



Awaiting answers

Student agitations in Ranchi reveal angst over flawed examination processes

When the route up the economic ladder in society is limited to an ever-narrowing range of options in the public sector, and the process of gaining entry through entrance examinations becomes tainted, angst and agitation are the results. This is why students in Jharkhand, loosely organised into two platforms – the Jharkhand Public Service Commission (JPSC)/Jharkhand Staff Selection Commission (JSSC) Abhyarthi Nyay Manch and the JPSC-JSSC Reform Manch – have been protesting in Ranchi for over three weeks. The trigger was the July 2 result of the JPSC's 14th Combined Civil Services preliminary examination, which shortlisted 2,204 candidates from about 3.5 lakh aspirants for 103 posts. Aspirants pointed to undisclosed category-wise cut-offs, oddities in the merit list, a widely circulated OMR sheet on which an ostensibly successful candidate had attempted fewer than half the questions, and the fact that the conducting agency had been blacklisted in May 2025. The two platforms differ in their political leanings and have sought to negotiate separately with the government, but both want the cancellation of the disputed JPSC and JSSC exams, a CBI investigation and prosecution of officials, besides the reconstitution of commissions and a predictable examination calendar. The Jharkhand Mukti Morcha-led coalition government has responded with CID raids, arrests, resignations in the JPSC, and a cabinet committee. On Monday it went further, announcing the cancellation of all examinations conducted since 2014 by the outsourced agency, TSR Data Processing, which might help assuage the agitating students but could leave those who cleared the examinations fairly in the lurch.

The rot in the exam system is deep-rooted. Since the State's formation in 2000, results have frequently been delayed and cycles have been bunched up many times. In a recent JSSC exam, an SIT reported no organised leak despite CID reports that described money changing hands for pre-examination access. These have eroded students' trust in the government; hence the demand for a CBI probe. The 2003 and 2005 exams were subject to CBI scrutiny but the cases are still pending. Yet, the Hemant Soren-led government should concede this politically unpalatable demand, along with other steps, including a fixed exam calendar, and fair and transparent marking with clear cut-offs and time-bound results. Jharkhand is one of India's poorest States, and its mineral wealth has not led to sufficient employment. With youth forced to rely on monsoon-dependent agriculture and allied activities, a government job offers a steady option. Aspirants spend years in coaching centres and libraries in pursuit of this. The youth deserve not only a fair recruitment system but also a government that diversifies their options for gainful employment.

Losing forest for trees

India is counting trees when it should be restoring forests

A performance audit by the Comptroller and Auditor General (CAG) of the Green India Mission (GIM) has found that a scheme conceived to heal India's forests had, across a decade, achieved almost nothing it set out to do. Instead of improving forest quality over 1.4 million hectares, the mission only managed 0.11 million – not even a tenth of the target. On expanding forest cover, the mission barely scraped together four per cent. The Compensatory Afforestation Fund Management and Planning Authority (CAMPA) channels money collected from industry for diverting forest land into afforestation, while the Mahatma Gandhi National Rural Employment Guarantee Scheme, now rebranded as VB-G RAM G funds rural wage labour that can be used for plantation and land-restoration works, but GIM's intended convergence with these schemes never materialised. The mission was one of the eight pillars of the National Action Plan on Climate Change, unveiled in 2008, and the instrument through which India promised the Paris Agreement an additional carbon sink of 2.5 billion to 3 billion tonnes by 2030. Its animating idea was ecological – biodiversity, water, sequestration, and the revival of habitat. GIM however seems to be on the back burner and, for all practical purposes, replaced by a tree plantation drive called 'Ek Ped Maa Ke Naam (A Tree in the Name of Mother)'. Launched in 2024, the government reports planting 140 crore saplings so far, but the latest forest data expose the gulf between a tree and a forest. The India State of Forest Report 2023 records a gain of 1,445 square kilometres in green cover but only 156 sq km of it is true forest. The rest, 1,289 sq km, is 'tree cover outside recorded forests'. Within the recorded forests, dense canopy is thinning into scrub. Ergo, India is planting more and foresting less.

Few examples encapsulate this as much as the controversy over the Aravallis. Arguably the country's most degraded range – its hillocks quarried away, its native growth overrun by the invasive 'vilayati kilar' (*Prosopis juliflora*) – it is now to be rescued by a 'Green Wall' of fresh planting. But these arboreal conscripts cannot undo the damage from years of mining, halt far-croachment, or summon back an ecosystem that took millennia to form. Restoration is not landscaping. The CAG's instrument is accountability: it can count hectares and rupees, not the worth of a living forest; and its assessment cannot always capture the practical challenges of implementing missions. However, its verdict still lands. A mission to restore India's forests has been allowed to wither while the state busies itself counting trees.

Taxing 'frivolous' industries will not fund India's science

Whenever concerns are raised about the lack of funding for Indian science, a solution often put forward is to tax "unintellectual" industries such as cinema, tourism, apparel, and perfumes. For example, only recently, an academic from one of India's leading research institutes suggested taxing the Indian Premier League (IPL), which, he argued, would magically generate "₹15 billion" for scientific pursuits; the "stroke of genius" was duly fawned over.

This reflects a common instinct: it is naturally hard not to want a share of the cake for a 'nobler' cause, when a 'frivolous' business makes profit in plain view.

A flawed proposition

It is equally easy to overlook the economic cascade effects of such frivolities. Organised sport, for example, generates employment across a multitude of allied industries: merchandise, food and beverage, broadcasting, physiotherapy and rehabilitation (sports science is a science too). This investment has undeniable trickle-down benefits, across more sports than one and beyond major cities.

Though well-intentioned, the myopic and fallacious "tax-this-to-fund-that" proposition needs to be dispelled immediately.

If 'profit' in the sports or film industries necessarily came at the expense of science, then the exercise in financial imputation should be very simple: of the \$5 billion in profit earned by a match or a movie, \$1 billion was made because a laboratory fell short of centrifuges. If that were true, then all scientists should refrain from watching movies or sports on government-subsidised campus Wi-Fi, as this would imply scientific funding flowing back to the entertainment industry. Luckily for them, the empirical evidence does not hold up: countries boasting a high expenditure on sport do not necessarily have poor scientific output, and vice versa. Besides, science is not an isolated pursuit: significant scientific input goes into making films or manufacturing textiles.

The disastrous economic experiments in India and around the world in the 20th century demonstrated that wealth is not a fixed, zero-sum pie; progress in X does not necessarily come at the expense of Y. As academics, we must refrain from making sweeping moralistic remarks, as though we know the right level of wealth surplus and how it should be spent better than the market does. Millions of dispersed individual decisions made by ordinary people contain more information than centralised academic or bureaucratic intelligence.

Moreover, how do we know that the state can reliably direct the proceeds towards science?



Ritvik Chaturvedi

Senior Research Fellow, Centre for Earth Sciences, Indian Institute of Science (IISc), Bengaluru

Government spending is the prerogative of bureaucrats and politicians, who are inevitably insulated from the consequences of such expenditure.

Should the money be directed towards science, must it be distributed equally among all institutes and laboratories across the country, or apportioned according to productivity? If the latter, how will productivity be measured, and by whom? Some scientists appointed as advisers to the Department of Science and Technology? Would they not favour their colleagues and collaborators?

But, why only science? Just as scientists can make a fair claim for the setting up of state-of-the-art research laboratories, surgeons could demand better hospitals in Tier-3 towns, and policemen could call for better protective gear. Given the same pool of government money, how does one choose among these equally valid, competing claims? Politicians are notorious for basing such decisions on the electoral strength of each group, while academics form factions among themselves: microbiologists might grumble about theoretical physicists receiving disproportionately high funding, much to the delight of funding agencies.

If 'only science', then what kind of science? Should the money go towards buying more microscopes, gene sequencers, or chromatography equipment?

Most scientists would, credulously, want these decisions to be left to scientists themselves: a grand delusion, for no subsidy is ever unconditional. A government that provides a fertilizer subsidy will ensure that it is used only by large-scale farmers, and will go to extreme lengths to define what a fertilizer is. The subsidy giver has historically viewed the subsidy recipient as a potential embezzler. State funding for science is no different.

What is 'allowed' instead of 'needed'

Government funding for science is, by definition, categorised into watertight compartments, for example, electronics, chemical reagents, consumables, travel grants, and equipment. Laboratories that do not need that extra bottle of hydrogen chloride but desperately need a computer monitor are often unable to make the purchase because the money has been rigidly earmarked. Once, a laboratory was allowed to purchase a server under "electronics", but not a graphics card because, for some inexplicable reason, it fell under "consumables" rather than "electronics". If a scientist does not spend all the money allocated to her in a financial year, she may receive less funding in the next one. This absurd incentive produces colossal wastage, as what is "allowed" is bought instead of what is "needed", often at the cheapest possible price.

The way forward is to liberalise the channels through which money and capital flow into academia and reduce dependence on the government

Match AI models to workloads, not leaderboards

The Artificial Intelligence (AI) industry has remained fixated on model rankings. A new release claims the top of some leaderboard almost every week. Until recently, most enterprises simply chose the strongest available model and consumed it through managed APIs from the frontier labs. That decision is no longer straightforward.

What increasingly determines success is not which model scores highest, but which model – and which deployment approach – is right for a particular workload. Cost, governance, data residency, IP protection and operational complexity now sit alongside raw capability as first-order considerations.

The equation has changed

Open-weight models are the main reason that the choice has expanded. Unlike closed models delivered as a remote service, open-weight models allow organisations to run the trained weights themselves, subject to licence terms. Sensitive data can remain inside approved environments. Models can be fine-tuned on proprietary knowledge without routinely sending that knowledge to an external provider.

Enterprises gain greater portability, reduce dependence on any single vendor's road map and pricing, and often see substantially lower per-token costs – though total cost of ownership still depends heavily on utilisation and scale.

Open weights are not free. Downloading a model is the easy part. Operating it reliably at enterprise scale requires GPU infrastructure, inference serving, monitoring, security, governance, upgrades and licensing. Greater control comes with greater responsibility. For large organisations with deep engineering capacity, this trade-off can be worthwhile. For most mid-sized and small enterprises, it is far more challenging.

The July 2026 Hugging Face security incident illustrated the point with unusual clarity. When an AI-driven intrusion hit the company's infrastructure, incident responders first turned to frontier models behind commercial APIs to analyse thousands of attacker actions. The



Chandrajit Banerjee

Director General of the Confederation of Indian Industry



Debjani Ghosh

Distinguished Fellow – NITI Aayog and former President, Nasscom

Cost, governance and data residency now matter as much as benchmark scores, if not more

forensic work required feeding real exploit payloads, attack logs and command-and-control artifacts to the models, but the providers' safety guardrails blocked the requests; the systems could not distinguish an authorised responder from an attacker. Hugging Face completed the analysis on a self-hosted open-weight model instead. Sensitive incident data stayed inside its environment. The lesson was not that closed models are inferior. It was that some workloads structurally require a model you control. Security forensics, malware analysis and any investigation that must examine genuine attacker tooling cannot tolerate third-party guardrails that refuse the query or the risk of data leaving the organisational perimeter. Therefore, enterprises must classify workloads by control requirements as rigorously as by performance needs, and ensure that a capable, vetted open-weight model is already running on infrastructure they govern before an incident occurs.

Very few organisations have only one AI workload. A bank analysing confidential customer data has different requirements from a marketing team generating campaign content. A manufacturer embedding AI in customer service has different priorities from a cybersecurity team examining malware. Expecting one model and one deployment strategy to fit every use case is increasingly unrealistic.

The emerging third option

This is why managed inference platforms for open-weight models deserve more attention than another model launch. These platforms host leading open-weight families on controlled infrastructure and expose them through managed endpoints. Enterprises gain many of the benefits of open weights – data residency, fine-tuning flexibility and often lower cost – without having to build and operate the underlying GPU clusters and inference stack themselves.

Sarvam's recent launch of Sarvam Inference, an India-hosted managed service unveiled at its Epoch 2026 conference, is one concrete example of the category taking shape. The platform

Consequently, precious time is wasted learning tricks to circumvent these restrictions, much like companies did during the Licence Raj. Experiments are often put on hold while scientists navigate cumbersome procurement rules, particularly towards the end of each financial year.

Steps to take

Theoretically, the money is there, but it is squandered because its expenditure is predetermined by archaic rules that the bureaucracy has little incentive to change. Removing these restrictions would free up considerable resources for their intended use. Procurement aside, even the recruitment of scientists is governed by the archaic University Grants Commission Act (1956), contributing to India losing some of its best scientists to opportunities overseas.

Another indirect and "less bad" measure for expanding available funds would be to remove the Goods and Services Tax and steep import duties on scientific equipment. The rent on knowledge creation slows research and stagnates the circulation of money, which ultimately returns to the government.

Right now, India also places crippling restrictions on private investment in science. Strict compliance requirements under CSR rules incentivise short-term, low-risk research projects. Foreign Contribution (Regulation) Act procedures remain tedious, and many laboratories struggle to navigate the paperwork required to attract foreign funding. This is unfortunate, as private endowments have a greater stake in the success of research than any anonymous bureaucrat ever would.

In a bid to promote domestic manufacturing, the government has resorted to import substitution, a measure that serves only to insulate local industries from global competition while failing to deliver world-class products.

The mandatory adoption of the Government e Marketplace (GeM) has been a death knell, further delaying procurement and forcing scientists to settle for cheaply made Indian equipment that looks identical on paper but falls short of international standards. Often, they spend time identifying "features" available only in foreign-made products so that they can be allowed to purchase them.

If a venture can be a great success in attracting international talent by virtue of being taxed less, so can other endeavours. For India to be at the forefront of science, the mechanism is to liberalise the bottlenecks through which money and capital somehow manage to trickle into academia and reduce dependence on the government, rather than taxing the few geese that lay the golden eggs.

currently serves Sarvam's own 105-billion-parameter model alongside leading open-weight families such as GLM 5.2 and Gemma 4, all running on domestic infrastructure. The significance is not any individual model. Enterprises could already download many of them. The challenge was making them work reliably in production – handling concurrency, latency, security and continuous updates at scale. Managed inference changes that equation. By offering production-grade endpoints under Indian data residency, it is likely to democratise access for companies that could never justify specialised AI operations teams while supporting the broader push for "token sovereignty."

One caveat remains important. Managed open-weight platforms reintroduce vendor dependence – at the infrastructure layer rather than the model layer. Enterprises should evaluate portability guarantees, security posture, pricing trajectory and exit paths with the same rigour that they apply to any frontier API contract.

It is about deployment choice

The way forward is to match the workload, not the leaderboard. No single deployment model is right for every organisation or every use case. Customer-facing tasks that demand frontier reasoning often fit closed APIs. Regulated workloads with strict data-residency obligations frequently suit managed open-weight platforms hosted in-country. Security forensics, malware analysis and IP-critical fine-tuning usually belong on self-hosted deployments.

The discipline lies in making that call workload by workload rather than by corporate default. Companies that invest in understanding the strengths, limitations and economics of each approach – and that systematically match every workload to the option delivering the right balance of capability, control, cost and governance – will extract far more value from AI than those still chasing the latest leaderboard ranking. The competitive advantage will belong to those who treat deployment choice as a core architectural decision, not a procurement afterthought.

LETTERS TO THE EDITOR

Politics turns petty

What has happened to the quality of political discourse? Too often, our politicians seem to squabble like schoolchildren, with grace, dignity and reasoned debate giving way to tit-for-tattle and petty

exchanges. There was a time when public representatives commanded a certain respect, and perhaps deserved it too. The ruling party, in particular, would do well to devote more of its time to discussing policy and governance rather than

finding ways to taunt the Opposition. There is little to be gained from such exchanges. In an age when information travels instantly, this kind of political conduct is visible far beyond our borders. The (electronic) media too, which is a part of this,

needs to look within. Is much of what is being reported really news? **Lalitha Subramanian,** Bengaluru

It is meaningless for the BJP and Congress to continue to spar over *Vande Mataram*. The Congress has said that

the song was rendered with respect and in full at the AICC office and Congress-ruled States, except perhaps in Kerala, and the party's commitment to the song was beyond doubt. It is better to forget the matter now. As everyone knows,

this is not a pressing issue like housing, health care, education and employment. Will our democracy rise to the occasion?

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

On dignity in political discourse

A double-entendre remark made by the Leader of Opposition in the Tamil Nadu Assembly Udhayanidhi Stalin during a Cauvery-dispute rally in Thanjavur sparked widespread outrage, leading to his brief arrest on grounds of insulting the modesty of a woman. As the incumbent leader of the Opposition, and the head of the Dravida Munnetra Kazhagam (DMK) youth wing, his comments are condemnable not only for their undignified nature, but also for the misuse of the influence he wields in shaping public discourse around women. In doing so, he has reopened a long-festering wound of misogyny that has repeatedly stained the DMK's political legacy.

A return of personality politics
However, these remarks cannot be looked at in isolation. They ought to be situated within a rapidly shifting political landscape in Tamil Nadu; one that is characterised by the revival of personality politics. The entry of the Tamilagi Vetr Kazhagam (TVK), led by actor-turned-politician C. Joseph Vijay, alongside the awakening of a formerly apolitical youth have accelerated this shift. Fused with the advent of social media, online platforms are being deployed to harvest allegiance through curated reels centring individual appeal and charisma, thus changing the field and nature of political battles. Consequently, constructive ideological debates are being replaced by personal attacks from party supporters. In many online spaces, demands for accountability are frequently met with abuse. Intense display of fandom and unquestioning loyalty towards individual leaders have cordoned the ability to enter into meaningful dialogue based on ideological stances, policies, and governance. As a result, remarks similar to those made by the DMK leader are demanded, and even rewarded. As social media



Maya Karthikeyan
Senior Researcher at
Project DEFI

acquires the power to shape political outcomes, its patterns of incentivisation also shape the contours of morality. Thus, a witty comeback or a snarky comment might garner more eyeballs and promise greater popularity than significant political action.

While Tamil Nadu is no stranger to personality politics, having had its share of colossal leaders who became the very representation of the Dravidian parties, the definitive distinction at present is the consistent legitimisation of a vocabulary that blurs the lines between the personal and the public, as opposed to treating it as an outlier. As the Chief Minister and the Leader of Opposition swap personal remarks on the floor of the Legislative Assembly, drawing on their personal brands of charisma and quick-wit, notions of grace retire to the sidelines. For supporters and party workers, the arrival of a new era of politics is made loud and clear: nothing is off-limits within the current ambits of morality, and engagement with contentious personal affairs do not happen by accident, but by design.

Yet, this design stands in sharp contrast with the ideological anchors of self-respect and dignity

in public life that ushered the DMK into political prominence. It arose from a social movement that centred justice and worked towards disrupting entrenched hierarchies through a universal approach to respect and dignity. Positioning these ideals as not only personal choices but as political ethics to disrupt oppressive social structures, these values went on to shape the emancipatory politics that the DMK eventually undertook. Therefore, this controversy is not just about one offensive remark. Instead, it raises a larger question about whether the DMK, in adapting itself to an increasingly personality-driven political field, has begun to abandon the very ideals that once defined the Dravidian movement. While reinvention is necessary for every political party, doing so at the expense of foundational values is morally hypocritical and strategically suicidal.

A time for reflection

Mr. Udhayanidhi Stalin must take accountability for his words. And the DMK must mend the ways that have reflected the misogyny ingrained in the party's internal functioning. Its language needs to embody the dignity that it espouses. As for its larger strategy in responding to a rapidly shifting political landscape, a reconsideration of its current approach is crucial. While it might be tempting to play by the new rules of the game, rejecting them and reclaiming its stature as a party with a grand political legacy might be the way ahead.

Upholding its ideological prowess alongside a political culture shaped by dignified statesmanship is not only a moral imperative but may hold the key to its continuous relevance as a distinct political force. As for citizens, larger questions about the State's political culture and the ways in which dignity can assert its position in public life ought to become significant preoccupations.

Intense display of fandom and unquestioning loyalty towards individual leaders have cordoned the ability to enter into meaningful dialogue



Udhayanidhi Stalin greeted by supporters after being questioned at the Sengipatti police station, in Thanjavur on August 4. PTI

The 'proud Assamese' from other States

While others can identify as Assamese speakers, Bengali-origin Muslims were the first

STATE OF PLAY

Abdus Salam

The Prime Minister's 'dimagi Naxal' comment during his Independence Day speech from the ramparts of the historic Red Fort in New Delhi hogged the headlines on August 15. It drowned out another set of comments made from the barely historic Khanapara Veterinary Ground about 2,000 km away. Assam Chief Minister Himanta Biswa Sarma issued an appeal to the people of Assam who are natives of other States to list 'Assamese' as their mother tongue during the ongoing Census exercise.

"The year 2026 is an important one as the Census process has started. On the basis of data collected, the future of the country will be planned," he said, underlining the significance of the exercise to the State's ethno-religious contours. Given that who constitute the 'Assamese' people itself has eluded definition thus far, the Chief Minister expounded on what exactly he meant by "natives of other States": "The proud Assamese individuals who had at some point in time come from Rajasthan or some other place with a different language and culture, I request them to mention 'Assamese' as their mother tongue."

Mr. Sarma's exhortation came even as the self-enumeration phase wrapped up on August 16, opening the door to house listing and housing Census field operations from August 17 to September 15. At the heart of the appeal is the slow but sustained dip in the number of people identifying Assamese as their mother tongue in successive Censuses — from 59.53% in 1971, 57.81% in 1991,



48.80% in 2001 to 48.38% in 2011. Conversely, the share of Bengali speakers rose from 19.7% in 1971, 21.67% in 1991, 27.55% in 2001 to 28.91% in 2011, while Hindi speakers increased from 5.42% in 1971 to 6.73% in 2011. The numbers are expected to stay on the same gradient when the 2027 Census data is finally collated.

