetite for life.

Tutored by his uncle, Hancock proved to have an exceptional nose for business. In the 1760s, as relations deteriorated between England and its American colonies, Hancock was on the front lines as a well-informed importer who understood the ways in which local tempers were flaring over tariffs on goods like paper and tea. As the English tightened the screws,

he extended lines of credit to Boston's lesser merchants, a financial tie that meant the Massachusetts business community moved in lockstep with him when he wanted to pressure the Crown with a boycott.

Randall also effectively conveys the real affection that bonded Hancock and his fellow Bostonians, whom he helped with purchases of firewood during particularly cold winters and fireworks displays when he wanted to pressure the Crown with a boycott. His philanthropy earned him many friends, but his expensive tastes grated on more abstemious leaders like Samuel Adams.

Hancock was elected to office, first locally, and then, when he assumed the presidency of the Continental Congress in May 1775, as a leader of the not-quite-United States. In 1777, exhausted, he requested a leave, and returned to Boston for a spell. After that, he never completely regained his national status.



JOHN HANCOCK: First to Sign, First to Inspire in America's Independence
by Willard Sterne Randall
Published by Dutton
272 pages \$34

ure, although he served capably in local offices and helped Massachusetts survive its own internal fissures, including Shays' Rebellion in the 1780s.

If the early Revolutionary period represented Hancock's apogee, he stayed true to the patriot cause for many years after. Unlike another financial genius who was rising at that moment — Alexander Hamilton — he was suspicious of a strong central government and yet he worked to secure the approval of the US Constitution in Massachusetts. Weakened by gout, he began to fade just as the country was coming together. For all of these reasons, Hamilton gets the \$10 bill and the musical.

Randall handles the arc of Hancock's life efficiently, but there remain unsung questions relating to slavery. There is some evidence that Hancock, as the governor of Massachusetts, impeded the

extradition of people who had escaped bondage in the South and that he endorsed compensation for forced labour. The author does not investigate these subjects, nor does he linger over the way Hancock's actions might have helped bolster Hancock's inherited fortune.

It is unlikely Hancock will be restored to the top tier of the founders, but remembering him better could reap dividends. With his financial acumen, propensity for dramatic gestures and momentary signposts, he might appeal to the right, and a certain Sharpe-wielding president. With his respect for due process and democracy, and his direct support of those in need, he also represents values that might be associated with the left. To bring a divided people closer together, as he did in 1776, would be a good way to honour a founder who has been waiting a long time for his close-up.

The reviewer is the author of *Lincoln on the Verge: Thirteen Days to Washington*. ©2025 The New York Times News Service