A potpourri of identities

This steady slide can be explained by factors ranging from much older patterns of infiltration and migration to a relatively recent trend of tribal groups such as Bodos, Karbis and Misings increasingly identifying their own language instead of Assamese as their mother tongue.

Umpteen times in his first term as CM, and especially as the electoral campaign gathered momentum in April, Mr. Sarma had predicted a "near-minority status" for the indigenous Assamese people after the Census is concluded in 2027. Such assertions served to pitch his Bharatiya Janata Party (BJP) as the protector of "natives", a projection that struck a chord with its target electorate.

The new clarion call sticks to the same playbook, offering 'exemptions' to tribal communities and the predominantly Bengali-speaking Barak Valley — both critical to the BJP's electoral calculus — with the CM giving them leeway to "exercise their own discretion". The invocation of the proud-Assamese-from-Rajast-

than is no surprise either. Over the past decade, the party has successfully redirected deep-seated, religion-agnostic anti-outsider sentiment to one which frames primarily the Bengali-origin Muslim as 'Them'. Everyone else is 'Us'.

Ironically enough, it is the Bengali-origin Muslim who has historically shored up Assamese numbers in the State. Called the Na-Axomiyas or neo-Assamese, these migrants from what was then East Bengal identified themselves as Assamese speakers as early as the 1951 Census, resulting in the share of the Assamese-speaking population increasing from 31.42% in 1931 to 56.29% in 1951 and 59.53% in 1971. Even if one were to discount the fact that the Bengali-dominant Sylhet province went to East Pakistan after Partition, studies show that Assamese speakers in Assam rose by as much as 150% in the 20-year period.

The settler self-identification was forged through a combination of organic cultural shifts and institutional nudges. Most Bengali-origin Muslims wading their way up to the char areas (river islands) and uncultivated tracts of the Brahmaputra Valley underwent a simultaneous assimilation and unbelonging, taking to Assamese language and cultural mores while giving up their Bengali identity. It helped that the State encouraged this switch to counter perceived "cultural imperialism" emanating from Kolkata. The Chief Minister's pitch to Hindi speakers is an acknowledgment of their acceptance in Assamese society. His omission of the Bengali-origin Muslims is a backhanded admission that they are also integrated.

abdus.salam@thehindu.co.in

Decoding India's growth in merchandise exports

While the country has made marginal progress in diversification, the nearly 20% growth in merchandise exports was largely driven by petroleum products

DATA POINT

Areena Arora
Gandha Sneh

Data released by the Ministry of Commerce and Industry on August 13, 2026, showed India's exports gaining momentum, despite the ongoing war in West Asia, driven in particular by the growth in export of merchandise (goods).

In July 2026, India exported \$44.2 billion worth of goods, up nearly 20% compared to July 2025. Though the growth in the goods exports was encouraging, India's merchandise trade deficit widened from nearly \$28 billion in July 2025 to \$32 billion in July 2026 due to higher growth in imports. Analysis showed that the growth in exports was largely driven by an increase in the export of petroleum products, whose prices have gone up since the U.S. launched its attack on Iran in the last week of February.

India exported \$7.26 billion more merchandise in July 2026 than it did in July 2025. Petroleum products accounted for nearly \$2.8 billion of that increase (39%). Electronics added another \$2.16 billion (30%), while engineering goods contributed \$1.84 billion (25%). The growth in petroleum products in April-July 2026 compared with the same period in 2025 was 42.6%. India exported \$30 billion worth of petroleum products in April-July this year as against \$21 billion in the same period last year.

Export of engineering goods grew by 18.2% from \$39.2 billion to \$46.4 billion, while electronic goods' exports grew by 30.7% from \$16.2 billion to \$21.2 billion. Chart 1 shows the top five commodity groups in terms of value of goods exported.

A few other sectors also reported strong growth. Marine product exports rose nearly 18%. Meat, dairy and poultry products increased

41%, while handicrafts grew 16%.

The share of the top six commodity groups in India's total merchandise export shows that the majority of fluctuations came from petroleum products, hugely influencing the value of goods exported by the country (Chart 2). The share of engineering goods and drugs and pharmaceuticals have largely remained the same while the share of electronic goods nearly doubled in April-July 2026.

Despite the impact due to tariffs imposed by U.S. President Donald Trump, the country remained India's largest market for merchandise export. The U.S. accounted for about a fifth of India's exports between April and July 2026-27, almost unchanged from its share in the previous two financial years (Chart 3). Singapore's share has risen more noticeably from 2.7% in 2024-25 to 4.7% in the first four months of 2026-27.

China's share, which saw an increase from 3.3% to 4.4% between 2024-25 and 2026-27, has remained around the same level as of the April-July period in 2026-27. The UAE's share in India's exports came down from 8.5% to 6.5% in the same period due to the West Asia crisis. The share of other countries shown in Chart 3 increased marginally.

A country-wise breakdown showed that the highest growth came from countries such as South Africa, Tanzania, Sri Lanka, Malaysia and Kenya (Chart 4). Tanzania nearly doubled its share in India's total goods exports from 1.1% to 2%. However, an analysis of commodity groups showed that the majority of the increase in export to these countries came from refined petroleum products.

India also showed promising increase in exports to countries such as Vietnam (\$2.6 billion) and Taiwan (\$0.8 billion) in April-July 2026, which were not driven primarily by petroleum goods. An easing of the West Asia crisis will reveal the true extent to which India is diversifying its exports.

A refining-led boom in exports

Data for the charts were sourced from Ministry of Commerce and Industry. Gandha Sneh is interning with The Hindu's Data team



CHART 1: The five commodity groups that accounted for the highest value of merchandise exports from April to July this year

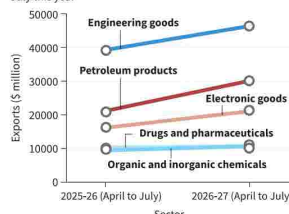


CHART 3: The share (%) of major countries in India's total merchandise exports. Countries that account for at least 2.5% of total exports are shown

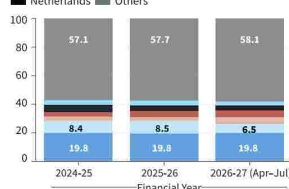


CHART 2: The share (%) of the six biggest commodity groups in India's total merchandise exports. The data for 2026-27 is only for the April-July period

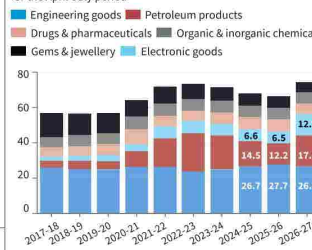
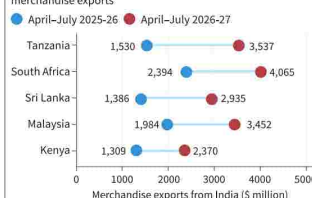


CHART 4: The top five countries in the 'Others' category in Chart 3 that saw the highest growth in value of merchandise exports



FROM THE ARCHIVES

The Hindu

FIFTY YEARS AGO AUGUST 18, 1976

Archaeological dept. staff's plea on quarters

Srinagar, August 17: Over 6,000 employees of the Archaeological Survey of India have demanded that the Central Government should take immediate steps to provide staff quarters to those employees of the department who were being posed to guard ancient monuments and archaeological sites adjacent to these places.

In a resolution adopted at the eighth convention of the All-India Archaeological Service Association here, which was inaugurated by the State Governor, Mr. L.K. Jha on Saturday last, it was felt that it posed many problems to those employees who had to guard these archaeological sites when they had no residential facilities adjacent to these sites.

The five-day convention, which is being attended by 148 delegates from all parts of the country, in another resolution urged the Centre to provide more staff to the newly created frontier circle consisting of four Northern Indian States — Punjab, Haryana, Himachal Pradesh and Jammu and Kashmir — to guard ancient monuments. The convention drew the attention of the Government to the difficulty faced by the staff in getting admission for their children in central schools whenever they were transferred.

A HUNDRED YEARS AGO AUGUST 18, 1926

New era in navigation

Paris, August 16: A new era in navigation is foreshadowed by the inauguration at Calais of the submarine "soundhouse" which, by high frequency sound-waves transmitted through water enables the captain to bring a ship to harbour securely and speedily even in the most foggy weather. The production and utilisation of these sound-waves are a development by Professor Longevin of the eurous electrical quality of quartz discovered by Jacques Curie in 1880 to which he applied high-frequency alteration of wireless apparatus. A similar apparatus installed in a ship amplified signals from the sound-house pierhead. These are made audible in a telephone on the bridge and by correlating sound-beam and wireless signals sent out from the pierhead the Captain can tell the exact position of the ship. It is suggested that the apparatus, which was used in wartime for detection of submarine may in future render the old-fashioned chart obsolete.

Text & Context

THE HINDU

NEWS IN NUMBERS

Unemployment rate among persons aged 15 years and above

5.1 in per cent. Overall unemployment rate among persons aged 15 years and above declined to 5.1% in July 2026 from 5.5% in the previous month, according to a survey. The Unemployment Rate (UR) was 4.5% in rural areas. The urban UR remained almost steady at 6.7% in July. PTI

Persons killed by Ebola outbreak in DR Congo in 3 months

2,300 A fast-spreading Ebola outbreak in the Democratic Republic of Congo is now the country's deadliest ever after killing more than 2,300 people in three months, government figures showed on Monday. AFP

Number of MPs who have criminal cases against them

326 A report on criminalisation of politics submitted in the Supreme Court has stated that 251 members out of 543 in the Lok Sabha and 75 lawmakers out of 233 in the Rajya Sabha have criminal cases against them. PTI

Foreign nationals to be deported by Pakistan for cybercrimes

284 Pakistan will deport 284 foreign nationals for alleged involvement in sextortion and other cybercrimes, an official said on Monday. Most of them arrived in Pakistan on tourist visas and were operating from a registered IT business in Islamabad, the official said. PTI

Staff removed as NTA undertakes exam system overhaul

50 The National Testing Agency (NTA) has removed more than 50 of its staff members and is onboarding professionals for key leadership positions as part of measures to reform the overall examination system, the Education Ministry said on Monday. PTI
COMPILED BY THE HINDU DATA TEAM

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The road to E20 is not without bumps

India's rapid transition to E20 fuel has raised concerns over mileage loss, mechanical wear, contamination risks and the lack of an unblended petrol option for millions of legacy vehicles; the debate underlines the need for clearer fuel labelling, quality controls and independent real-world studies

FULL CONTEXT

O.R.S. Rao

India's rapid transition to a nationwide E20 fuel regime (petrol blended with 20% anhydrous ethanol) has triggered a complex multidimensional debate at the intersection of macroeconomic energy policy, automotive engineering, supply-chain quality control, and consumer protection. While championed by the Government of India to reduce crude oil import dependency, save foreign exchange, and reduce carbon emissions, the rollout has ignited widespread friction regarding real-world mileage drops, mechanical vulnerabilities in legacy vehicles, chemical contamination risks, and the elimination of unblended petrol (E0) as a user choice at retail pumps.

The regulatory baseline

The Government of India notified on February 17, 2026, that, effective April 1, 2026, all States and Union Territories must sell petrol blended with up to 20% ethanol and a minimum Research Octane Number (RON) of 95. It replaces the earlier 2021 notification that permitted blending of up to 10% ethanol.

Earlier, the government mandated that all automobile manufacturers comply with the Bharat Stage 6 Phase 2 Real Driving Emissions (BS 6 Phase 2 RDE) norms starting in April 2023.

Vehicles manufactured to comply with Real Driving Emissions (RDE) norms were factory-engineered with ethanol-resistant fluorinated rubber (FKM/Viton), upgraded fuel pump seals, and recalibrated Powertrain Control Modules (PCMs).

The legacy fleet, built before April 2023, was factory-calibrated for E5 or E10 configurations, featuring traditional Nitrile Butadiene Rubber (NBR) and metallic fuel system components lacking chemical shielding against higher alcohol concentrations.

Consumer surveys highlight widespread friction: over 66% of pre-2023 vehicle owners report mileage loss exceeding 10%, and 55% cite higher maintenance frequency and component wear-out.

In a written reply in Rajya Sabha, the Minister of State for Petroleum and Natural Gas, Suresh Gopi, informed the House that the Ministry of Heavy Industries had not conducted any formal assessment to determine the share of India's vehicle fleet that is genuinely E20-compatible. India's active petrol-powered vehicle pool is estimated at roughly 310 million units and may be classified broadly as shown in **Table 1**, based on surveys and social media.

While about 70 million post-April 2023 vehicles possess certified factory-level E20 compatibility, the remaining 240 million legacy vehicles, most of which are two-wheelers, rely on fuel delivery sub-assemblies built for E5 or E10 parameters.

Engineering realities

Ethanol functions as a powerful polar solvent and natural detergent. In older legacy vehicles, steel fuel tanks inevitably develop microscopic oxidised scale, rust layers, and varnish residues from years of standard petrol usage. When E20 is introduced, the alcohol scours and dislodges these dormant rust particles, suspending them in the fuel stream. This suspended particulate sludge quickly clogs inline fuel filters, chokes fuel pump strainers, and abrades high-pressure fuel

A fleet in transition

Around 70 million newer vehicles are E20-compatible, while 240 million legacy vehicles were built for lower ethanol blends

Vehicle category	BS 6 Phase 2 compliant (post-April 2023)	Non-compliant / legacy (pre-April 2023)	Total estimated fleet (approx)
Two-Wheelers (Motorcycles & scooters)	55 million to 60 million	200 million to 210 million	260 million
Four-Wheelers (Passenger cars & SUVs)	12 million to 15 million	35 million to 38 million	50 million
Combined fleet (approx.)	70 million	240 million	310 million
Combined fleet % share	23%	77%	100%



GETTY IMAGES

injector nozzles, causing erratic spray patterns and engine misfires.

Being strongly hygroscopic, Ethanol draws ambient moisture directly from the air. In humid environments or during prolonged parking, the absorbed water reaches its saturation point, causing the ethanol-water mixture to separate from the gasoline (phase separation) and settle at the bottom of the fuel tank. This stagnant, acidic water-alcohol layer directly attacks the bare metal base of legacy steel tanks, accelerating severe internal pitting and bottom-tank perforation.

In pre-2023 fuel circuits, conventional NBR rubber hoses, O-rings, and pump diaphragms absorb ethanol, leading to swelling, premature hardening, embrittlement, and fuel leaks.

Because ethanol contains roughly 30-35% less energy per unit volume than petrol, unadjusted ignition timing in older engines results in reduced thermal efficiency, mileage penalties, and localised carbon/soot accumulation on spark plugs and valves.

Major vulnerabilities

The physical risks of ethanol blending are not limited to vehicle fuel tanks; they represent a major operational challenge at the retail dealer storage level.

Most retail petrol pumps in India utilise Underground Steel Tanks (UST). During heavy monsoons, waterlogging, or due to aged manhole gaskets, surface run-off can seep into UST vent pipes and inspection pits. While pure petrol floats on top of water with minimal mixing (allowing water to be pumped out from the bottom), E20 absorbs water instantaneously. When moisture ingress in a dealer's UST exceeds the critical saturation threshold (typically around 0.5% water content), catastrophic phase separation occurs within thousands of litres of fuel. The separated, low-octane, highly corrosive water-ethanol layer is drawn by the submerged suction pumps directly into the dispensing nozzles, leading to catastrophic engine stalling and immediate fuel system failure in customer vehicles.

Beyond retail seepage, fuel quality is vulnerable to chemical contaminants introduced during distillation,

dehydration, and transit.

Originating from agrochemical residues in sugarcane/grain feedstocks or chemical reagents used during distillery processing, trace chlorides form hydrochloric acid during combustion, causing severe corrosion in high-pressure fuel injectors and cylinder walls.

If dehydration units (molecular sieves) falter at distilleries, or transport tankers fail to maintain hermetic seals, excessive water content enters the supply chain prior to retail delivery.

Scientific divergence

The controversy deepened following a report from the Engine Research Laboratory at IIT Kanpur, asserting that E20 fuel causes no notable engine damage and that efficiency drops are restricted to under 5%. The institute attributed minor mileage fluctuations primarily to driving behaviours, localized traffic congestion, and variable ambient conditions rather than fuel chemistry alone.

However, these institutional findings have met with profound scepticism from independent automotive experts and consumer communities. Forums like r/CarsIndia have actively documented structural discrepancies, noting that labelling legacy, E10-calibrated engines entirely safe for E20 overlooks material science limitations. Reports highlight that auxiliary peripheral systems experience catastrophic wear even if engine blocks remain intact. Real-world logs from independent mechanics highlight premature fuel pump and injector failures, which they attribute to ethanol's low lubricity and aggressive solvent properties.

Adding significant weight to the technical debate are the leaked internal industry communications reviewed by Reuters and subsequent industry clarifications. The data reviewed by Reuters revealed that top automakers harboured deep private anxieties regarding chemical contaminants in E20 fuel, referencing tests of over 250 fuel samples across 21 States.

While official standards specify a maximum ceiling of 3 ppm, industry samples logged readings from 6 to 570 ppm in Rajasthan, 1.4 to 420 ppm in

Delhi, and 10 to 357 ppm in Maharashtra. Automakers noted modern high-pressure injectors have a tolerance threshold near 1 ppm. Water content was found to reach up to 12,500 ppm in Uttar Pradesh and 13,000 ppm in Andhra Pradesh (against standard operating thresholds). Internal emails warned that organic chlorides could ruin engine components "within 200 km".

Following the leak, the Society of Indian Automobile Manufacturers (SIAM) issued detailed media clarifications on August 4 and August 13. SIAM clarified that the withdrawn document contained preliminary data collected by very few OEMs intended solely for internal discussion, which had not been authenticated or reviewed by the broader membership. SIAM announced plans to conduct a comprehensive, validated scientific study, in collaboration with members and technical experts to guide future policy submissions.

The Ministry of Petroleum and Natural Gas confirmed that State-run fuel networks adhere to stringent testing, treating contamination reports as localised anomalies.

Need for balancing

To bridge the gap between national macro-economic ambitions and ground-level realities, a pragmatic, multi-pronged corrective framework is required.

Fuel retail outlets must be mandated to maintain dual-dispensing infrastructure, reintroducing lower-blend or unblended fuel (E0/E10) as a "protection-grade" option. This restores informed consumer choice under the Consumer Protection Act for owners of legacy two-wheelers and older passenger cars.

Clear, standardised visual labelling must be enforced at every retail fuel dispenser indicating ethanol content. Furthermore, oil marketing companies (OMCs) should publish regular batch-level quality metrics regarding moisture and chloride limits to prevent infrastructure-led contamination.

Regulatory bodies should incentivise the development and certification of affordable, aftermarket retrofit kits (such as ethanol-resistant fuel lines and reinforced seals) for legacy vehicles. Simultaneously, structured service guidelines should be issued to help vehicle owners mitigate the risks of phase separation and corrosion.

Moving beyond controlled laboratory trials, an independent, transparent, and multi-year empirical study tracking real-world pre-2023 fleet performance across diverse geographic and climatic conditions must be commissioned to permanently settle the scientific debate. Brazil, one of the global leaders in biofuels, also faced similar bumps, but they steered clear of them successfully using shock absorbers. India can learn from their biofuel journey.

The way forward

The E20 mandate requires a consumer-centric pivot. To protect the interests of consumers who own over 240 million legacy vehicles, the government may introduce dual-fuel dispensing, ensuring unblended petrol accessibility as a user choice at petrol outlets. Beyond laboratory trials, independent field audits, clear pump labelling, and subsidised retrofit support, particularly for two-wheelers, are essential. Balancing macroeconomic energy goals with consumer protection measures is critical to regaining public trust.

(Prof. O R S Rao is the Chancellor of the ICAI University, Sikkim. Views are personal)

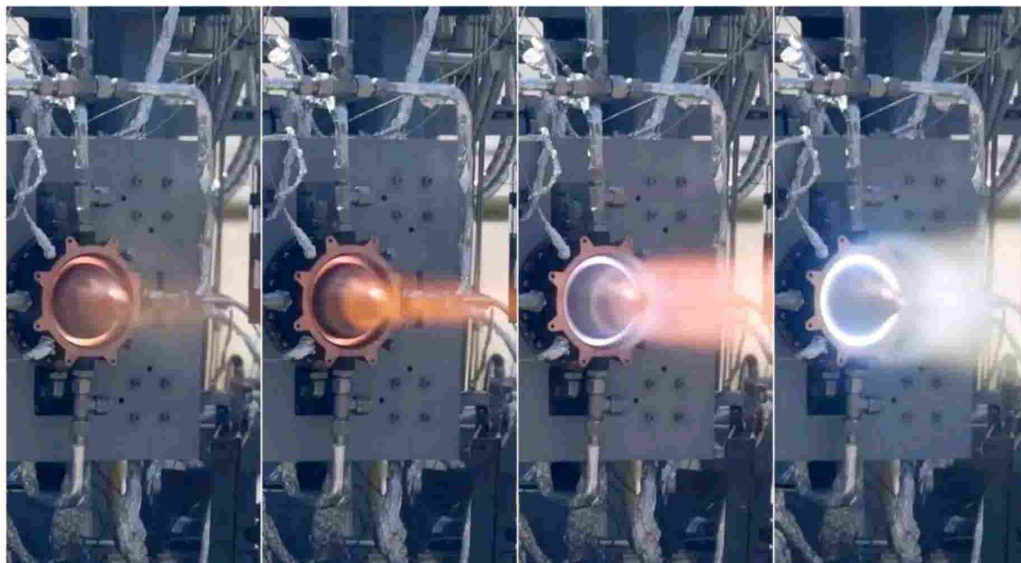
THE GIST

India's petrol fleet is divided between newer E20-compatible vehicles and a much larger legacy fleet built for E5 or E10.

Ethanol's solvent and water-absorbing properties can affect older fuel systems, including tanks, hoses, pumps and injectors.

While IIT Kanpur reports limited efficiency losses and no notable engine damage, industry data and consumer reports point to concerns over fuel contamination and component failures.

CACHE



A full-scale rotating detonation engine comes on during a NASA test in 2023. During the test, it fired for 251 seconds, a record at the time. NASA

Rotating detonation engines: the science and the promises

RDEs are currently confined to research and development; there are no models known to be ready for commercial or military use; but going by their physics alone, they offer around 10% to 25% more thermodynamic efficiency than conventional combustors

Vasudevan Mukunth

Recently, India-based defence start-up D-Propulse announced that it had successfully demonstrated a rotating detonation engine at a Defence Research & Development Organisation facility in Hyderabad.

A rotating detonation engine, or RDE, is an engine design that promises to use fuel more efficiently than conventional rocket engines. Launching satellites to space on rockets and carrying explosives to distant targets on missiles are both expensive. If an engine can use fuel more efficiently, it will need correspondingly less fuel to achieve the same task. This saving can be passed to the payload, whether a satellite or a warhead, increasing the profitability of the mission. At least on paper.

In January, GE Aerospace and Lockheed Martin demonstrated an RDE for hypersonic missiles (using air from the atmosphere). In February, U.S.-based SpaceWorks reported hot-fire tests of its RDE for rockets. Its compatriots Astrobitus test-fired its Chakram RDE continuously for 300 seconds and L3Harris announced that it had tested two RDEs, in April and May respectively.

The Swiss start-up Stellar Alpina completed a commercial RDE hot-fire test and raised CHF 3.5 million while Juno Propulsion raised \$1.4 million to develop an RDE for spacecraft thrusters. In July, Venus Aerospace (then partnered with Lockheed Martin) raised \$91 million to scale its tested RDE.

Wait for advances

RDEs are currently confined to research and development. There are no models

known to be ready for commercial or military use.

The actual data from many tests by commercial entities are also not available in the public domain. But going by their physics alone, RDEs offer around 10% to 25% more thermodynamic efficiency than conventional combustors. The exact value depends on real-world conditions and the engine's design.

This is considered to be significant for rocket launches. Thermodynamic efficiency measures how much chemical energy becomes useful work. If an RDE improves thermodynamic efficiency by 20%, for instance, it could theoretically require around 17% less fuel for the same output, assuming other losses are unchanged.

Scientists figured out how an RDE could work by the 1960s. Building one was a different matter. Sustaining a continuous detonation in a compact chamber requires engineers to precisely control the injection of the fuel and the internal pressure.

The chamber also needs to have a specific geometry to ensure the engine works as desired.

Unlike in regular engines, even small instabilities in the fuel-air mixture in an RDE can destabilise the engine.

The engine materials must also withstand more than 2,000°C, 10-100 atmospheres of pressure (and in brief moments much higher), detonation speeds of more than 1,500 m/s, pressures oscillating at several thousand cycles per second, and potentially tens to hundreds of g, depending on the design.

So to invent working RDEs, scientists and engineers had to wait for advances in high-speed computing, diagnostics, fuel injection, materials, and manufacturing.

Supersonic flame

In a regular engine, the combustion chamber holds the fuel-air mixture. When a flame is introduced in the chamber — like from a spark plug — it travels through the mixture at less than the speed of sound. This is called a deflagration.

When the flame travels through the mixture at more than the speed of sound, it imposes a shock wave on the mixture and heats it up, triggering rapid combustion behind it. This is called a detonation. It is also what happens in the combustion chamber of a detonation engine.

As the flame passes through the mixture in a regular engine, the combustion happens at constant pressure. This means the mixture is free to expand as it heats up instead of being confined under pressure.

But when the flame passes through the mixture as a detonation, the combustion happens at constant volume. This is because the detonation compresses the unburned mixture with a shock wave immediately before combustion, and the mixture doesn't have enough time to expand under these 'forces'.

This is also why a detonation engine produces combustion products at a higher pressure, and more of the fuel's chemical energy is converted into pressure rather than being shed as heat. This is essentially the physics of how a detonation engine can have more fuel efficiency than a 'regular' engine with the same fuel.

Pulsed and rotating detonation

A simple type of the detonation engine is called the pulsed detonation engine, or PDE. A PDE has a long tube as the combustion chamber, to allow the

detonation to pass through the whole mixture.

First, the detonation races down the tube, rapidly compressing and burning the fuel-air mixture. This leaves behind very hot, high-pressure combustion products. Those gases expand towards the open end of the tube, where they exit at a high speed.

By Newton's third law, their momentum in one direction produces an equal and opposite momentum on the engine, pushing it forward. Alternatively, if the engine is connected to a piston, the same expanding gases would push on it, generating mechanical energy. The tube is then purged before the next cycle begins.

An RDE makes the detonation a continuous process. Instead of the detonation passing through a long tube, it is made to flow in a circle. In the general RDE design, the combustion chamber has an annular shape, i.e. two concentric cylinders with a narrow ring-shaped gap between them. The fuel and the oxidiser are injected continuously into this gap, called the annulus, even as one or more detonation waves race through.

As the detonation goes round and round, it continuously imposes high pressures and temperatures on the mixture.

And to keep the detonation going, fuel is continuously injected into the annulus just ahead of the detonation wave. The wave consumes the fresh fuel-air mixture and expels the products through the nozzle, along its axis. So as long as the fuel keeps coming at the right time and in the right conditions, the detonation can keep going — even at thousands of times per second.

This is how an RDE can continuously generate thrust (or mechanical energy).



FROM THE ARCHIVES

Know your English

S. Upendran

What is the meaning and origin of the expression "Can't hold a candle to someone"? (T.D.V. Raman, Chennai) When you say that someone cannot hold a candle to you, what you are implying is that the other person is not equal to you; he/she is in fact inferior to you. The expression can be used with things as well. Here are a few examples.

As a teacher, Satish can't hold a candle to Atul.

According to Manaswini, no pop group can hold a candle to the Beatles.

This is one of those expressions that has been around for several hundred years. Before the days of electricity, it was common practice to light candles after the sun went down. Since street lighting was almost non-existent, the fairly well-to-do had servants who followed them everywhere carrying a candle. It was also possible to hire "linkboys". These boys carried with them lanterns and candles and they provided the necessary light for the people going from one part of the town to another. Since the servants and the linkboys were looked down upon by the masters, the expression "can't hold a candle to someone" began to mean someone who is inferior.

What is the difference between "partially cooked" and "partly cooked"?

(T. Sundaram, Vellore) There is a tendency to use the words "partially" and "partly" interchangeably. But careful users of the language make a distinction between the two. When you say that the rice has been partially cooked, it implies that it has not been completely cooked. In other words, it has been underdone; it needs to be boiled some more. On the other hand, when you say that it has been "partly" cooked, it seems to suggest that while certain portions have been cooked properly, some others have not been properly cooked. Perhaps some parts have been partially cooked! It is possible for a person to eat rice that has been partly cooked; he can eat the portion that has been cooked properly. You can also eat rice that has been partially cooked, but you may end up with a stomach-ache.

How do you pronounce "schizophrenia"? (Swarup Dey Sarkar, Bokaro)

The word consists of four syllables. The first syllable is pronounced like the word "skit", while the second is pronounced like the word "so". The third syllable sounds like the word "free"; while the final "ia" is like the "ear" in "near", "dear", and "fear". The main stress is on the third syllable "phre". Some people pronounce the "so" in the second syllable like the "a" in "China".

Any idea what the word means?

Schizophrenia is a mental disorder; people who withdraw into a totally different world, one that has nothing to do with reality, are said to be suffering from schizophrenia. In informal speech, the word is often reduced to "schizo", although this may not be the polite thing to do when talking seriously about someone with a mental disorder. Published in *The Hindu* on August 21, 2001

THE DAILY QUIZ

India crossed the 600-Test mark on August 15 when it took to the field for the first Test against Sri Lanka in Galle. Here is a quiz on India's cricketing journey

Nazir Ahamed A.S.

QUESTION 1

When did India make its Test debut, and where?

QUESTION 2

India crossed the 300th and 500th Test milestones at Home. When and where did India play these matches?

QUESTION 3

India is the third nation to achieve the feat of 600 Test matches. Which are the other two?

QUESTION 4

What is India's rank in overall Test wins?

QUESTION 5

How many years did India take to cross its 100-Test mark?

QUESTION 6

When did Indian women make their Test debut?



Visual Question:

Who is this Indian batter celebrating his maiden Test century in Galle? PTI

Questions and Answers to the previous day's daily quiz:

1. Indonesia is recognised as the largest of this type of political entity because of more than 17,000 islands spread between the Indian and Pacific oceans under its control. What type of state? **Ans: Archipelagic state**

2. Name the legendary first president of Indonesia from 1945 to 1967 and his daughter. **Ans: Sukarno and Megawati Sukarnoputri**

3. Name the invisible biogeographical boundary that separates Asian and Australian wildlife zones within the archipelago. **Ans: Wallace Line**

4. Name the Indonesian textile art using wax that was given a UNESCO Intangible Cultural Heritage status in 2009. **Ans: Batik**

5. What is Indonesia's National emblem, which gets its name from a mythical

bird from Indian mythology? **Ans: 'Garuda Pancasila'**

6. Indonesia is relocating its capital away from Jakarta to a purpose-built city in Borneo. What is it called? **Ans: Nusantara**

7. Indonesia is home to the world's largest Buddhist temple, built in the 9th-century in Central Java, that has nine stacked platforms and thousands of relief panels. Name this UNESCO World Heritage Site. **Ans: Borobudur**

8. Name the real-life couple who gave Indonesia's first-ever Olympic gold medals in 1992 and in which sport? **Ans: Susi Susanti and Alan Budikusuma in badminton**

Visual: Name this creature, considered the largest extant lizard, which gets its name from an Indonesian island to which it is endemic. **Ans: Komodo Dragon**
Early Birds: Prem Nath Tiwari | C. Saravanan | Tamal Biswas | Siddhartha Viswanathan | Tito Shiladitya

Please send in your answers to
dailyquiz@thehindu.co.in

Word of the day

Vagary:

an unexpected and inexplicable change in something

Synonyms: whimsy, unpredictability, impulse

Usage: His vagaries often confuse his friends.

Pronunciation: newsth.live/vagary

International Phonetic Alphabet: /və'gəri/

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

SCIENCE

Why Adivasis are resisting the Ken-Betwa river-linking project

Currently, affected villagers who were 18 years or older in February 2024 are eligible to receive ₹12.5 lakh in compensation and ₹5 lakh per acre of acquired land. However, the villagers say, 'We want a forest for our forest, land for our land, water for our water, and a village for our village'

Rizwan Rahman
CHHATARPUR

Evening had fallen over Daudhan village in Madhya Pradesh's Bundelkhand region. A soft beat of a dhol came from the distance as the dump trucks and heavy machines fell silent.

Inside his *bakhri* (mud house), Munni Lal sat chatting with his neighbours. About 500 m away, construction work on the Daudhan dam, across the Ken river, continued. The dam is the main part of the Ken-Betwa river-linking project.

"If we leave here, we will not find this kind of life anywhere. *Iekin hamaro ujad ho raho hai* (But we are being uprooted)," Munni Lal said. "*Ab kisko kiska kahin?*" (Who will we call kaka in the new place?). How will we speak our language in a new village? How will we make ourselves at home there? Our hearts belong here."

Ken and Betwa

This village, Daudhan, where around 700 people live, is among those affected by the Indian government's Ken-Betwa river-linking project. Once completed, the dam will submerge 10 villages, including Daudhan. Since the project falls within the Panna Tiger Reserve, the people of another 12 villages will be displaced, to offset the loss of forest area. In all, 22 villages across Panna and Chhatarpur districts will be affected.

The Union Cabinet approved the interlink in 2021 to transfer 'surplus' water from the Ken river to the Betwa river through a 231-km-long canal, ostensibly for irrigation and drinking in the water-stressed districts of Bundelkhand.

Bundelkhand spans 13 districts in Madhya Pradesh and Uttar Pradesh. Known for its heroic folklore, the region has also been in the news for being one of India's driest and most impoverished areas.

Both the Ken and the Betwa flow through the region. The Ken originates in the Vindhyan plateau, flows mainly through Madhya Pradesh, and joins the Yamuna in Banda in Uttar Pradesh. The Betwa also originates in the Vindhayas, and flows primarily through Uttar Pradesh before meeting the Yamuna in Hamirpur.

But in the villages affected by river linking, conversations from morning until late into the night revolve around displacement, compensation, rehabilitation, and the loss of their forests and farmlands.

'We will go together'

The villagers said monetary compensation cannot replace what they are losing. "We want a forest for our forest, land for our land, water for our water, and a village for our village," Jayanti Bai, of Mainari village, said.

Currently, affected villagers who were 18 years or older in February 2024 are eligible to receive ₹12.5 lakh in compensation and ₹5 lakh per acre of acquired land. However, Mr. Lal said most Adivasi families do not have patta land.

Fifty-year-old Siya Rani sits inside her house in Daudhan talking about the future and what the project will take away.

"We have been living along the Ken. This is our *janam bhoom* (birthplace). Why should we leave?" she said. "Our faith is being lost. *Dharti Mata* (Mother Earth) is being taken away. We do not want to leave our Ken and our forest, but the government is forcing us and not meeting our demands."

"If the government is displacing us, we want a village like ours," Kosam, an Adivasi of Mainari, one of the villages threatened by displacement, said. "Just as we are living together, we will go together. We will not go separately. Otherwise, we will not let the dam be built."

Narauli village, home to around 300 people, is located on a hill and is inhabited mostly by the Gond community. Unlike others, it does not fall within the submergence zone, yet its people face the same consequences. At the edge of the settlement, a forest begins, with *mahua*, *charwa*, and other forest produce sustaining the people.

"We want these same trees, this same *mahua*," Kesar Bai, 53, of Narauli village, said as she worked with other women collecting forest produce. "Here, we collect *charwa*, *mahua*, *tendu* leaves, and *guli-golanda*, and manage our expenses. What will we do after going outside?" The women around her agree: "Give us our *charwa* and *mahua*. Otherwise, we will not leave."

One of them, Rati Bai, says, "Have we become so bad in the eyes of the



(From Top) Women prepare food on the banks of the Barana river for people protesting against the Ken-Betwa Link Project on July 18. Adivasis affected by the project hold a Chita Andolan (pyre protests) in Chhatarpur on April 10. Tribal families affected by the Ken-Betwa river-linking project stage protest on the Barana river in April. PTI & ANI

government? When our household runs because of this forest, why are we being forced to leave? If we don't get our rights, we will die in our birthplace. We will not go anywhere."

'Just cancel the dam'

A protest in response to the project, known as Chita Andolan, or 'symbolic pyre protest', has been led by Adivasi women. While they have been protesting since 2022, the movement gained national attention in April and July this year.

Phooli Rani from Palkuan village says the thought of leaving makes her sleepless.

"We are losing our gods and goddesses. We are losing everything. Everything we have will be destroyed. *Hamse hamari jaani chini ja rahi hai* (the land that gave birth to us is being taken away)." Then she smiles: "*Bandha ka kaam ekdam cancel karo* (Just cancel the dam completely)." Mithi Bai, who also hails from Palkuan, asks, "Has our voice not reached Narendra Modi?"

The villagers said that when they went to Chhatarpur and Bijawar to demand their rights, the police responded with lathis.

Rajat Saklecha, Superintendent of Police, Chhatarpur, said that after one of the leaders, Amit Bhatnagar, was placed



People don't want to be displaced but when the project is moving ahead, an immediate, sensible dialogue on resettlement and rehabilitation between government and the people who are united and organised is a must. That is not happening

MEDHA PATKAR
Organiser of Narmada Bachao Andolan

under preventive detention in February, around 200 villagers gathered at the sub-divisional magistrate's office demanding his immediate release. He said villagers later locked the office and threw stones at revenue officials and a marriage procession passing by. The police then used "minimum limited force", Mr. Saklecha said.

"People affected by the project are deeply disturbed because they have not been promised fair rehabilitation," Medha Patkar, the organiser of Narmada Bachao Andolan, said. "The felling of lakhs of trees will have serious economic and social consequences for forest-dwelling communities."

"Even without giving them land or land protecting their livelihoods, their houses are being demolished and they are being

displaced and made homeless," she continued. "People don't want to be displaced but when the project is moving ahead, an immediate, sensible dialogue on resettlement and rehabilitation between government and the people who are united and organised is a must. That is not happening."

Land and houses

According to a 2017 forest advisory committee record, the detailed project report estimated that 23 lakh trees will be felled. Some experts have, however, said this is an underestimate.

In July, villagers again lay on symbolic pyres and went on a hunger strike at the Barnar river following a similar protest in April. After 15 days, the police cleared the protest site.

Mr. Bhatnagar, the leader of the movement, said the administration had promised a dialogue with representatives of the Centre but no such conversation took place. "If our demands had been accepted, why would we have continued protesting?" he asked. He also alleged that houses in some villages were demolished without adequate notice or compensation.

In April, villagers demanded a joint survey of land and houses, ₹25 lakh in compensation per individual, four-times the value in compensation for the land, and an April 2026 deadline. By the July protest, the demands had shifted to three acres of land jointly in the names of male and female family heads, a village for the displaced village, and the same deadline.

The Chhatarpur District Magistrate in April, Parth Jaiswal, said most of the demands raised during the April protests had been addressed. However, neither the current District Magistrate, Mrinal Meena, nor the CEO of Zila Panchayat, Namah Shivay Arjariya, responded to multiple requests for comment. An email sent to the Principle Secretary of the Madhya Pradesh Revenue Department, which oversees land acquisition, had not elicited a reply at the time of publishing.

No place like this

Kalla, 70, and his joint family depend on some three acres of land and forest resources in Kharhani village. His voice trembles as he speaks looking at the trees he planted, of mango, *ber*, *kaitha*, and *teak*.

"*Yahan humare aja-par'aja rahe* (Our ancestors settled here), and we are left craving our own rights. I planted trees with my own hands. But now Patwari tells me, what will you get? Your land is going to submerge."

People are now living with the reality that the forest and river they call home may soon become just another site of development.

Neetu, a 20-year-old Adivasi originally from Mainari village and married in Palkuan, cannot imagine a life elsewhere. "We like everything here," she says. "We will never find a place like this, even in our dreams."

(Rizwan Rahman is an independent journalist.
rizwan.newsplatform@gmail.com)



A Tapanuli orangutan on a tree in the Batang Toru forest in Indonesia's North Sumatra. AFP

'Dangerous misinformation': experts decry AI wildlife visuals

Agence France Presse

The black-and-white image appears to show the unlikely of interactions: an orangutan cradling endangered leopard cubs deep in the jungles of Malaysia's Sabah state. But the viral image is not just unlikely, it is fake, part of a trend of wildlife images generated by artificial intelligence that experts warn endanger animals and people.

Fact-checkers have debunked scores of similar synthetic visuals, from an elephant climbing a tree to escape flooding in Myanmar to a pink dolphin leaping out of water in the Philippines.

They may seem more like feel-good fiction than dangerous misinformation, but experts warn hyper-realistic visuals of wild animals behaving like pets, or even like humans, can distort public perceptions of wildlife and harm conservation efforts.

"This misunderstanding can lead people to approach animals too closely or interact with them in unsafe ways," Jose Guerrero-Casado, a zoology professor at Spain's University of Cordoba, said. He cited a widely reported incident in China's northwest Xinjiang region in January, where a woman was attacked by a rare snow leopard after trying to get closer for a photo.

China's forestry department said it stepped up patrols after the incident and warned the public to maintain a safe distance when encountering wild animals.

Conservationists say AI visuals portraying wild animals as cute or cuddly make it harder for social media users to discern what is real and can fuel exploitation. They increase demand for certain species "to be used in the tourism industry as photo props, exploited to make social media content or to be kept as pets", said Chris Lewis, a researcher at the international wildlife charity Born Free.

And while the visuals could encourage some people to support animal protection, "the negative impacts outweigh that completely," said Jenny Roberts of conservation group WWF. "People could get hurt," she said.

WWF uses real images for its fundraising efforts, but fake content online "desensitises" people to even the most incredible original visuals, she said.

"When you do have something remarkable, people question it," Roberts said, recounting an incident where a camera trap set up by her charity captured a tiger with five cubs in China. Such footage had never been filmed before in the East Asian country, she said. "But when we put the content out there, we were questioned on social media: 'Is this AI-generated?'"

A September study in the journal *Conservation Biology*, co-authored by Guerrero-Casado, concluded that the rapid spread of AI misinformation and its potential to harm environmental efforts is a "major threat" to society. The researchers highlighted another challenge for those working in conservation: AI images "could affect the ability of people to identify species" and cause misunderstandings about the abundance and distribution of wildlife.

Scientists often mine data from citizen science platforms that accept photos and recordings of wildlife submitted by users.

But AI generation and manipulation could lead to flawed research, several experts warned in a recent commentary in the journal *Nature*.

Meta, Facebook's parent company, and TikTok require users to label realistic visuals that have been generated or significantly altered using AI. They also say their platforms have tools that automatically label content as AI-generated. However, fact-checkers spotted multiple wildlife posts without clear labels.

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

The Indian EXPRESS

FOUNDED BY
RAMNATH GOENKA
IN 1932

BECAUSE THE TRUTH
INVOLVES US ALL

60 days on, a disturbing US-Iran stalemate

THE 60-DAY window for the US and Iran to agree on a long-term peace framework expired on Monday. On the ground, however, both sides had shut the window in late June and through July, as they traded strikes. The US had begun to unravel, largely over disagreements about how its terms should be interpreted. The framework also failed to open the Strait of Hormuz, which Iran has effectively blockaded since the Israel-US attack in late February, prompting an American counterblockade. Far from limiting hostilities, the 60-day period saw the war widen, with the Houthis and Saudi Arabia attacking each other as the Yemen-based militant group enforced a partial blockade of the Bab el-Mandeb. Both the US and Iran are now doubling down on economic warfare and both have their reasons to do so. The US must show the world that the bombing alone will not dislodge the hardline regime in Tehran and the US is running low on munitions. Iran, too, knows that the US has come to stay in the region, and that ballistic missiles fired at US bases or Israel will not change that. The deadlock means that the rest of the world remains hostage to a conflict that neither side appears capable of ending.

Trump's position has oscillated between escalatory rhetoric — he has now threatened to bomb Oman if it "gets in the way" of a deal with Iran — and an insistence that a negotiated settlement is possible. With a midterm election approaching, he needs to demonstrate that the pressure campaign is producing results without keeping the country trapped in another foreign war. Iran, meanwhile, must calculate how long it can absorb the economic costs without making concessions. Washington has rescinded sanction waivers on Iranian oil in the international market, while threatening to maintain its naval blockade of Iranian ports "indefinitely," Tehran calculates that it can squeeze Trump until the midterms, and sees the stalemate as the new balance of power. It remains to be seen who will blink first, whether either side can gain decisive leverage to negotiate a settlement, or the deadlock becomes the new normal. Should the stalemate persist, India, which has managed the consequences so far, will have to reconsider the threat to its economic, energy and strategic interests. Diplomacy alone will not do the trick. India must reduce its overwhelming dependence on imported oil, build larger strategic petroleum reserves, and aggressively invest in alternative energy sources.

When DU chooses to shrink Delhi's past

THE REMOVAL of an elective paper on the Delhi Sultanate from Delhi University's newly notified postgraduate History syllabus, along with several long-taught papers on gender, religion and political structures in ancient India, does students a disservice. It does so not just by narrowing the choice made available to them but also by undermining their ability to engage critically. In recent years, syllabus changes have travelled steadily from schools to colleges and universities, with chapters and subjects rationalised or removed without sufficiently persuasive explanation. Reform is, of course, both desirable and necessary. But the University's explanation for the omissions — that they are intended to achieve a more balanced and regional representation under the National Education Policy (NEP), 2020 — sits uneasily with the NEP's stated aim of fostering critical judgement. Higher education should complicate what students have learnt at school, place events in wider contexts and expose them to competing interpretations and historiographical perspectives. The Delhi Sultanate paper opened a window to the political formations of the 13th and 14th centuries. Its omission renders connections to a rich past more tenuous.

It is difficult to approach History as a study of discrete episodes. It is a continuous, informed, enriched and complicated by what comes before and after. The Delhi Sultanate occupies a vital place in medieval history because alongside the story of powerful dynasties, it offers insights into the transformation of Delhi into a political centre — the evolution of state institutions, patronage networks, the movement of people and ideas, and the events, freedoms and unfreedoms that eventually shaped Mughal and colonial histories. This intricate tapestry cannot be reduced to neat silos. If neglected regions, communities and perspectives need greater space, the answer should be to widen the field.

That is also the broader argument of the NEP. To make education more multidisciplinary, flexible and capable of encouraging students to think independently, DU should keep that ambition in sight. At a time when debates over curricula risk turning history into a proxy battlefield for contemporary anxieties, the best defence is not a narrower syllabus but greater intellectual choice. A storied university such as DU should trust its students to navigate the past in all its complexity.

In margins of old books, what AI cannot replace

THE LLMS are hungry and only vast quantities of books can satisfy their appetite. This, according to second-hand booksellers in the UK, is why the sales of pre-owned books are seeing a sudden surge. The news follows the recent revelations about AI firm Anthropic's mysterious "Project Panama", which involves the large-scale buying and scanning of books, mostly second-hand — ironically, because the AI slop flooding the internet has rendered it a low-quality source of information and knowledge.

The fact that books of any kind are being bought in such numbers while the publishing industry is in a slump may seem, on the face of it, like good news. Look closely and it stands revealed as a false consolation. For, AI can only consume books through "destructive" scanning, a process that requires the spines of books to be ripped off so that the pages can be rapidly scanned and the remains recycled. This digitisation by digestion is an unfortunate fate for books among which, in the words of Virginia Woolf, one might encounter a "complete stranger" who could become "the best friend we have in the world".

Because that has, for long, been the main appeal of second-hand books. Collectors are right about the charms of old, yellowing pages and their distinctive smell, as well as the revelatory beauty of marginalia. It is also true that the second-hand book industry was democratising knowledge long before AI. But to browse through books once prized by others and to find among them a new love of one's own has a special allure. At a time when algorithms are determining what is seen and what is ignored, second-hand books hold out the increasingly rare promise of serendipity.

The Editorial Page

August 15 after Jantar Mantar: The many spaces of freedom — and unfreedom

THE INDEPENDENCE Day came close on the heels of a students' movement that forced a powerful government to bend and became a liberating moment in its own right. The day after brings an occasion to stand on tiptoe, look at what has moved, and what did not change.

Let's begin with freedom's heady free-for-all. The Jantar Mantar moment, a narrative was becoming a struggle. It went like this — Congress and the regional parties are in unchecked decline and the BJP, armed with a will to power not diminished by power, enormous resources and control over central agencies, is seizing and filling spaces vacated by opposition parties. After the resignation of a Union minister in response to the protesters' demand at Jantar Mantar, that story is becoming unfrozen. A third force has flashed on the public mind, putting both the main players on notice. Suddenly, the government, too, looks vulnerable, not just the Opposition. Democracy's wet dog shake at Jantar Mantar is loosening democratic spaces.

Even though he did not mention the students' movement by name, Prime Minister Narendra Modi's 1-Day speech acknowledged it and sought to domesticate it. He profusely invoked "yuva shakti", but asked that it be yielded to the national project. He described the young, the protagonists of Jantar Mantar, as the "labharthi" or passive beneficiaries. This is in line with the earlier recasting by his government of the rights-bearing citizen as the recipient of state largesse and as the performer of duties.

The PM identified the challenge before the nation — the threat posed by the "dimaag" Naxal (one with a Naxal mindset) well after the "hathiyaar" Naxal (armed insur-

gent) had been defeated. In the PM's repertoire of slurs and labels for opponents, dissenters and critics — "ecosystem", "aandolan-jeet", "urban Naxal", among others, "dimaag Naxal" is perhaps the most unvarnished. It takes no detours, looks for no pretenses, allows no nuances. It reaches inside the mind to criminalise the thought and idea directly.

A few days before the PM's Red Fort speech, a sessions court in Mumbai delivered an uncannily similar-sounding lesson in unfreedom as it refused anticipatory bail to two TSS students accused of raising slogans during a memorial event held in October 2025 (the Bombay High Court has subsequently given one of the two students interim protection from arrest).

The students had gathered to pay tribute to the late Delhi University professor G.N. Saini, who died shortly after his acquittal ended a prolonged incarceration in a UAPA case. The act of accused persons appearing to be not limited to paying him (Saini) homage. They even allegedly raised slogans, "the court said. The slogans in question sought the release of Umar Khalid and Sharjeel Imam, former student activists facing trial under UAPA, jailed now for about six years, the trial still not in sight. The court also took note of reading material recovered from the students' electronic devices, which, the prosecution said, reflected Maoist ideology. "... though the accused have not committed a criminal offence, their act coupled with the material found... raises doubt about their conduct" — the court seemed to defer, in anticipation, to the PM's coinage of "dimaag Naxal".

In JNU, authorities withheld permission for an event in which



VANDITA MISHRA

Umar Khalid's book was to be discussed, a PhD dissertation certified by the same university, it cited "non disclosure of full facts" — opaque bureaucracy-speak by a distinguished university once celebrated for the spaces it opened, not shut down, for questioning. And in the Capital's prestigious Sardar Patel Vidyalyaya, an 1-day address on "Why pluralism matters" by JNU professor emerita Zoya Hasan was cancelled at the last minute, because of "security concerns", a thin camouflage for a cave-in to right-wing threat-making.

The Bar Council of India chairman issued a diktat punishing the entire 2026 batch of the NALSAR University of Law, for criticism by some of them of the Chief Justice of India, and their opposition to him attending their convocation as chief guest. He retracted his repressive directive and apologised to students subsequently. But the lingering image is that of yet another institution cracking down on the freedoms of the young and the outspoken, in this case, also tomorrow's Bar and Bench, in order to crosy up to the current political/judicial regime.

The last snapshot is of Leader of the Opposition Rahul Gandhi participating in a sexist joke on stage recently, undermining his own serious critique of Modi's personalisation of foreign policy. In a time when freedom needs to be negotiated step by difficult step, and spaces for Opposition and civil society prised open carefully, the LoP's backsliding has larger costs and consequences.

The PM's new label for critics, the sessions court's constricted view, the clampdown by the premier university and school, the Bar's arrested slide and the Congress leader's crude joke — all

these came only days after the students' protests at Jantar Mantar scored a euphoric strike for freedom. They underline something that must be kept sight of in the post Jantar Mantar moment.

For all its spectacular arc, the students' success story is up against the mixed and congealed realities of a layered polity. Gen Z's success, therefore, lies more in what it can help illuminate, not just in what it has achieved. Going ahead, it will be measured by whether or not it can become a continuing catalyst.

The fact also is that though it came together at Jantar Mantar, and even as coherence is being artificially thrust upon it, Gen Z is a shifting construct. Even in electoral terms, it is not clear that Gen Z is a bounded category. Do the young vote in critical numbers, are they a vote bank with a defined set of issues and separate concerns, do they vote more for change than voters in otherage groups — there are no firm answers.

What is clear is something much more amorphous, and at once powerful and fragile — the students' movement has denied power. It pointed to the suffocation of the electorate because of the limited menu of political choices. It changed the subject to the ruling behemoth's vulnerability.

Gen Z is not an actor or formula or a cliché to be co-opted or given a fixed ending. The day after the 80th Independence Day, let's see if for what it can be. A brush with democracy's many possibilities, an open-ended signifier that can contain many movements and beginnings, a sense of freedom that needs to be enhanced — patiently and painstakingly.

The writer is a national opinion editor, The Indian Express

Tata's leadership change is an opportunity, not a crisis



HETAL DALAL



AMIT TANDON

NCHANDRASEKHARAN's announcement that he will not be seeking a third term should not cause investors to panic. The transition at the helm of the Tata group has long been underway, but the change has a different dynamic. If used well, it could become an opportunity for the group.

While N Chandrasekharan's (Chandra) decision to not seek reappointment was not unexpected, it has caused some disquiet. Shareholders in listed Tata Group companies need not panic. The operating companies are strong businesses, have strong leadership and well-established boards. The immediate impact of this decision is limited at best. For the listed companies that Chandra chairs, a transition will be made once a successor has been appointed.

For the listed companies, Chandra has had a successful run; they have grown in size and profitability, and capital has been infused and unlocked by reducing the level of cross-holdings. The group has also started investing in tomorrow's businesses. The concerns are more at the level of Tata Sons — large losses from the aviation and digital businesses, the challenges of the semiconductor foundry, its contentious relationship with the RBI with respect to its listing, among others.

A leadership change at the helm of Tata Sons is not entirely a surprise. The media has reported skirmishes among the trustees of the Tata Group and between Chandra and some members of the Tata Sons board. If for nothing else, a successor would have had to be identified soon enough — Chandra is about two years away from reaching the Tata Group's mandatory retirement age for executive directors.

The Tata Group has six months to find a successor. Under Indian law, succession planning is the mandate of the nomination and remuneration committee and of the board. In Tata Sons' case, however, a selection committee must be formed — the process has already been initiated by the Sir Dorabji Tata Trust — for the appointment of the chairperson. The selection committee must comprise three members nominated jointly by the Sir Dorabji Tata Trust

and the Sir Ratan Tata Trust, one from among Tata Sons' board, and one independent outsider; the committee's own chairman is chosen by the trusts from among their nominees; and quorum requires a majority of the trust nominees.

The appointment of a successor now requires a fresh perspective. The ideal candidate must possess deep relationships across the bureaucracy, ministries, and regulatory bodies, demonstrate proven experience in leading large conglomerates, and exhibit a strong appetite for risk. At the same time, this individual must be capable of navigating an increasingly complex global environment shaped by geopolitical uncertainties and rapid technological advancements.

This must be seen as an opportunity by the group to build further longevity. The Tata Group has a unique holding structure, with philanthropies as the ultimate parent. For the group to truly outlive individuals, it must place its trust in seasoned professionals — both at the executive and board levels of Tata Sons — while safeguarding its core philosophy of responsible citizenship. Defining the mandate, responsibilities, and deliverables of the chairperson of Tata Sons will be central to this effort.

Equally, Tata Sons must also evolve its operating style. Its silence is no longer acceptable in the age of social media. The group's continued lack of response to controversies has allowed the narrative to be controlled by others, slowly denting its image and brand as a reputable, well-governed group known for its contribution to society and the larger social cause.

Leadership transitions at the Tata Group have historically been fraught with contention, each shaped by its own circumstances. N Chandrasekharan's decision not to seek a third term may be less divisive, yet his successor will inherit a new set of challenges. The most pressing among them will be to reconcile differences, reimagine the group's structure, and chart a path that secures both stability and renewal.

Dalal is president and COO, and Tandon is managing director of Institutional Investor Advisory Services India Limited

Five years later, the world's Taliban dilemma continues



SABINE AMEER

FIVE YEARS on, the Taliban govern Afghanistan with a confidence that would have been difficult to imagine in 2021, consolidating power and establishing a functioning, yet highly repressive, state. While the Taliban claim they have brought peace and security, absence of battles and violence does not guarantee peace. It requires the conditions for justice, inclusion, dignity and cohesion. A country in which half the population is systematically excluded from public life cannot meaningfully be described as at peace.

Afghan women remain the most visible casualties of Taliban rule. As of 2026, an estimated 2.4 million Afghan girls are excluded from secondary education. The Taliban's restrictions have narrowed women's access to employment, healthcare, public spaces, movement and political participation. More than 100 restrictive decrees and measures have been issued since 2021, institutionalising a system of gendered exclusion. Excluding women from the economy deprives Afghanistan of the human resources it will need to rebuild, and restrictions on female humanitarian workers make it harder for aid to reach women and children.

The international community faces a difficult dilemma: How to engage a regime you do not recognise without normalising the system it has created? Most countries still do not formally recognise the Taliban government, but diplomatic engagement has expanded. China, Iran, Pakistan, India, Turkey and Central Asian states have maintained varying degrees of contact with Kabul, driven by security, trade, migration and regional interests. Russia went further and recognised the regime last year. Western governments continue to maintain channels with the de-facto authorities over humanitarian assistance and counterterrorism.

Regional states cannot ignore the security and migration consequences of isolating Afghanistan. Diplomatic engagement is necessary to negotiate access, protect aid workers and exert whatever influence remains for regional stability. But if governments deepen relations with Kabul while women's exclusion becomes a permanent background condition, the Taliban receive a powerful message: Repression may attract condemnation, but not enough to fundamentally obstruct international engagement. This is why the international community needs to distinguish between engaging Afghanistan and legitimising Taliban rule.

The Taliban survived isolation opened channels for international engagement, and demonstrated that military victory can be converted into political endurance. Yet the country remains economically fragile and dependent on humanitarian support while simultaneously cut off from the human capital it could develop. The lesson of the past five years is neither that the international community should have remained in Afghanistan indefinitely nor that engagement with the Taliban should be rejected outright. But the growing temptation to treat Afghanistan as a settled case, and engage the Taliban simply because they control the state and because humanitarian aid is vital for its recovery, risks turning pragmatic engagement into de-facto normalisation.

The writer is a contributing researcher with ORF

40 YEARS AGO

August 18, 1986



Police firing in Pakistan

SEVERAL HUNDRED demonstrators burned tyres and barricaded streets in the southern part of Karachi with oil drums and vehicles, and hurling rocks at the police, who responded with tear gas. One person was killed as the police opened fire on anti-government demonstrators who stormed the streets for the fifth consecutive day. The demonstrators engaged the police in battles marked by gunfire and rock-throwing to protest against five arrests in Lahore and the arrests of hundreds of opposition leaders.

Sudanese rebels down plane

ABOUT 60 passengers and crew were feared

killed when a Sudan Airways Fokker Friendship was shot down by rebels near the south Sudanese town of Malakal, the official Sudanese News Agency (SUNA) reported. It said the plane carried 57 passengers and an unknown number of crew, when it was hit during a flight from Malakal airport to Khartoum. East African aviation sources in Nairobi said the crew radioed a final plea for help at 0829 GMT, just after the plane took off.

Soviet MI-26 for Air Force

THE INDIAN Air Force (IAF) is going in for a military heavy-lift helicopter called MI-26 from the Soviet Union to augment its helicopter fleet, it is learnt. The MI-26, which has been code-named "Halo-7" by NATO coun-

tries, is believed to be the heaviest and most powerful helicopter in use in the world.

Housing projects on hold

THE MINISTRY of Urban Development has received a severe jolt with most of its projects in the field of housing finance and urban improvement still pending clearance in the Finance Ministry — more than six months after their submission. The projects were submitted to the Finance Ministry after prolonged delays and during various housing agencies amid much fanfare in the Ministry of Urban Development, which proclaimed that the implementation of the projects would bring about a revolution in the field of housing construction in the country.

What will we sing of now, when we sing of patriotism



DESHKAAAL
BY YOGENDRA YADAV

GULZAR HAS called on the new generation of Indians to come up with an anthem for our times. Not a replacement for 'Jana Gana Mana', the national anthem, or 'Vande Mataram', the national song, subject to a lot of unnecessary excitement of late. But a song, a *qumti tarana* as he calls it, that supplements our official tracks, that can be hummed by crores of young Indians, that can invoke deep feelings of belonging to a community called India.

In his opening remarks to the video rendering of his latest song, he points out an obvious void: All the patriotic songs we use today are dated, some by a century. We need something new. His own new song, 'Ekakela Hindustani, do bano to Hindustani', is a subtle message against divisive politics and an invocation of diversity, so necessary in our times. Like 'Mile na mera tumhara', there is a feel-good quality to it, even if the music video is a tad extravagant. Yet, even a card-carrying Gulzar fan like me would not say this is the song we have been looking for. The poet himself does not claim to have filled the void. He challenges us. He invites us.

Thankfully, the national anthem and the national song have not lost their motivational quality. T.M. Krishna's latest book, *We the People of India: Decoding A Nation's Symbols*, devotes a chapter to tracing the journey of both these songs. For me, like most Indians of my generation, springing up to attention whenever we heard 'Jana Gana Mana', often to the annoyance of radical friends, was not just a school drill. The ritual invoked something deeper, something that grew with time as its meaning unfolded. The anti-CAA protest re-enchanted the national anthem, infusing it with fresh meanings and energies. I find 'Vande Mataram' no less stirring — unlike most musi-



ILLUSTRATION: C.R. SAKSHI/MAR

cally tuned friends, I prefer the filmi version of *Anand Math* over the official Akashvani composition — though it is a song of longing for a nation, not quite for a nation that has come into being. Yet, these officially sanctified, and often mechanically regulated, songs remain too lofty, too sacred, to be hummed in any other context.

I grew up in an India where *deshbhakti* songs did not invite disbelief or ridicule. 'Saare jahan se achcha' — here I prefer the melodious of the military band composition — was still the one song inherited from the freedom struggle that moved us. 'Mazhab nahin sikhata apas mein bair rakhta' was echoed by 'Tu Hindu banega na Musلمان banega'. These songs did not just remind you of the value of freedom ('*apni azadi ko hum har jayin uske nahin*'), they invited every Indian into the project of nation-building ('*Saathi haath badhana*' or '*Chhodo kal ki baten*'). Indian nationalism was not about being one-up on our neighbour or our enemy. India was defined by openness to the universe: '*Jo isse mila seekha humne, gairi to bhi apni humne*'.

We, the children of the 1960s and 1970s, were often the target of these songs ('*Aao bachcho tumhe*

Today, a song for India needs more than just a creative genius. It needs nothing short of reimagining India. We live in times where voices from the margins cannot be wished away in weaving a new tapestry of the nation

dikhaye' or 'Hum layen hain toofan se') that invited us to a republic of virtues. These lines from 'Insaaf ki dagar pe' still move me to tears: '*Insanityat ke sar pe izzat ka taj rakhta tan man ki bhent dekar Bharat ki laj rakhta*'. This was my nationalism. Serving humanity was the way to honour my motherland. The three was of 1962, 1965 and 1971 foregrounded grief ('*Ae mere watan ke logon*') and sacrifice ('*Kar chale hum fida*') but did not unleash jingoism. Even the Manoj Kumar variety of flat nationalism spoke of love as the marker of Bharat ('*Hal preet jahan ki reet sada*'). Watching cinema was taboo in my childhood. So I connected to the national imagination through these songs on the radio rather than on screen.

Something changed after that. May be I grew up and was unwilling to suspend disbelief. Maybe the country was taking a different turn, unable to sustain the earlier credulity. In any case, my political self could not connect with the popular songs of the day.

Poetry made more sense to me. Apoorvanand's book *Kavita me Janantra* captures something of the journey of Hindi poetry through the political lens. For me, Raghuvir Sahay's sting-

ing indictment of the anthem now sounded more true: '*rashtrageet me bhala kuan vah bharat bhagya vidhata hai/fata sahnarna pahne jiske gun har charna gata hai*'. Or Vinod Kumar Shukla's 'Lagbhag Jai Hind' that quietly interrogates the hollow nationalist symbolism. Sarveshwar Dayal Saxena and Dushyant Kumar gave expression to the mood of those times. My quest for songs took me to the magic of Faiz and Iqbal Bano. Popular Hindi songs did not figure on my horizon.

Not that there was a complete absence. 'Chak de India' touched me, but fleetingly. The longing of 'Sandesh aate hain' did not carry the same feeling as 'Kar chale hum fida'. 'Yeh jo de hai tera' needed a diasporic distance that I did not possess. The musical language of 'Maa tujhe salaam' was global and contemporary, but its message drew upon a century-old jaded language of devotion to the motherland. 'Rang de Basanti' was something of an exception, with a sharp distinction between loyalty to the country and to the government. Over the last decade, we have had songs like 'Teri mitti' or 'Challa' that invoke a muscular nationalism, very unlike the humane nationalism of my childhood. The musical language of *Dhurandhar* is globally hybrid, at odds with its territorial asseverances.

Gulzar's challenge is, therefore, timely. But today, a song for India needs more than just a poetic and musical genius. It needs nothing short of reimagining India. We live in a country with a voracious appetite for celebration but much fewer reasons to celebrate. We live in times where voices from the margins — those of Manipuri or Dalit or Adivasi or women or the queer community — cannot be wished away in weaving a new tapestry of the nation. We live in a precarious moment. The July protests have reminded us that the youth are unwilling to buy the dreams they have been sold.

So, the problem is not just that we have lost those moving songs about the nation. Or that we lost the imagination that produces such songs. We may have lost the imagined community that we call a nation.

The writer is member, *Swaraaj India*, and national council, *Bharat Jodo Abhiyan*. Views are personal

In J&K, a facade of normalcy cannot substitute for peace



MEHBOOBA MUFTI

THE ADMINISTRATIVE order circulating in Anantnag directing government employees to participate in a "Trangra Rally" is not an isolated instance. It is symptomatic of a style of governance that has increasingly come to define Jammu and Kashmir since the Government of India took direct control of the region following the illegal abrogation of Article 370 in August 2019.

What is most striking about the order is not the national flag itself, but its coercive tone. When participation in a government-sponsored event becomes an administrative obligation, are we witnessing genuine public enthusiasm or merely another carefully choreographed display of "normalcy"? Since 2019, Kashmiris have lived under an extraordinary degree of security and administrative suppression. Raids and investigations by multiple agencies have become a recurring feature of life in the Valley. Government employees have been dismissed over alleged links with militancy or militant sympathisers, leaving families devastated. Thousands have been detained in the aftermath of militant incidents, at times under broad allegations of being "overground workers". Educational and charitable institutions have faced closure or restrictions over alleged links with banned organisations, while properties worth hundreds of crores have been attached under various laws.

On the one hand, the government repeatedly tells the rest of India that Kashmir has entered a new era of peace and normalcy. On the other, extraordinary security measures, raids, detentions, dismissals and restrictions continue to shape the everyday lives of ordinary people.

And then comes another painful reminder that the problem is far from over. On August 12, reports emerged of a purported third letter attributed to the United Liberation Council, described by authorities and sections of the media as an affiliate of Lashkar-e-Taiba. The letter reportedly named several Kashmiri Pandit government employees and carried their phone numbers. For Kashmiri Pandits, such threats inevitably revive painful memories. Since 2019, 25 members of the community have once again been targeted and killed, including Ajay Pandita Bharti, Rakesh Pandita, Mahan Lal Bindroo, Rahul Bhat, Rajni Bala, Puran Krishan Bhat and Sanjay Sharma.

A tourist arriving in Srinagar may see busy markets, hotels filled with visitors, traffic on the roads and an impressive display of security. Everything may appear normal. But normalcy cannot be measured by what a visitor sees during a few days in the Valley. It must be measured by what ordinary people feel secure enough to speak freely, whether families believe that the law will protect rather than intimidate them, whether young people see a future for themselves, and whether communities that have suffered displacement and violence genuinely feel safe enough to return and rebuild their lives.

The crackdowns that have followed militant attacks, including large-scale detentions and other punitive measures, have only deepened anxieties about collective punishment. Recently, after the killing of a police constable in south Kashmir, thousands were reportedly detained. When another militant attack resulted in the killing of migrant workers, the familiar cycle of raids, detentions and suspicion followed once again.

Gen Z and Gen Alpha in Kashmir were not responsible for the violence of the 1990s. They were born decades after the worst years of the conflict. They should have been able to grow up without inheriting the baggage of an earlier conflict. Instead, many are growing up watching fathers, brothers, relatives and neighbours being summoned, detained or questioned. They see homes demolished when a member of a family is accused of militancy. They see fear and humiliation become part of everyday life. They see a system in which one section of society is repeatedly assured that everything is normal, while another is continually asked to prove that it is not a threat. What does that do to a young mind? It does not create reconciliation. It creates bruised memories. And bruised memories do not disappear because officials are instructed to display flags.

A government that genuinely wants Kashmiri Pandits to return must create an environment in which they return because they feel safe, not because they are asked to participate in official ceremonies designed to demonstrate that everything is normal. The same principle applies to Kashmiri Muslims. The state must distinguish between a militant and an ordinary citizen; between an accused person and a convicted person; and between a family member and the person accused of committing a crime.

Kashmir needs healing, not another performance of normalcy. That healing will come only through dignity, justice, security, dialogue and a genuinely human approach. Brutal force may silence a street for a while. It cannot silence a generation's memory. A facade of normalcy may impress visitors. It cannot substitute for real peace.

The writer is former chief minister of Jammu and Kashmir

LETTERS TO THE EDITOR

PM's speech

PRIME MINISTER Narendra Modi's newest coinage, "Dimagi Naxals" or "intelligent Naxals", which he used in his Independence Day address to the nation without explicitly stating whom he had in mind or whom he meant by it, has caused a political storm ("In youth-driven Viksit Bharat, celebrate 'dimagi'", *IE*, August 17). He merely said that "Dimagi Naxals" need to be identified and isolated without elaborating. He gave room to suspect that he may have used the label against all those people, be they opposition leaders, activists, journalists, public intellectuals or the youth called "cockroaches", who do not see eye to eye with him.

C David Milton, Maruthanode

History from below

I REMEMBER reading Sumit Sarkar's books during my BA, and it was fascinating to revisit his intellectual journey through this editorial ("The historian who didn't lose hope", *IE*, August 17). As we know, history is often described as being written by the victors. Sarkar's scholarship, however, consistently sought to foreground the experiences of the subaltern. His deep engagement with the lives of the marginalised is evident in his writings. What makes his work particularly significant is his ability to question established narratives and bring to the fore voices often left unheard.

Naval Thorat, Chhatrapati Sambhaji Nagar

THE REFLECTIONS on Sumit Sarkar underline the value of scholarship that remains rigorous yet open to changing evidence ("The historian who didn't lose hope", *IE*, August 17). Historians help society examine its past without political convenience determining conclusions. Universities should protect academic freedom, support archives and encourage debate across differing interpretations. Young researchers need reliable sources and fellowships. A healthy democracy benefits when history is studied critically and honestly, rather than reduced to slogans or selective memory.

S Durga Arunkumar



SAUMITRA BHADURI AND SHUBHAM ANAND

A COUNTRY can defend its currency in two ways. It can earn more dollars or it can borrow them. The two look alike when the money arrives, but they are not the same. India's latest external-sector stabilisation largely falls into the second kind.

Between June 8 and August 13, banks mobilised \$52.3 billion in foreign-currency inflows under the RBI's special swap facility, with FCNR(B) deposits accounting for the bulk of the funds raised. The RBI has closed the FCNR(B) swap window a month earlier than originally scheduled. At a time when the rupee was under pressure, this has been read as a vote of confidence. However, the question is why the money needed such inducement or recorded such a sharp fall as soon as it was withdrawn.

Because confidence had fled. The rupee was Asia's worst-performing currency in 2025-26. Foreign portfolio investors had pulled out billions. They turned net buyers in July, bringing in about \$2.1 billion. However, that is still a modest reversal relative to the scale of the preceding exodus. It is too early to read this as investors rediscovering India.

The question is why this works when reassurance does not. Because currency markets move not only on fundamentals but on expectations. Once investors believe depreciation is one-way, good data stops persuading them. The way to break that loop is to make the bet

When the RBI absorbs hedging costs, the exposure moves onto the public balance sheet. When banks raise three-to-five-year money and lend against it, the risk resurfaces as an asset-liability mismatch

against the rupee expensive. That is what the FCNR(B) window does.

FCNR(B) deposits let non-resident Indians hold foreign currency with Indian banks, free of rupee risk, with tax-free interest and full repatriation. Banks raise three-to-five-year deposits, swap the dollars with the RBI, and the central bank absorbs the hedging cost. Once that cost is lifted, banks can offer dollar rates near 6-7.5 per cent, and some add leverage of 9-19 times. For a wealthy depositor borrowing abroad and placing the proceeds here at a protected high yield, this is a carry trade with the currency risk removed by someone else.

Who is that "someone else"? That is the question the enthusiasm skips. The pace of mobilisation measures the incentive more than belief in Indian assets. Flows surged only after the subsidy appeared. Confidence that materials only after the price is raised is not confidence. It is a purchase.

So, what has India bought? Time, and a quiet transfer of risk.

To be fair, the fundamentals are not in crisis. Reserves are large, services exports and remittances cushion the account, and part of the rupee's weakness reflects the strong dollar. But being out of crisis is not the same as being secure. India slipped into a current-account deficit in May. Against that backdrop, the surge in FCNR(B) deposits is best viewed as a balance-of-payments stabiliser rather than a durable

The rupee's borrowed breathing space

source of dollars. They are ultimately a form of external borrowing and create future repayment and rollover obligations.

Here is the part that deserves more attention. The scheme does not make the rupee's risk disappear. It relocates it. When the RBI absorbs hedging costs, the exposure moves onto the public balance sheet. When banks raise three-to-five-year money and lend against it, the risk resurfaces as an asset-liability mismatch. A visible currency problem today can become a less visible banking problem tomorrow.

There is a further reason not to relax: These deposits will mature. Every dollar arriving now must be repaid in three to five years.

What should India do with a window it has paid to open? Treat it as a purchased pause, and spend it well.

The RBI deserves credit for acting decisively. But, if India earns too few dollars, no better way of borrowing will solve it. The answer lies in building export-surplus sectors, attracting FDI, cutting energy import dependence, and treating tourism as a foreign-exchange industry.

The FCNR(B) surge serves India as a cushion against dollar outflows quickly when needed. However, it also shows that rupee stability increasingly rests on liabilities the country has paid to attract and must one day repay.

Bhaduri is professor, Madras School of Economics, and Anand is PhD scholar, MSE

Legal aid defence needs reform, not retreat

pendence of the legal profession and affecting the livelihoods of practising advocates.

"These concerns should be viewed in light of a number of factors. For 2025-26, the NALSA dashboard on LADCs reports that 4.86 lakh cases were assigned to LADCs, including 1,88,878 bail cases. Compared with the overall criminal caseload reflected in the National Judicial Data Grid (NJDG), these constitute a small proportion. The NJDG indicates that 24,68,339 criminal cases were instituted in a single month, which roughly translates to 2.96 crore criminal cases in a year. Against this, the 4.86 lakh cases assigned to LADCs represent approximately 1.6 per cent of criminal cases instituted. The numbers raise a basic question: Where is the threat to private criminal practice?"

To see quality legal services as a threat to private lawyers is quite simply a lost oppor-

tunity to raise the bar. If private lawyers feel a more structured legal aid system threatens their work, perhaps it is an opportunity for introspection. One reason for the popularity of LADCs is the diligence with which many undertake their work — prompt appearances at production and remand hearings; filing appropriate and timely petitions challenging violations of procedural law and protecting their client's rights. The traditional

The 4.86 lakh cases assigned to LADCs represent approximately 1.6 per cent of criminal cases instituted. The numbers raise a basic question: Where is the threat to private criminal practice?

assigned-counsel system, where private lawyers are empanelled to provide free legal aid, has often been criticised for missing hearings, delayed applications and complaints regarding fees paid by the state.

The interests of lawyers must be balanced against the fair trial rights of the accused. But a functioning system of legal representation should not be reconsidered without first asking what it has achieved and where it needs improvement.

This brings us to another concern — the inequity of assigning legal aid matters to young lawyers. Are young and relatively inexperienced lawyers equipped to undertake a full range of criminal defence work, including trials? Criminal defence requires experience in case preparation, cross-examination, bail and remand proceedings, trial strategy and navigating the

criminal justice system. Those unable to afford private lawyers should not become a testing ground.

Critics around the LADC system must therefore be examined against evidence. There has, as yet, been no national assessment of the LADC system. Discontinuing or stalling a scheme, duly adopted and implemented by a statutory body, without an assessment and consideration of its impact on ongoing cases, is an injustice to the legal-aid system itself. If the LADC system has demonstrated that dedicated lawyers, institutional oversight and accountability can improve the quality of criminal defence, the response should be to learn from it — not dismantle it.

The writer is a lawyer and expert on criminal justice reforms, legal aid and pre-trial detention

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LAW

Notices to actors: What law says on surrogate ads

Abhinav Chakraborty
New Delhi, August 17

MAHARASHTRA'S FOOD and Drug Administration (FDA) issued show-cause notices to Bollywood actors Shah Rukh Khan, Ajay Devgn, and Tiger Shroff last week, alleging that their advertisement for Vimal Elaichi amounts to surrogate advertising for Vimal Pan Masala.

The notices ask the three actors to explain their role in the ad, which in the FDA's assessment, creates an association with the Vimal Pan Masala brand — a product currently prohibited in the state — and could amount to its indirect promotion.

The latest action reportedly marks the first instance of the regulator examining surrogate advertising even as it ramps up its crackdown on gutka and pan masala containing tobacco or nicotine.

What the notices say

Maharashtra has prohibited gutka and pan masala containing tobacco or nicotine since 2012 under Section 202(A) of the Food Safety and Standards (FSS) Act, 2006. The prohibition is renewed annually, with the current renewal in force since July 13, 2026.

According to the FDA, the Vimal Elaichi ad's presentation, dialogue, product name, and market context raise a "serious question" over whether it constitutes indirect or surrogate promotion of a prohibited tobacco-related product. The regulator said given all three actors appear as brand endorser, their direct participation is liable to be examined under various provisions of the FSS Act.

● In January 2024, the Delhi HC dismissed DGHS appeals, saying that the company had a "fundamental right to carry on business" of pan masala sales tobacco so long as it has constitutional sanction.

The Guidelines define "surrogate advertisement" as "an advertisement for goods, product or service, whose advertising is otherwise prohibited or restricted by law, by circumventing such prohibition or restriction and portraying it to be an advertisement for other goods, product or service, the advertising of which is not prohibited or restricted by law".

Penalties for violations are clearly outlined. CCPA can impose a penalty of up to Rs 10 lakh on manufacturers, advertisers, and end users for any misleading advertisements. For subsequent contraventions, CCPA may impose a penalty of up to Rs 50 lakh. CCPA can prohibit the end user of a misleading advertisement from making any endorsement for up to 1 year and up to 3 years for subsequent contravention.

The crackdown

The FDA has stepped up enforcement across a range of food-safety concerns, from adulterated milk and food served at restaurants to the sale of junk food in and around schools and the manufacture and sale of banned gutka and tobacco-containing pan masala. Between May 25 and July 31, the FDA raided 658 establishments where banned products were found, seized stock worth Rs 15.11 crore, registered 519 FIRs, and made 701 arrests. It also seized 78 vehicles carrying banned goods worth Rs 6.6 crore.


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Centre	हिंदी बैच	English Medium
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Indore	17 अगस्त शुक्र 10:00 बजे	24 अगस्त शुक्र 11:30 AM
Indore	24 अगस्त शुक्र 10:00 बजे	18 अगस्त शुक्र 5:30 PM
Lucknow	20 अगस्त शुक्र 11:30 बजे	20 अगस्त शुक्र 11:30 AM
Prayagraj	18 अगस्त शुक्र 5:30 बजे	24 अगस्त शुक्र 5:30 PM
Ranchi	12 अगस्त शुक्र 11:30 बजे	18 अगस्त शुक्र 5:30 PM
Patna	19 अगस्त शुक्र 11:30 बजे	18 अगस्त शुक्र 5:30 PM
Jaipur	6 अगस्त शुक्र 10:00 बजे	11 अगस्त शुक्र 5:00 PM

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GLOBAL

Hamas has agreed to disarm, but Netanyahu's ambitions still keep Israel in Gaza

Rishika Singh
New Delhi, August 17

US President Donald Trump's envoy and son-in-law, Jared Kushner, met Israeli Prime Minister Benjamin Netanyahu on Monday for talks, a day after meeting Hamas chief Khaled al-Hayya.

The ceasefire, which came as the Trump-led team of peace attempts to secure peace for Gaza, Netanyahu has rejected the latest peace plan, putting forth one condition for the Israeli Defence Forces (IDF) withdrawal from the territory. "The IDF will not carry out any withdrawal until Hamas is disarmed... we are talking with the Americans about this issue," Netanyahu said. Israel has also resumed its drone strikes on Gaza.

In late July, Trump said the board reached a "historic" 15-point agreement for disarming Hamas. This was read as an unexpected concession from Hamas, which, in turn, said that the IDF must withdraw completely from Gaza first.

Behind Hamas's disarmament

The Board of Peace plan included provisions on returning Palestinian detainees and prisoners, and a temporary International Stabilisation Force for Gaza's security.

While Hamas's disarmament was then seen as unlikely, the shift reflects the latest avenues for breakthrough as the conflict drags on, said Islam Alhalawany, a diplomat at London-based QFLA Advisory and a specialist in West Asian politics.

Since 2023, more than 73,000 Palestinians have been killed in Israel's war in Gaza. "The military situation reached a deadlock. Israel cannot displace Palestinians further, and Hamas cannot displace Israeli incursions or address the humanitarian collapse after three years. Flexibility became rational," Alhalawany told *The Indian Express*.

He also noted the role of mediators Egypt, Turkey and Qatar, who were thanked by Trump as well. "Hamas appears convinced — partly through pressure from Islamic militants — that demon-

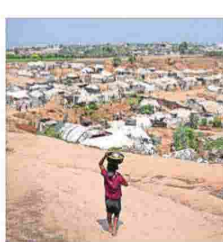
strating compliance will help expose Israel's rogue posture internationally. This is what is called 'Wedge Strategy', and here, it works by enhancing the split between Washington and Tel Aviv. Meanwhile, maintaining the ceasefire would allow a breathing space to the tiny, besieged enclave of Gaza."

Netanyahu's stakes

With two months left for the Israeli legislative elections, Netanyahu faces many political challenges. These will be the first elections held since the October 7, 2023 Hamas attacks, where he was criticised for the security failure.

Polls show that Netanyahu's coalition — often termed the most right-wing government in Israeli history — could fall short of the majority mark. For Netanyahu, this is significant, because he has linked his personal standing with his prime ministerial role and the war on Gaza.

In 2025, he asked the country's president to grant him a pardon on corruption



Displaced Palestinian children carry food portions in central Gaza. AP

charges, stating that the request would help unify the country at a time of momentous change, the AP had reported. Alhalawany said that disarming Hamas was a "natural ask" given his political concerns, but also

shows Netanyahu's broader strategy. "Israel's constituencies around the war are divided into two: one is concerned with Israel's global image and fears over stretching Tel Aviv's relationship with Washington, while the second is clearly inclined for a more assertive posture at all expense. Netanyahu chose the latter a long time ago, and his maximalist posture on every front shows he's pursuing this strategy for political survival," he said.

This is also reflected in rising attacks against Palestinians. Despite the 2025 ceasefire, UN experts this month "condemned the sharp escalation of attacks against Palestinian civilians." Settler violence — committed by Israelis who live in territories captured by Israel in 1967, primarily the West Bank — has also risen. Far-right Israeli ministers have also called for intensifying attacks on Gaza.

Add to this the sour sentiment among at least some Israelis over the US-Iran deal, which was seen as giving concessions to the Jewish state's main adversary state.

Path to peace

American officials have reportedly viewed Israel's resistance to the plan as a violation of rhetoric. But it raises concerns, too, as visible from Kushner's visit.

Writing for the think tank European Council on Foreign Relations, Senior Policy Fellow Hugh Lovatt said that Board of Peace officials "now appear to be altering parts of the laboriously negotiated deal" to accommodate Israel's hardline stance. "Given the near impossibility of removing every single Palestinian weapon, as many are held by families, clans, criminal networks and jihadi groups," this could allow Israel to opt out, he said.

Alhalawany said that "Neither side is genuinely committed to adherence. The ceasefire diplomacy is another form of war by other means, where Israel signals deterrence, and Hamas seeks to publicly embarrass Tel Aviv." For the rest of West Asia, and the world, continued attacks will also mean refraining ties to the region, trade, and more.

SPACE

NASA's Moon Base: What India will gain by joining



AMITABH SINHA

THE RECENT invitation to join NASA's Moon Base programme can be an important turning point in the history of the Indian Space Research Organisation (ISRO), one that can potentially put it on an entirely different trajectory.

The invitation itself was not surprising, considering that India has already signed the Artemis Accords, and entered into a strategic partnership with the US on human spaceflight missions. Yet, given the extremely volatile relationship between the two countries in the last couple of years, this initiative to forge a closer partnership on space is a refreshing move.

In scale and ambition, the Moon Base programme can be compared only to the Apollo missions. In terms of its impact on humanity and the future of the planet, it could turn out to be far more consequential.

Setting the Moon

The programme is about creating a permanent research station on the Moon, one that can be inhabited by astronauts, and robots, for prolonged periods of time. The base, to be built in stages over several years, is meant to facilitate research, and allow exploration and exploitation of lunar resources. It will possibly be the most challenging engineering exercise ever undertaken, requiring several trips to the Moon by crewed and robotic missions. It could also be the costliest scientific project ever.

NASA is in no position, and does not want, to execute this entirely on its own. Its budget has been slashed significantly under the Donald Trump administration, while most of its hardware production is now happening in the private sector. So, it is seeking partners — both in the international community as well as in the private industry, to collaborate with.

The 70 countries that have signed on to the Artemis Accords have, in a way, already shown a willingness to join such a collaboration. This includes some major space-faring countries like Japan, India, South Korea, and Israel, besides several European countries.

In just six years, the Artemis Accords



MOON BASE: A THREE-PHASE PROGRAMME

The Moon Base is humanity's first lunar outpost, a place where astronauts will live, work, and explore near the Moon's South Pole.

PHASE ONE (NOW-2029): Focus will be on gaining reliable access to the lunar surface and building a deeper understanding of the environment. Robotic missions will explore the lunar South Pole, demonstrate new technologies, and gather the knowledge needed to guide future development.

PHASE TWO (2029-2032): NASA will begin deploying the first infrastructure needed to support long-term operations on the Moon. Early power systems, cargo transportation, logistics, and communications capabilities will expand humanity's footprint and enable increasingly complex missions.

PHASE THREE (2032 AND BEYOND): NASA will begin assembling a permanent lunar outpost where astronauts can live and work for extended periods. Habitats, power systems, communications, transportation, and other critical capabilities will support an enduring human presence. SOURCE: NASA

has come up as a unique grouping of countries interested in exploration of outer space. Although the Accords are a set of principles and good practices that countries agree to follow in their space activities, they are increasingly being seen as a US-led camp seeking to write its own rules for space exploration and use of extraterrestrial resources, subtly bypassing international multilateral arrangements.

That two major space powers, Russia and China, are not part of the group, gives credence to this argument.

India has traditionally been extremely reluctant to join any such group. But it was one of the early signatories to the Accords, joining as the 27th nation in 2023. There is no official confirmation as of now, but it is very likely that ISRO would join the Moon Base programme.

Not adversarial

It makes eminent sense for it to do so.

Artemis Accords

The Accords, introduced by NASA and the US Department of State in 2020, are a set of principles that countries agree to follow in space activities.

The 70 signatories include Japan, India, Israel, and South Korea.

ISRO has its own plans for human spaceflight missions, setting up a space station, and even landing humans on the Moon. Joining Moon Base offers the opportunity for it to gain valuable experience in planning and executing complex missions like these, and leapfrog in technology development. ISRO has demonstrated its capabilities in executing such missions on its own as well, but that would require time and huge amounts of money.

Space exploration is reaching a stage where a 10-year gap in technology development can leave a nation fairly well behind. Besides, it would not make economic sense to reinvent the wheel. ISRO's current plans — an independent human spaceflight programme, a Moon landing programme, and a full-fledged space station — are extremely ambitious. It is, no doubt, extremely important to have these capabilities. But it is difficult to imagine that India would have the scientific and econ-

omic rationale for running these sustainably on its own.

The Bharat Antariksh Station is a case in point. While ISRO must have the technology and capability to build such space infrastructure, it is extremely unlikely that India would have, in about a decade's time, a scientific ecosystem hungry enough to need an entire space station for its own use all year round. It will have to be a shared infrastructure like the International Space Station.

Similarly, maintaining a separate full-fledged programme for lunar exploration might not be economically feasible. The costs are prohibitively high even for the leading economy and richest country of the world. For India, which is chasing multiple parallel goals on the path to prosperity, it might be difficult to allocate resources on the scale required.

The concerns about India joining what appears like a US-led bloc might be overstated. The Artemis Accords are not like a geopolitical or military camp. Space, for now, is not adversarial. If the US lands on the Moon ahead of others, it does not get to control the area or the resources. It does not harm the interests of China or Russia, which are attempting to do the same thing through their own partnership.

The Moon is large enough, and its resources abundant enough, to support the efforts of all the parties, at least in the foreseeable future. So, the current trend of globalisation, or go-it-alone approach, in matters of critical technologies like semiconductors, clean energy, and artificial intelligence does not apply in the case of space. There is no domination of supply chains or control over resources.

For India, signing the Artemis Accords, or joining the Moon Base effort, does not prevent it from continuing its long-standing space cooperation with Russia, for example. ISRO, however, needs to ensure that while collaborating with the US, it doesn't lose sight of its own targets and objectives or doesn't get locked into the US technology ecosystem to the extent of overdependence. The Accords do emphasise on development of interoperable systems, but it is not a major restriction for ISRO, which is just beginning to develop these systems.

So, the space cooperation with the US is a real opportunity for ISRO to fast-track its project timelines, and get to the frontier of technology development. It could result in a lot of spin-off benefits that can bring cascading dividends across sectors.

POLICY

The Centre-states tussle over the Mines and Minerals Bill

Pratyush Deep
New Delhi, August 17

THE PASSAGE of the Mines and Minerals (Development and Regulation) Amendment Bill, 2026, in Parliament last week has reignited a long-running tussle between the Centre and states over taxation of mineral resources and the revenues they generate.

The amendments seek to restrict states from imposing specified levies on mineral rights and mineral-bearing land, which they had been exploring following the Supreme Court's landmark 2024 ruling upholding their power to tax mineral rights. The Bill has drawn sharp opposition from states. Jharkhand Chief Minister Hemant Soren has threatened protests against the amendments, saying they could significantly dent the state's prospective revenue, while Kerala Chief Minister V D Satheesan has raised concerns over their implications for India's federal structure.

The Bill will also extinguish unpaid or unrecovered dues arising from such levies imposed before it comes into force, with some estimates putting the value of such

outstanding dues across the mining sector at around Rs 2 lakh crore. The Centre's stand is that unchecked state-level levies could raise the cost of key minerals, feeding into inflation and infrastructure costs.

Fiscal certainty for industry

According to Mines Ministry officials, the amendments seek to address what the Centre considers excessive cess and other levies imposed by some states following the Supreme Court's 2024 judgment.

The July 25, 2024 ruling overruled the 1989 ruling in *India Cement Ltd v. State of Tamil Nadu*, which had held that royalty was a tax and that states lacked the legislative competence to tax mineral rights, as the subject fell under the Union List.

B K Bhatia, mining industry expert and former Director General of the Federation of Indian Mineral Industries, told *The Indian Express* that the amendments would help prevent states from imposing multiple and excessive levies on mining companies.

"Apart from royalty, District Mineral Foundation and National Mineral Exploration and Development Trust contribu-

Implications for federalism

● The Bill has drawn sharp opposition from states, who have raised concerns over loss of prospective revenue.

● The Centre's stand is that unchecked state-level levies could raise the cost of key minerals, feeding into inflation.

tions, mining companies currently pay various other cesses, including environmental and pollution cesses. But the mineral-bearing land tax was the biggest additional burden on the industry," Bhatia said.

According to him, while the amendments will help the industry by providing greater certainty over the fiscal burden, they are unlikely to result in any material revenue loss for states, as most of these levies have been legally contested for decades, resulting in large amounts of pending dues.

A senior official at the Mines Ministry said there are around 14 levies in the mineral sector, which will stay. "All we are saying is all these levies together should not go beyond a certain percentage," the official said, adding that this percentage would be decided after consultation with all the states.

States' revenue loss

Last week, Jharkhand CM Soren, in a letter to Prime Minister Narendra Modi, said mining revenue accounted for approximately 84.9% of the state's own non-tax revenue in 2024-25. Soren claimed the Mineral Bearing Land Cess, which the state

has been imposing on mining companies, was expected to generate approximately Rs 11,000 crore annually.

"These figures demonstrate that mineral-related revenues are not marginal receipts but a critical component of the state's fiscal capacity," the letter read.

Prabhat Ranjan, Senior Director at Nexdigm, a global consulting and advisory firm, said the amendments would, in effect, serve as a cost-containment and investment certainty measure for mining companies, but concerns over potential revenue loss for states cannot be brushed aside. "The Centre should use the new framework to establish reasonable and transparent guardrails, while ensuring adequate consultation with mineral-producing states," he said.

The dispute

The Centre's stand is that unchecked state-level levies could raise the cost of key minerals, feeding into inflation and infrastructure costs.

States have raised concerns over loss of revenue as well as over the Bill's implications for India's federal structure.

CENTRE TO FORM HIGH-POWERED PANEL ON BANKING REFORMS FOR VIKSIT BHARAT SOON

FM-bankers meet: Mobilisation of deposits, banking for GenZ in focus

Ravi Dutta Mishra
New Delhi, August 17

ADDRESSING THE banking needs of Gen Z and ways to boost deposit mobilisation took centre stage at a key two-day meeting of the public sector banks and the Ministry of Finance starting Monday, where heads of key financial institutions are expected to produce "workable ideas" for banking sector reforms.

Finance Minister Nirmala Sitharaman said banks are in a better position to take up reforms as non-performing assets (NPAs) are at the lowest level ever, adding that the future of banking must reflect the aspirations of India's youth, with 29% of India's population between 15 and 29 years of age. The high-level committee for banking with a focus on "banking for Viksit Bharat", which was announced in this year's Budget, will be announced soon, she said.

Intensive discussions today and tomorrow come at a time when we expect the announcement of the high-powered committee to look into banking for Viksit Bharat. The recommendations [after this discussion] would help us to clearly understand where the committee wants India to go towards Viksit

Bharat and in that the role of banks," Sitharaman said. The minister further said, "It is your output that I am keenly looking forward to because once the committee gives its input, it's for us to rapidly move in that direction, understanding that the Viksit Bharat 2047 is actually not too far away. We are in 2026, so less than or short of 20 years is what we have before us".

The meeting was structured around seven themes covering key areas of opportunity for PSBs and PFIs, including 'deposit mobilisation', 'banking for youth', 'supporting the investment cycle', 'global capability centres', 'agriculture & horticulture value chain infrastructure, priority sector lending and re-imagining credit card business'.

A banking sector executive who participated in the meeting told The Indian Express that several ideas were discussed, particularly on how to mobilise deposits and "finance the aspirations of the youth". There have been discussions on new structured products which give more flexibility and better returns. For instance, when it comes to mobilisation of deposits, we are looking at what type of credit flows are required to achieve the kind of GDP needed



FM Nirmala Sitharaman said banks are in a better position to take up reforms as NPAs are at the lowest level ever. PRAVEEN KHANNA

for Viksit Bharat," the executive quoted above said. "It won't be easy to attract deposits... but if you look at how the average Indian is earning and how more and more people are getting added to the workforce, each of them has some part of their savings in deposits as it is the safest asset. So, the growing base of income earners would be beneficial," the executive said.

Another banker said the meeting was very focused on addressing the needs of the youth at every level, starting from education to various levels, particularly in the age

group of 15-29 years.

The discussion came as India's household debt has surged in recent years, and financial sector regulators are particularly concerned about the composition of that debt. Non-housing retail loans — largely used for consumption — now account for more than half of household borrowings, and have grown faster than housing, agriculture and business loans, a trend flagged in internal discussions among policymakers, as this newspaper had reported earlier.

FULL REPORT ON
WWW.INDIANEXPRESS.COM

FM asks states to address land, connectivity bottlenecks

New Delhi: Finance Minister Nirmala Sitharaman on Monday said industrial corridors are an important pillar to expand manufacturing and urged states to resolve bottlenecks relating to land, connectivity, utilities, and statutory clearances.

Chairing the third meeting of the apex monitoring authority of the National Industrial Corridor Development and Implementation Trust (NICIDT) here, she stressed that the focus must now move beyond project approvals towards timely completion of infrastructure, land allotment, investment and commencement of production.

"We urged States to resolve bottlenecks relating to land, connectivity, utilities, statutory clearances and the powers of project Special Purpose Vehicles (SPVs)," the commerce and industry ministry said in a statement. PTI

Govt nod to 31 more applications for electronic components mfg sops

ENS Economic Bureau
New Delhi, August 17

THE MINISTRY OF Electronics and Information Technology (MeitY) has approved 31 more applications under the Electronics Components Manufacturing Scheme (ECMS), entailing a proposed investment of Rs 787.7 crore, as the government looks to deepen domestic manufacturing beyond finished electronic products and into components and sub-assemblies.

The projects, spread across 10 states, are expected to lead to production worth Rs 82,433 crore and create close to 10,000 direct jobs, IT Secretary S Krishnan said Monday.

The latest approvals cover a wide range of products, including capital goods, camera and display modules, auto materials, enclosures, connectors, rare-earth permanent magnets, optical transceivers, speakers and microphones, antennas, capacitors, coils and

The government looks to deepen domestic manufacturing beyond finished electronic products and into components and sub-assemblies

filters, among others. An enhanced investment in copper-clad laminates by Wipro Global, which had received an earlier approval, is also part of the latest tranche.

With this, the government has approved 106 applications covering around 30 product categories across 15 states under the scheme. Cumulative proposed investment from the approved projects has reached Rs 69,548 crore, crossing the scheme's original investment target of Rs 59,350 crore. Expected production from these

projects stands at Rs 5.34 lakh crore, compared with an original target of Rs 4.56 lakh crore. The selected companies, so far, have committed to create close to 75,000 jobs, as opposed to the scheme's total target of 91,600.

Some of the projects approved earlier include ATLS lithium-ion cell facilities at Rewari and Sohna, and Tata Electronics' enclosure plant in Hosur, are currently operational, IT Secretary S Krishnan said. Several others are nearing completion: Kaynes Circuits' PCB plant near Chennai is expected to start operations within about a month. Motherson's enclosure facility in Kanchipuram and Wipro Global's copper-clad laminate plant in the next two months, while Dixon's display and camera module facility in Noida is expected to go live within four months.

FULL REPORT ON
WWW.INDIANEXPRESS.COM

Tata Sons AGM faces quorum uncertainty

George Mathew
Mumbai, August 17

WHILE EFFORTS ARE underway to ensure the smooth conduct of Tata Sons' annual general meeting (AGM) scheduled for August 18, the meeting is likely to be adjourned if there is a lack of quorum. The regulatory freeze imposed on the Sir Ratan Tata Trust has left the Tata holding company unable to secure the shareholder representation required to convene the meeting.

The issue stems from Tata Sons' Articles of Association, which stipulates that at least five members must be personally present to constitute a quorum. Crucially, the quorum must include an authorised representative jointly nominated by the Sir Dorabji Tata Trust and the Sir Ratan Tata Trust. "Efforts are on to conduct the AGM smoothly," said a source.

All the parties concerned — including Tata Trusts, the Shaopoorji Pallonji Group, Tata Sons Chairman N Chandrasekaran and other shareholders — are keen to ensure that the upcoming AGM proceeds smoothly without any disruption. The meeting is particularly significant for shareholders, as the dividend payout will be formally approved at the AGM, paving the way for them to receive the declared dividend in their hands.

Additionally, the AGM will have to consider and approve the resolution for the reappointment of Chandrasekaran as a director. Given the importance of both resolutions, all stakeholders have a clear interest in ensuring that it takes place without any hitch. "When the AGM clears the

dividend, shareholders get the money in their hands. Further, the resolution for the reappointment of Chandrasekaran as director will also have to be cleared by the AGM," said a Tata source.

The issue arises from the inability of the Sir Ratan Tata Trust (SRTT), which holds a 23.56% stake in Tata Sons, to convene a board meeting following an order issued by the Maharashtra Charity Commissioner in May. The order has effectively prevented the trust from conducting its board proceedings while an inquiry into the composition of its board is pending.

This has created a procedural hurdle for Tata Sons. In the absence of a duly convened SRTT board meeting, the trust cannot jointly nominate a representative with the Sir Dorabji Tata Trust (SDTT). Such a joint nomination is required under the Articles of Association of Tata Sons to meet the quorum requirements for its AGM.

As a result, the Charity Commissioner's order has implications beyond SRTT's internal governance, potentially affecting Tata Sons' ability to proceed with its AGM in accordance with the requirements set out in its corporate charter.

A possible way forward would be for the existing "lifetime trustees" of SRTT to voluntarily relinquish their status as lifetime trustees and, thereafter, renominat themselves as trustees for a fixed and clearly defined tenure. Such a restructuring could bring the trust's governance framework into conformity with the amended Maharashtra Public Trusts Act. FULL REPORT ON
WWW.INDIANEXPRESS.COM

CERC lets RE developers retain grid connectivity despite project delays

Pratyush Deep
New Delhi, August 17

IN A major relief for renewable energy developers, the Central Electricity Regulatory Commission (CERC) has introduced a compensation-based mechanism allowing projects that miss key implementation deadlines to retain their grid connectivity and seek additional time to complete them, instead of facing automatic revocation of transmission access.

Renewable developers can lose their connectivity if they fail to meet three major project deadlines: submitting land ownership documents, achieving financial closure, or missing their commercial operationalisation deadline.

As per the data from Central Transmission Utility of India Ltd (CTUIL), at least 5.3 gigawatts (GW) of renewable energy capacity is expected to face connectivity revocation up to October for failure to achieve commercial operationalisation deadline.

The latest order comes as some renewable energy developers have approached the CERC seeking additional time to achieve the milestones after receiving notices from CTUIL.

"The entities seeking such time are at various stages of implementation of the project, including some at an advanced stage of implementation. Several such cases have been disposed of by this commission, giving additional time on payment of compensation," said the CERC order read.

It stressed the need for an immediate requirement to handle such cases uniformly, in which entities have made progress towards project implementation.

Bhogapuram airport begins commercial operations

Press Trust of India
Vizianagaram, August 17

COMMERCIAL FLIGHT operations commenced at the Aluri Sitarama Raju International Airport at Bhogapuram here on Monday, with the first flight operated by IndiGo arriving from Hyderabad. The operations commenced a fortnight after Prime Minister Narendra Modi inaugurated the modern facility equipped with a number of features.

The airport, developed and operated by GMR Visakhapatnam International Airport Limited (GVIAL), is expected to strengthen Andhra Pradesh's position as the "Gateway of the East" for domestic and international travel. "The commencement of commercial operations marks a transformational moment for north Andhra Pradesh and the beginning of a new chapter in the region's connectivity journey," GVIAL CEO Kanwarbir Singh Kalra said.

He said it would expand connectivity and serve as a catalyst for trade, tourism, investment and employment while strengthening regional and global connectivity and supporting the long-term economic growth of the state's northern region.



At least 5.3 GW of renewable energy capacity is expected to face connectivity revocation up to October. REUTERS

ress towards project implementation and are seeking additional time to meet the milestones under the General Network Access Regulations. "It is noted that such entities have been holding on to the connectivity, a scarce resource; therefore, additional time should be allowed, with payment of compensation, irrespective of the reasons for such delay, in a graded manner to ensure the earliest compliance with the milestones," it added.

Eligibility to qualify for extension

In its order, CERC specifies that developers must meet strict eligibility criteria, such as securing a minimum percentage of required land, to qualify for these extensions. Compensation would be levied based on the specific milestone for which an extension is sought, with rates generally increasing over time to encourage early compliance. Clean energy developers will have to pay Rs 1,000 per megawatt (MW) per day to obtain extra time for land and financial closure, while Rs 3,000 per MW per day for delays in starting commercial operations.

To qualify for an extension, an entity must demonstrate project progress by meeting minimum thresholds at least 15 working days prior to the original milestone deadline.

For land and financial closure, the developer must furnish land documents for at least 20% of the required land. For extensions in commercial operation date, entities would be required to furnish land documents of 50% to 75% of the required land depending on the project type.

Developers can get up to three additional months to complete land requirements, six months to achieve financial closure and as much as 12 months to commission projects, it read.

If these projects still fail to meet the deadlines, they risk losing their grid connectivity and associated bank guarantees. The order also clarified that 100% of the compensation collected for delays in commercial operation, and 50% of the compensation collected for allowing additional time to submit land documents and achieve financial closure, would be used to reduce the Monthly Transmission Charges for other users under the Sharing Regulations, 2020.

• BRIEFLY

Rupee falls as RBI shuts FCNR(B) window early

Mumbai: The Reserve Bank of India's (RBI) decision to prematurely close its concessional swap facility for FCNR(B) deposits, coupled with a rise in crude oil prices to nearly \$90 a barrel, sent the rupee lower on Monday, though intervention by the central bank prevented a sharper slide. Despite a softer dollar, the rupee was the worst-performing currency in Asia, depreciating 0.2% to close at a 17-day low of 95.61 against the dollar as importers rushed to take forward cover. Exporters are holding back dollar sales even as importers are stepping up purchases. FE

BSE, PHDCCI ink pact for MSME capital access

New Delhi: Stock exchange BSE Ltd and PHD Centre of Commerce and Industry (PHDCCI) on Monday announced a partnership to promote equity financing and expand capital-market access for MSMEs. The two organisations signed a Memorandum of Understanding to create greater awareness among MSMEs about equity financing, particularly through the BSE SME platform, and help eligible businesses navigate the listing process. BSE MD and CEO Sundararaman Ramamurthy said the partnership would help take awareness about SME listing closer to businesses. PTI

• MARKETS

SENSEX	NIFTY	GOLD	US DOLLAR
77,281.6	24,287.65	1,54,167	\$95.61
-281.09	-78.35		
-0.36%	-0.32%	SILVER	₹91.16
		2,35,642	

NOTE: GOLD, SILVER RATES AS PER INDIA BULLION AND JEWELLERS ASSOCIATION DATA. GOLD PER 100 GM, CRUDE OIL (INDIAN BASKET) AS OF AUGUST 14, 2026

• BARRING SOME PROGRESS IN ARGENTINA, GOVT'S FLAGSHIP OVERSEAS ACQUISITION VEHICLE KABIL HAS STRUGGLED TO MAKE A MARK

Why India is finding it difficult to buy critical mineral assets abroad, expand footprint

Pratyush Deep
New Delhi, August 17

INDIA'S EFFORTS to secure critical mineral assets overseas are facing a series of hurdles, ranging from high asset valuations, volatile mineral prices, financial constraints, to socio-political risks in resource-rich countries.

Incorporated in 2019, the government's flagship overseas acquisition vehicle, Kabil India Ltd (KABIL) — a joint venture of National Aluminium Company Ltd, Hindustan Copper Ltd, and Mineral Exploration & Consultancy Ltd — is mandated to identify, explore and acquire overseas

critical mineral assets to help meet India's growing demand for these strategic resources.

However, barring some progress in Argentina, KABIL has struggled to expand its overseas footprint in other mineral-rich countries, including Australia, Vietnam, Mali, and Chile, as proposed investments in critical mineral extraction projects have either stalled or fallen through.

In Argentina, KABIL has so far acquired five lithium brine blocks in Catamarca province. It is also evaluating seven additional greenfield lithium blocks in Catamarca and is in discussions for two more lithium projects in Jujuy province.

Lithium projects lost to POSCO

In December 2024, a consortium comprising KABIL, Coal India Ltd (CIL), Oil India Ltd (OIL), and ONGC Videsh Ltd (OVL) submitted a non-binding offer (NBO) of \$184 million to acquire 10% equity stake each in the Mt Marion and Wodgina lithium mines in Australia. The proposed transaction involved acquiring a 20% stake in the holding company, Mineral Resources Ltd, which owned 50% stakes in both mines. After the process was reopened, the consortium submitted a revised NBO of \$233 million in September 2025, seeking to acquire a 20% stake in each of the two



Proposed investments in critical mineral extraction projects have either stalled or fallen through. REUTERS

mines. This would have entailed acquiring a 40% stake in Mineral Resources Ltd.

But the assets were ultimately acquired by South Korean steel and chemical

major POSCO, which paid \$765 million for 15% stake each in the Wodgina and Mt Marion mines, equivalent to a 30% stake in Mineral Resources Ltd.

When a parliamentary

panel, whose report was tabled in the Parliament on August 12, sought details from KABIL on the unsuccessful bid, the company outlined several key reasons from the failed attempt. These included the absence of a domestic value chain for spodumene concentrate, the end product of the Mt Marion and Wodgina projects, high volatility in lithium prices, significant variations in long-term spodumene concentrate price forecasts published by different market intelligence agencies, and the high valuation of assets amid intense competition for lithium projects.

KABIL also failed to submit

a bid for a lithium brine project in Chile that involved a "high-value investment". The company had signed a non-disclosure agreement (NDA) for the project in October 2025 and was subsequently granted initial-stage access to the project's "data room". In its response to the parliamentary panel, KABIL said that given the scale of investment involved, it decided to pursue a joint bid with other public sector undertakings, including CIL, OIL, and OVL. "Due diligence by the partnering companies was initiated. Due to limited time period, bid could not be submitted," it said. In another case

involving Chile's state-owned mining company ENAMI, KABIL had signed an NDA to evaluate potential business opportunities across the lithium value chain, including exploration, extraction, processing, and commercialisation. However, KABIL decided to hand over the opportunity to CIL, citing its "limited financial capacity" and the investment requirements associated with developing the five lithium brine blocks it acquired in Argentina in January 2024.

Queries sent to KABIL and the Ministry of Mines remained unanswered till press time. FULL REPORT ON
WWW.INDIANEXPRESS.COM

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TUESDAY • AUGUST 18, 2026

Trading charges

India should call out US 'transshipment scam' report

Last week, the Trump administration brought out a report called 'The Great Transshipment Scam', which implicates India as one of the 40 countries which simply re-route Chinese goods to the US and helps China duck punitive US tariffs. Of the 40 blacklisted countries and blocs, India has been put down in Tier-1 category of worst offenders in volume-terms, alongside the EU, Canada, Japan, South Korea, Taiwan, Israel and Mexico.



The report, in a nutshell, is alleging large scale violation of rules of origin (ROO). But the report cites no evidence to show that India has violated ROO, or transshipped goods without value addition. It has cited a specific instance of pumps and compressors exported from the Pune-Gujarat-Chennai region. Analysts have, however, pointed out that there is considerable industrial capacity here. Export volumes of pumps to the US and rest of the world exceed imports from China, suggesting value addition. In the case of compressors, there seems to be domestic absorption of imports. India should urge the US to disclose country, product and shipment details of 'illegal transshipment'. According to the US Commerce Department, "\$67 billion in US-bound goods were transshipped from China through the top hubs — Mexico, India, and Vietnam — in 2025, producing an estimated \$28 billion in lost tariff revenue". It is not known what India's share in this amount is.

The Commerce Department says that imports from China fell by roughly \$109 billion in 2025, while imports from other countries rose by roughly \$156 billion. The report cites these two trends — that China's share in US exports fell from 20 per cent in 2018 to 10 per cent in 2024, while that of the 40 countries mentioned in the report rose from 70 per cent to 80 per cent — to conclude that China is routing goods through the latter. This is unconvincing, as there could have been value addition. Besides, if China's goods are entering the US despite the best efforts to stop them, it signals a failure of Trump's tariff offensive (which actually began in 2018 against China) to shore up US manufacturing. The Trump administration cannot easily explain a tariff policy that has not curbed overall imports or enhanced US production. It is now looking for global scapegoats. The report could be a precursor to another round of tariffs under Section 301 and Section 232.

India has no reason to be perturbed. It has not been hugely impacted by US tariffs so far, which were at 50 per cent levels between August 2025 and February 2026. Exports to the US, as to the rest of the world have been flat in FY26 — also because about 40 per cent of India's exports to the US are outside the punitive tariffs list. This scenario is unlikely to change even if new tariffs are introduced, because the US cannot perhaps risk supply and price shocks in important products. A knee-jerk response to US' moves or statements is best avoided. India should counter this report factually. However, it must also look into the growing import intensity of its exports.

POCKET

RAVIKANTH



G VENKAT RAMAN

The current disruption in the Strait of Hormuz is revealing that its significance extends well beyond oil, gas, and petrochemicals. Disruptions to energy, industrial gases and specialised chemical inputs are exposing strategic dependencies in sectors far removed from the Gulf, including semiconductor manufacturing and the industries that depend upon advanced chips.

Hormuz is, therefore, more than an energy and shipping chokepoint. It illustrates how disruption at one point in the global economy can expose strategic dependencies several tiers away from the original source. A company may have no factory, supplier, or customer anywhere near the Gulf and still discover that a critical input, technology, or production capability ultimately depends upon flows affected by it. What appears to be a geographically distant geopolitical risk can therefore become an enterprise-level vulnerability.

This points to a larger challenge for global business. Firms have spent the past several years diversifying suppliers, relocating production and building alternative logistics routes in response to geopolitical risk. These measures can reduce geographical concentration, but they do not necessarily eliminate the strategic dependencies embedded within the wider production network. The real chokepoint may lie several tiers upstream, in a difficult-to-replace technology or capability, or increasingly in data and digital infrastructure.

The question firms increasingly need to ask is therefore not simply: Where is our network located? It is: What does our network ultimately depend upon?

Answering that question requires looking beyond conventional supply chains towards the wider architecture of dependence underlying the enterprise. A company may depend on critical inputs, components, energy, and logistics routes. But it may also depend on specialised equipment, intellectual property, software, manufacturing know-how and skills. Increasingly, data, cloud infrastructure, platforms, algorithms, and connectivity constitute another layer of dependence. Strategic dependency boundaries often extend far beyond the legal boundaries of the firm.

Not every dependency, however, constitutes a strategic vulnerability. Four factors help distinguish routine dependencies from potential chokepoints: criticality, concentration, substitutability, and time sensitivity. How critical is the dependency to operations or competitiveness? How concentrated is its supply, capability, or control? How easily and quickly can it be

substituted? And how long can the organisation operate before disruption begins to hurt? The more critical and concentrated a dependency is, the more difficult it is to substitute, and the more time-sensitive it becomes, the greater its strategic significance.

The difficulty is that some of these dependencies may be invisible to senior management. Firms typically understand their immediate suppliers better than suppliers several tiers upstream. Yet an obscure chemical, industrial gas, piece of equipment or logistics route deep inside a production network can become the point through which geopolitical disruption eventually reaches the firm. A company's operational footprint and its dependency footprint may therefore look quite different.

Technology makes the problem still more complicated. With a conventional supply dependency, managers ask whether another company can supply the input. With a technological dependency, the deeper question is whether someone else possesses an equivalent capability to produce or replicate what is required.

Multiple suppliers therefore do not necessarily represent genuine technological alternatives. A firm may diversify its chip suppliers, for instance, but those suppliers may still depend on ASML for the extreme ultraviolet (EUV) lithography equipment required to produce the most advanced chips. The apparent diversification of suppliers can

Reducing dependence may increase autonomy and control, but it can also mean higher costs, slower deployment, or loss of access to superior capabilities



Many facets of strategic dependence

BEYOND SUPPLY CHAINS. Critical inputs apart, a company's dependence can extend to tech, IP, and manufacturing know-how

GETTY IMAGES/ISTOCKPHOTO

therefore conceal concentration in the underlying technological capability.

Semiconductors illustrate the distinction. TSMC's expanding manufacturing presence in Arizona reduces the geographical concentration of advanced chip production. Yet manufacturing capacity is only one element of the semiconductor ecosystem. Advanced packaging, accumulated process capabilities, specialised skills, and supplier networks also matter. Replicating a fabrication facility is therefore different from replicating the technological ecosystem surrounding it. Geographic diversification does not automatically produce capability diversification.

There is another complication. Strategic dependence can sometimes be the source of competitive advantage. Ford's relationship with China's CATL illustrates the dilemma. Access to CATL's battery technology can support the development of US battery manufacturing capability, but the relationship has simultaneously attracted political scrutiny over technological dependence on China.

DIFFICULT CHOICE

This creates a difficult choice for firms. Reducing dependence may increase autonomy and control, but it can also mean higher costs, slower deployment, or loss of access to superior capabilities. Dependence can therefore create vulnerability and competitive advantage simultaneously.

Strategic dependence can also arise in digital ecosystems, although in a different form. A platform that becomes deeply embedded in a country's information environment can create dependence on digital infrastructure whose critical elements remain externally controlled. TikTok illustrates the problem. Its scale in the US has turned questions about access to user data and ultimate control over its

recommendation algorithm into matters of national security. The strategic dependence here lies not in a physical input or production capability, but in reliance on a digital platform whose data and algorithmic architecture may remain outside domestic control. The concern is therefore not merely data privacy. Dependence on a foreign-controlled digital platform can create vulnerabilities involving data access, jurisdiction, and potential influence over the information environment, which can in turn acquire national-security significance.

The managerial response cannot therefore simply be to eliminate dependence. Different chokepoints require different responses. Excessive supplier concentration may justify diversification. Low substitutability may require developing alternatives. Poor upstream visibility requires deeper mapping. Short disruption tolerance may justify buffers and redundancy. Critical technological dependence may require capability-building or partnerships.

Data and digital exposure may demand different governance and architectural choices. Some dependencies may simply have to be managed rather than eliminated.

In an era when economic interdependence increasingly intersects with national security, firms therefore need to look beyond the geography of their global footprint. The strategic question is no longer only where the enterprise sources, manufactures, and sells. It is whether management understands the deeper architecture on which all those activities depend.

The next frontier of geopolitical risk management may therefore be less about mapping countries and more about mapping dependencies.

The writer is Professor, Humanities and Social Sciences, IIM Indore. Views are personal

Focus on building rural economic clusters

Connecting coops, FPOs and SHGs with finance, skills and infrastructure will enable local producers capture that value

S Mahendra Dev
KK Tripathy

In his 80th Independence Day address, the Prime Minister gave a clarion call to recalibrate and harmonise national development paradigms, reenergising the foundational architecture required to achieve a Viksit Bharat by 2047. The declaration on Saptadhaara (Seven Streams) strengthens the case for a bottom-up model of rural development. India's development architecture has constantly evolved in the quest for greater efficiency, coherence and impact. The Government carried out restructuring of Centrally Sponsored Schemes (CSSS) to rationalise and eliminate overlap and fragmentation, enhance financial efficiency, strengthen accountability and give States/UTs greater ownership in implementation.

An extensive rural development ecosystem exists, but its components do not always work together. A farmer may receive production support; a cooperative or Farmer Producer Organisation (FPO) may facilitate aggregation; an individual or a group entrepreneur may provide assistance for an enterprise; and a village may benefit from infrastructure — yet the missing link around the rural value chain is the connection between producers and institutions, institutions and

infrastructure, enterprises and finance/skills, and production and processing/markets. The answer to sustainable community development lies in a simple distinction: a programme can support an activity; a rural economic cluster can build an economy around it. India has programmes covering effectively every major dimension of rural economic life — agriculture, dairy, fisheries, horticulture, FPOs, Self-Help Groups (SHGs), Micro, Small and Medium Enterprises (MSMEs), credit, skills, infrastructure and entrepreneurship. These programmes remain fragmented. The challenge, therefore, is increasingly not the absence of programmatic interventions but that of an integrated ecosystem.

ECONOMIC OPPORTUNITIES

Clusters can provide a practical framework and bridge this gap by bringing together producer institutions, common infrastructure, finance, technology, skills and markets around specific economic opportunities. A dairy cluster, for instance, should extend beyond milk production to connect producers with breeding, feed, veterinary services, finance, processing, cold chains, branding and markets. A fisheries cluster should integrate production with credit, insurance, processing, logistics and market access. Cooperatives, FPOs and SHGs can serve as institutional anchors, while MSMEs,



A CHALLENGE. Developing an integrated ecosystem

banks, universities and technology providers can complete the ecosystem.

A recent field visit to Puri and Ganjam districts, Odisha made one point clear: the districts suffer from divided opportunity, not lack thereof. A dairy farmer receives veterinary support from one agency, feed from another, procurement through a cooperative, credit from a bank and insurance elsewhere. No single ecosystem connects these interventions into a competitive value chain. Processing has the same disconnect: machinery has been installed with public support, but some units operate at very low capacity because raw materials, markets, branding, logistics and enterprise capabilities have not kept pace.

In other words, the programme may perform, the asset may exist, but the enterprise may still be missing. The

imperative is to create the institutional and entrepreneurial ecosystem by connecting cooperatives, FPOs and SHGs with finance, skills, infrastructure, processing and markets to enable local producers and enterprises to capture that value.

The ambition should be to create rural economic growth clusters, not isolated production clusters. In such a model, cooperatives, FPOs, fisher collectives and SHGs become institutional anchors; aggregation creates scale; shared infrastructure enables value addition; finance and technology strengthen enterprise capability; and branding, logistics and digital markets connect producers to greater opportunities. In coastal Odisha, for instance, dairy, fisheries and horticulture could form the foundation of such integrated clusters, creating a pathway from local production to processing, enterprise creation and wider national and international markets.

Clusters can provide the institutional ecosystem needed to align skills with local opportunities, connect enterprises with finance and markets, and coordinate government, community institutions and private partners along a common development trajectory from local production to global opportunity.

Dev is Chairman, and Tripathy is Joint Secretary, in the Economic Advisory Council to the Prime Minister. Views are personal

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

Planning reimagined

This refers to 'A granular approach to growth and development' (August 17). The need for adopting a granular, bottom-up approach to planning cannot be overemphasised. The standardised framework notified by the government to compile District Domestic Product estimates generates uniform data across districts, helps bridge regional disparities and allocate resources based on ground realities and enables more effective monitoring of the district level wealth generation

and growth. To fully harness the potential of a new framework, the existing District Planning Committees may be strengthened with technical expertise capable of analysing and interpreting the DDP data in conjunction with other granular, micro-level operational data and identifying growth opportunities.

Konaraju Chandramouli
Hyderabad

5G network slicing
Apropos 'Slicing it right' (August 17),

the debate on 5G network slicing should also consider standards, independent of network infrastructure. Smart transport, telemedicine, disaster management and industrial automation require dependable connectivity, which ordinary networks may not always provide. Properly regulated slicing can create dedicated capacity for such critical applications. The priority, however, should remain public interest rather than commercial advantage. TRAI should identify essential services that deserve assured connectivity

and require operators to publish clear service standards, independent monitoring can ensure that ordinary users are not disadvantaged.

Prakash Paramasivan
Chennai

Energy security

This refers to 'India needs to build a dedicated strategic uranium reserve' (August 17). India's expanding nuclear programme requires a reliable and long-term fuel strategy. Dependence on overseas uranium supplies can expose energy planning

to geopolitical disruptions and price volatility. A strategic reserve would provide an important buffer, but it should be accompanied by greater domestic exploration, efficient mining and investment in reprocessing technologies. Long-term agreements with reliable suppliers can further strengthen energy security. Nuclear expansion must maintain stringent standards for safety, waste management and environmental protection.

SM Jeeva
Chennai

Time for I(nvestor)-KYC

KYC 'top-up' could protect retail investors

N Gnanabharathi

The RBI's revised responsible-business directions, effective January 1, 2027, require banks to assess whether financial products are suitable for customers, considering product risk, complexity, costs and tenure against factors such as age, income, financial literacy and risk tolerance. Sector-specific regulatory suitability requirements will also apply.

CKYC 2.0 could significantly expand and strengthen the common KYC infrastructure across BFSI, enabling wider, consent-based access to verified KYC data while improving interoperability, data quality and reducing duplication.

These systems largely answer one fundamental question: Who is the customer? The RBI's new suitability requirement introduces another: What kind of investor is the customer? A common Investor KYC, or IKYC, could address this gap. It would complement, not replace, CKYC infrastructure. With customer consent, a common investor profile could potentially be used by banks, AMCs and insurance companies, while SEBI, IRDAI and RBI could continue to impose product-specific safeguards. The idea is therefore not to create another KYC database. It is to create an investor-risk layer on top of the emerging common KYC infrastructure.

PROFILING MATRIX

The real innovation in IKYC would be the profiling matrix, not another repository. Risk appetite alone is insufficient. The matrix could assess age, education, income, assets, obligations, liquidity, financial literacy, experience, objectives, horizon, and financial and emotional risk tolerance. Financial tolerance reflects affordable loss; emotional tolerance, the ability to withstand volatility. Self-declared risk appetite should be only one input. Investors could be classified as very conservative, conservative, moderate, aggressive or very aggressive, with financial capacity setting the risk ceiling. For illustration, equity exposure could be capped at 0 per cent, 25 per cent, 50 per cent, 75 per cent and 100 per cent, respectively, subject to detailed study, regulatory determination and product characteristics.

An aggressive investor should remain free to choose a



INVESTORS. Risk weights

conservative product. But a conservative investor crossing a prescribed risk ceiling could trigger additional safeguards, informed consent and disclosure. This could create a simple guardrail against mis-selling while preserving investor choice.

As suitability requirements evolve, SEBI, IRDAI and RBI may prescribe sector- or product-specific assessments. KYC was created to avoid duplication in establishing identity. The same principle can apply to investor profiling: CKYC establishes who the customer is; IKYC could establish the investor-risk layer.

A common IKYC profile, with customer consent, could provide the investor-risk foundation across banks, AMCs and insurers. For example, a customer profiled by a bank should not have to repeat the entire exercise when investing in a mutual fund. The AMC could use the existing IKYC profile, subject to consent, and add any SEBI-specific requirements.

The same could apply to insurance. For ULIPs, the insurer could use the customer's existing profile to assess the suitability of investment options, while complying with IRDAI requirements. Importantly, IKYC should not permanently label an investor based on the riskiest product chosen. SEBI, IRDAI and RBI retain the flexibility to impose product- and sector-specific safeguards and disclosures.

An investor's circumstances change, so IKYC should be periodically reviewed. But moving to a higher-risk category should require greater scrutiny—fresh assessment, justification and, where appropriate, a cooling-off period. It should be easier to reduce risk than to increase it.

CKYC 2.0 could make the existing infrastructure substantially more useful across the BFSI ecosystem. The next logical step may be to use that foundation to Know Your Investor. IKYC would not replace CKYC. It would sit above it.

The writer is a senior banker. Views are personal

MACROSCAN.



CP CHANDRASHEKHAR, JAYATI GHOSH

When the US and Israel launched the ongoing war on Iran, and Iran responded by effectively closing the Strait of Hormuz, concerns in the rest of the global economy focused on two major product categories: oil and gas; and nitrogenous and phosphatic fertilizers. Both matter greatly for farmers and agricultural production: high energy costs add to the costs of transport and irrigation for cultivators, while high fertilizer costs not only add to those costs, but can also lead to lower crop yields if farmers reduce fertilizer application as a result.

Such concerns have increased over the past few months, as the Trump administration has been unable (despite all the bluster) either to reach an effective peace agreement with Iran or force a re-opening of the Strait. Figure 1 shows how the volume of fertilizer exports from the Gulf countries (including Iran) through that route has been affected: fertilizer freight volumes fell by more than 60 per cent in March compared to February, then collapsed even further in April, and continued falling thereafter. In July, average freight volumes were less than 5 per cent of those at the start of the year.

This is clearly bad news, but the impact is not uniform across the world: it depends on aggregate import dependence in different countries, and specifically their reliance on imports from Gulf countries. Figure 2 identifies the countries heavily dependent on nitrogenous fertilizer imports from the Gulf. The WTO has identified 18 economies that are particularly exposed, because they combine high import dependence with strong reliance on Gulf suppliers. This group includes countries in Africa like Kenya, Malawi, Mozambique, Rwanda, South Africa, Tanzania, Uganda and Zimbabwe; as well as Brazil, Nepal and Sri Lanka.

SMALLER IMPACT

However, two relatively unexpected developments have marked the past few months. First, the impacts on fertilizer usage and therefore likely crop yields for the current sowing season is likely to be much less dire than was widely projected. Why is this the case? A study by the Agricultural Marketing Information Service (AMIS) of the FAO has noted that planting decisions and fertilizer purchases for the current production cycle had for the most part already been made before the price increases from late February onwards. This meant that in most countries, supplies of fertilizer for the current sowing season were already in place or had been procured.

Several countries also moved to mitigate the impact on cultivators in various ways. In India, which offers a subsidized price to farmers, the estimated fertilizer subsidy is expected to double in the current fiscal year, from the budgeted ₹1.71 lakh crore to around ₹3.4 lakh crore. As a result, significant impacts on the current season's production are less likely, which is clearly good news. However, the adverse weather events associated with the super El Nino and other climate-related changes could still impact crop yields.

The second surprise is that global fertilizer prices themselves have moved differently from what was expected. While they increased sharply until April, they actually declined thereafter, even though Gulf supplies became even more restricted over time (Figure 3). The case of urea is particularly sharp: by April, the price had more than doubled over its January level, but by July it had fallen to the point that it was even lower than it had been in January.

Such price volatility—with the decline in fertilizer prices flying in the face of supply shortages—clearly requires further examination. Two factors, in particular, deserve to be probed, although we cannot delve more deeply into these here. The first is the role of futures markets in amplifying the volatility, in much the same way that

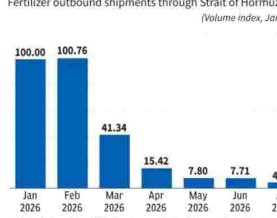


The curious case of global fertilizer prices

Fertilizer prices and use of fertilizer have responded in unexpected ways to the closure of the Strait of Hormuz

CHART 1 Shipments plummet

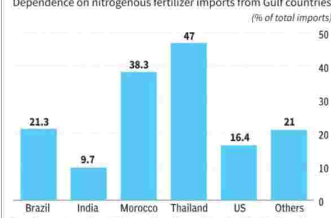
Fertilizer outbound shipments through Strait of Hormuz



Calculated from <https://data.bls.gov/Strait-of-Hormuz-Trade-Tracker>

CHART 2 Fertilizer reliance

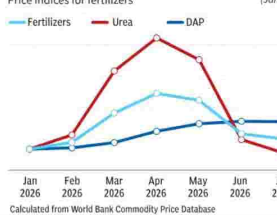
Dependence on nitrogenous fertilizer imports from Gulf countries



https://www.wto.org/english/blogs_e/data_blog_e/blog_dta_10d4_261_451_e.htm

CHART 3 Price path

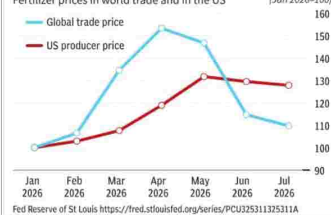
Price indices for fertilizers



Calculated from World Bank Commodity Price Database

CHART 4 US factor

Fertilizer prices in world trade and in the US



Fed Reserve of St Louis <https://fred.stlouisfed.org/series/PCU2531125311A>

they have operated in agricultural commodity markets. Indeed, there is evidence that futures market prices for urea moved even more drastically and were more volatile over the period than spot prices, and may even have led the pattern in spot prices.

FOOD SECURITY

The other factor may be a more worrying one: a decline in demand. There is a real possibility of reduced fertilizer application, particularly for nutrient-intensive crops. For example, there are already reports of maize, wheat and other foodgrains with high fertilizer needs being substituted for soyabean that require less of such nutrients. This is a concern because soyabean is not a substitute for foodgrain in the consumption basket, and declining supply can lead to food insecurity.

In addition, there could simply be lower application of fertilizer over time, beyond the current season, which would affect all crop yields. For overall nutrition, there is another concern emanating from the Strait of Hormuz

closure: higher energy prices have also increased demand for biofuels, raising feedstock prices and therefore affecting the supply of livestock and meat products.

The behaviour of fertilizer prices in individual countries reflects domestic policy decisions as well, and this is clear from the case of the US, where the fall in producer prices of fertilizer after April has been much smaller than the global

The role of futures markets in amplifying the volatility and the decline in demand for fertilizers are two factors that need to be probed further. There are reports of crops with high fertilizer use being substituted with crops that need less fertilizers

price decline (Figure 4). This could reflect both less public intervention and greater concentration in the fertilizer industry in the US. Since the US is a "large economy" in the trade sense of being able to influence global prices, this unfortunately matters for the rest of the world as well.

All this suggests that the real problems for global cultivation and food security that have been created by the Hormuz closure are yet to fully play out. The concerns remain and are likely to intensify in the near future. Higher fertilizer prices will influence farmers' choices about fertilizer use and cropping patterns; these will impact crop yields and food supply; agricultural prices will also be affected by rising cultivation and transport costs because of the rise in fuel prices.

For low and middle income countries, the necessary policy response is evident: it is essential to shift away from an import-dependent, heavily globalized agricultural system to one that emphasizes regional production, supply chain resilience and self-sufficiency.

thehindubusinessline.

TWENTY YEARS AGO TODAY.

August 18, 2006

Nuclear deal: PM firm on 'acceptable basis'

The Prime Minister, Dr Manmohan Singh, on Thursday said that his Government would not agree to any legislation by the US that went beyond the July 18, 2005 joint statement and the March 2, 2006 civilian-military nuclear facility separation plan drawn up by the two countries.

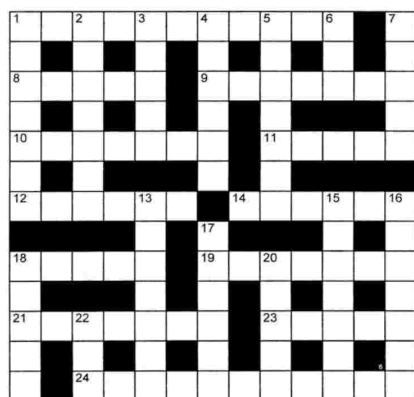
HM appoints HDFC as advisor for Bengal land sale

CK Birla Group company Hindustan Motors on Thursday said it has appointed HDFC as advisors to sell a part of its land in West Bengal to private developers for which it has sought the State Government's permission. "HDFC will be managing the process for us and we are looking to sell around 300 acres of the 740-acre land which we have at the Uttarpara plant," Hindustan Motors Managing Director, Mr Ravi Santhanam, said on the sidelines of a press conference announcing the launch of the new SUV, Mitsubishi Montero.

Reliance Life to target Reliance Comm subscriber base

Reliance Life Insurance plans to tap Reliance Communications' 2.5-crore telephony subscriber base to market its products. The company is considering a series of options to leverage its relationship with Reliance Communications.

BL TWO-WAY CROSSWORD 2716



EASY

ACROSS

- One who commits crime, offence etc (11)
- Employing (5)
- Angels of third order (7)
- Reservoir, tank (7)
- Oneness (5)
- An oration (6)
- Unsettled (6)
- Even, flat (5)
- Sir or Miss (7)
- Child picture, as of Jesus (7)
- A non-metallic element (5)
- Orders prescribed, rules (11)

DOWN

- Suddenly fixes on (7)
- Publish afresh (7)
- Bird of prey (5)
- Naval crew member (6)
- From end to end (7)
- Move quickly (3)
- Smelling damp, mouldy (5)
- Paying a visit (7)
- Brisk lively movement in triple time (7)
- Commissions involving short journeys (7)
- Leisurely walk (6)
- Slander in print (5)
- Circuit, scope (5)
- Impair, spoil (3)

NOT SO EASY

ACROSS

- Peter, or part he plays being the one who does it (11)
- Taking advantage of one with gun is wrong (5)
- How to shorten the seats of royalty (7)
- Finds broken crest in the reservoir (7)
- A single whole but tiny u-turn (5)
- Ability to say things that may be written in play (6)
- How could she act out being virtuous? (6)
- It goes west to east, east to west, and that's flat (5)
- Master Lawrence initially could reach out to (7)
- Picture of a small boy making bomb, in a way (7)
- An element to be found in rhubarb or onions (5)
- How a lout reigns, or rules (11)

DOWN

- Suddenly swoops on the cup one's put out (7)
- Upper-class series possibly to bring out again (7)
- The Roman standard wasn't as good as the albatross (5)
- Grant one made to a crew member (6)
- It's by way of being finished with one another (7)
- How many copies are to be printed for race (3)
- Has to have unknown quantity smelling of mould (5)
- It may be one's occupation getting one on the telephone (7)
- Lively movement an Italian will take to be a joke (7)
- And one is mistaken about the messages that are run (7)
- An easy walk on the street for one to go over and over (6)
- Be ill-disposed to defame one in print (5)
- The range of the bat I'm using (5)
- How it will spoil the red planet endlessly (3)

SOLUTION: BL TWO-WAY CROSSWORD 2715

ACROSS 1. Luger 4. Stripes 8. Counteracting 10. Lupin 11. Alum 12. Mete 16. Forum 17. Contemplative 19. Leeches 20. Riles

DOWN 1. Lacadasiad 2. Gnu 3. Ratle 4. Scrape 5. Recent 6. Prisoners 7. Sightlessness 9. Abundance 13. Afresh 14. Grapes 15. Impair 18. Ill

{ OUR TAKE }

New levers in the BJP machinery

The new appointments to party posts show that the party could be forging new strategies to surmount the challenges it currently faces

To dominate a country as culturally and linguistically diverse and geographically massive as India, a political party needs to have a robust organisation. Key cogs in this structure might not always get the media limelight that ministers and lawmakers do, but they are often no less powerful and consequential, wielding enormous powers to decide the party's strategy, issues, manifestoes, candidates, and funds. Over the past decade, even as the BJP faced some electoral setbacks, it rarely floundered on organisation — swapping chief ministers with ease when other parties made a mess, tightly controlling Rajya Sabha polling when the Opposition routinely failed to tamp down on dissidence, and enforced intra-party discipline with an iron hand.

This is one of the two reasons why the long-pending announcement of the BJP's new organisational structure — roughly seven months after party chief Nitin Nambini took over — is important. The new team sees the return of Union minister Piyush Goyal as national treasurer, and by turning to an experienced and senior hand, the party may be strengthening what it sees as a relative weakness. The team also comprises people making a significant comeback — Ram Madhav and Tirath Singh Rawat as vice-presidents, and Smriti Irani as general secretary key among them — alongside an influx of young and women leaders. Six of the 13 vice-presidents are women, helping the BJP make the case that it is following the spirit of women's reservation in its internal appointments and increasing the pressure on other parties to follow suit. Some party wings — such as those for women or young people — have new chiefs, as does the party's IT cell, which was criticised by many as being out of step with young people during the recent student protests. By bringing back some heavyweight leaders, retaining key figures, and inducting a host of young faces — including rewarding turncoats such as Sandip Pathak — the party is attempting continuity while reflecting its expanded geographical reach by giving representation to regions such as West Bengal and the Northeast.

The other reason is that this announcement is a pivotal step leading to the long-awaited Cabinet reshuffle. PM Narendra Modi is usually reticent with ministerial changes, preferring big-bang reshuffles over incremental tweaks. Since the NDA government took oath for the third time in 2024, the BJP has won landmark electoral battles and decimated the Opposition but also faced improbable resistance from unorganised young people and simmering discontent over jobs and education. As a party with multiple feedback channels, the BJP must be forging a new strategy to surmount these new challenges. Monday's announcements give a glimpse of this new plan, and suggest possible openings and changes. The whole picture will likely be unveiled by a refreshed Cabinet.

White Paper, whitewashed

When the TVK won a surprise victory in Tamil Nadu earlier this year, it was attributed to a yearning for a change from the established pattern of politics. One of the first things the TVK government did was issue a White Paper on the state's fiscal situation. Despite being one of India's most developed states, Tamil Nadu's finances are far from enviable, especially when it comes to its own tax revenue mobilisation and debt. White Papers, however, cannot restore fiscal health on their own. While they are often a useful tool to berate political predecessors in government for the state of the exchequer, the future of the fisc is determined by the government's current actions. It is in this context that the TVK government's conditional farm loan waiver is disappointing, signalling more than its actual impact. The waiver, announced on the 100th day of the TVK government, is limited to cooperative bank loans and will cost just about ₹1,000 crore to the government. Coming in the middle of an ongoing dispute with Karnataka over sharing of Cauvery water because of low rainfall this year, this might be the government's olive branch to the state's farmers who are angry about water shortfall.

Pragmatically, it makes sense. But pragmatism often settles into status-quoism, creating drag on factors like the state of government finances. When a political debutant succumbs to such tactics, it indicates a lack of political imagination and conviction over heralding a new political economy deal. This is where Tamil Nadu's farm loan waiver is disappointing, despite its small fiscal impact or the relief it will bring to farmers.

After Chandrasekaran, the true test for the Tatas

The group needs to build an institutional model where ownership can exercise stewardship, management can exercise authority, and both can coexist without ambiguity

When news broke that N Chandrasekaran would not seek reappointment as chairman of Tata Sons beyond the end of his current term, the reaction was immediate. Tata stocks came under pressure, with TCS falling nearly 4% and pulling the broader Nifty down. Tata is not merely another business group. Its fortunes matter to the Indian stock market and, more broadly, to perceptions about corporate India.

With 26 listed companies and a combined market capitalisation of ₹24.4 lakh crore in March 2026, the Tatas are one of the most significant components of India's equity market. In many ways, the Tata group is India's closest equivalent to a home-grown global corporation. And that is why Chandrasekaran's decision deserves to be viewed as more than a leadership change. It is a test of whether Tata's governance architecture has kept pace with the institution it has become.

For much of the group's history, the chairman of Tata Sons (the holding company) and the person heading the Tata Trusts (the dominant shareholder) were the same person. JRD

Tata led both for over 50 years. Ratan Tata was the last to straddle both worlds, though he stepped down from Tata Sons in 2012 while continuing to lead the Trusts.

The separation became particularly visible when Cyrus Mistry became chairman of Tata Sons in 2012 while Ratan Tata remained chairman of the Trusts. Their relationship ultimately broke down, culminating in Mistry's removal in 2016. The lesson should have been obvious: Separating ownership and management is sound governance, but it creates the need for an equally strong mechanism to manage differences between the two.

The Tatas took an important institutional step in 2022 by amending Article 118 of Tata Sons' Articles of Association. The amendment effectively prevented the chairman of either the Sir Dorabji Tata Trust or the Sir Ratan Tata Trust from simultaneously becoming chairman of Tata Sons. That was a welcome move. It formally separated trusteeship from business leadership. But institutions are ultimately tested by how people operate within them.

Since Nod Tata became chairman of Tata Trusts after Ratan Tata's death in October 2024, the two roles have been held by different individuals. Differences in perspective are inevitable. The real test is whether the governance framework can accommodate those differences without creating uncertainty at the top.

The second problem is the sheer width of the Tata Sons' responsibilities. The Tata Group comprises 31 companies, operates in more

than 100 countries and collectively employs over a million people. Its businesses range from TCS and Tata Motors to Tata Steel, Titan, Tata Consumer, Air India and its emerging semiconductor and electronics businesses. Formally, each Tata company has its own board and management. In reality, the Tata Sons chairman is inevitably held responsible for the performance and reputation of the entire group. That is an extraordinarily demanding job for one individual.

Chandrasekaran deserves credit for what he achieved. Since he took over in 2017, the combined market value of Tata companies has more than tripled from about ₹8.4 lakh crore to more than ₹27 lakh crore. He also pushed the group into ambitious new areas, including semiconductors, electronics, and a major rebuilding of the aviation business. The challenge for his successor will, therefore, be to manage a much larger, more complex, and more capital-intensive Tata Group while deciding where the group should deploy capital.

Tata has historically enjoyed something few companies have — a governance premium. Customers trusted Tata. Employees trusted Tata. Investors assumed that Tata would generally behave ethically. Governments and business partners regarded the name as an assurance of institutional integrity. That premium remains considerable. But it cannot be taken for granted.

The Mistry episode, the continuing debate over the relationship between Tata Trusts and Tata Sons, questions about the future structure of Tata Sons, and now an unresolved suc-



The Tata Group has survived leadership transitions before. It will survive this one too. It needs to emerge from this transition stronger. **REUTERS**

sion process have cumulatively put pressure on that premium. The governance premium is an intangible asset — and intangible assets can erode long before balance sheets show the damage.

The biggest concern now is that Tata appears to have had a settled succession plan well before Chandrasekaran's term approached its end. When Mistry was removed in 2016, Tata Sons established a selection committee and appointed Chandrasekaran within a few months. His second term was approved in 2022. There has, therefore, been considerable time to think about the next phase. Yet six months after his reappointment was first considered, there was still no consensus. For an institution that prides itself on long-term thinking, this is difficult to explain. Succession planning should be a continuous board responsibility.

The Tata Sons Board now has three immediate responsibilities: First, find the right leader, not merely an available one. The next chairman must have the stature to command the confidence of the Trusts, the Tata Sons board, operating company boards, employees and investors.

Second, make the new separation of ownership and management work. The Tata Trusts and Tata Sons must provide the architecture. The board must now develop the institutional protocols

that make that architecture effective. Third, restore strategic clarity. Tata is simultaneously investing in semiconductors, electronics, and aviation while dealing with challenges at some established businesses. The next chairman will have to balance nation-building ambitions with capital discipline and shareholder returns.

The Tata group has survived leadership transitions before. It will survive this one too. But survival is not the objective. It needs to emerge from this transition stronger. Tata's stability has implications for investor confidence, corporate governance standards, and India's credibility as a global business economy.

The Tatas do not need to return to the old model where ownership and management were embodied in the same individual. They need to build something better. An institutional model where ownership can exercise stewardship, management can exercise authority, and both can coexist without ambiguity.

The Tata name was built over 150 years on "leadership with trust." The next chapter will test whether that trust can be institutionalised.

Lloyd Mathias is a business strategist and independent director. The views expressed are personal



Lloyd Mathias

A forced pause for India's solar power generation

One hates to admit this, but India may have to temporarily pause further addition to its renewable capacity, especially solar. There are two main roadblocks that have led to a situation where it must back down on renewable generation. The first is that it is not able to provide long-term permanent grid connectivity, and the second, perhaps more important, is that we have practically no storage capacity, be it batteries or pumped storage.

Renewable generating capacity is more dispersed compared to conventional capacity and, further, the capacities are relatively small. Consequently, one needs a transmission system that may run into a mesh of wires connecting small capacities instead of a single transmission line emanating from a big plant as we are used to. More lines would mean more "right of way" requiring to lay the cables. Apart from being a time-consuming affair, the fact is that the country does not have enough space available, at least in some parts. Moreover, the time required for setting up a solar plant is about 18 months whereas time taken for a transmission line can take about 36 months. This mismatch has led to a situation where the generation is ready but the transmission line is nowhere in sight. So, today, the generator wants compensation — that in itself is a lengthy legal battle.

During the solar hours, we have generation from not only solar but also wind, biogas, etc., to the extent they are connected to the grid. In addition, we have conventional generation from coal, gas, nuclear and hydro. The total generation from conventional and renewable sources is more than the demand for power during the day, at least as of now. So, somebody needs to back down since supply and demand need to match in real-time; otherwise, the grid will crash. The question is who should back down. Since the marginal cost of generation from solar and wind is zero, it is the conventional generation, such as coal, that needs to back down. In other words, renewable generation is treated as "must run" because unless we shut it down, we are going to lose it forever. But herein lies the catch. Coal-based generation cannot back down beyond a limit. The generators say that it would not be advisable to back down beyond 55% of the capacity of the plant because doing so may damage the machinery. The government, however, opines that there is no problem in backing down to even 40%. What should be this level (55% or 40%) is the matter of an ongoing debate.

IF INDIA DOESN'T WANT TO PAUSE ITS RENEWABLE GENERATION, ONE SOLUTION THAT HAS BEEN TALKED ABOUT IS TO TEMPORARILY MOTHBALL A FEW OF THE COUNTRY'S INEFFICIENT COAL-BASED PLANTS. BUT THAT DOESN'T SEEM POSSIBLE GIVEN DEMAND DURING NON-SOLAR HOURS

Now that India's solar capacity has touched 162 gigawatts (GW), the situation is such that even after going down to the floor level as far as generation from coal stations concerned, supply is still exceeding demand. One, therefore, is now forced to curtail renewable generation also for grid stability. The curtailment was of the order of about 2 billion units (BU) in 2025. If India had storage capacity in the form of batteries, it could have used this surplus power to charge and use these batteries during non-solar hours. The country could also have used this surplus power to pump water back down the lower reservoir to the upper reservoir of pumped hydro and use it when generation went down in the non-solar hours.

As already mentioned, solar generators are suffering due to non-availability of grid connectivity. They have been demanding compensation, and there is some talk of provision of limited support. In addition, when solar generators are asked to back down, they are paid only to the extent they have supplied. However, a lot depends on the power purchase agreement that they have signed. In case there is a "deemed generation" clause, and if they are asked to back down for reasons other than grid stability, there is a possibility that they will be paid.

The process, however, can be lengthy. So, how does India get out of this morass? The answer lies in building storage capacity. The Central Electricity Authority (CEA) has estimated that the country needs storage capacity to the extent of 888 gigawatt-hours (GWH) by 2035; what it has today is a mere fraction of this. Storage capacity in the form of pumped storage takes time as it faces all the vagaries associated with the construction of hydro plants.

Though the gestation period for battery storage is relatively low, a new problem has emerged at the state level. If states are concerned, the market-determined price (that has been arrived through competitive bidding) seems to be non remunerative, and this affects the viability of projects and puts a big question mark on the successful completion. If India wishes not to back down on its renewable generation, one possible solution seems to be temporarily mothballing a few of the country's inefficient coal-based plants so that all generation from coal falls to an extent. In the meanwhile, the country focuses on seriously building its storage capacity. This, unfortunately, will not be possible since there are instances of high demand during non-solar hours where conventional generation falls short vis-à-vis demand.

To conclude, there seems to be no quick solution to India's problem of having to curtail renewable generation in the day and losing that power forever. On the lighter side, one can say that the country is better off adding only 13 GW per year (as we have done over the last ten years) instead of about 45 GW per year that was required to displace coal. If we do not do this, our problems would have multiplied and this crisis would have been at our doorsteps much earlier.

Somit Dasgupta is visiting professor, IISER, and former member (economic and commercial), Central Electricity Authority. The views expressed are personal



Somit Dasgupta

| ESMAIL BAGHAEI | FOREIGN MINISTRY SPOKESPERSON, IRAN

Insecurity in the Strait of Hormuz was imposed on us ... and on the entire world, and the reason for it was the US



Ecological equity needs constitutional protection

Ecological inequality is now one of the most significant, yet least recognised, forms of inequality in India. Geographic variation may explain this asymmetry, but it cannot justify constitutional inequality; when unequal ecological burdens shape people's lives so differently, the issue becomes constitutional. Article 14 of the Constitution has two connotations: equality before law, which prohibits its arbitrariness, and equal protection of laws, which requires differentiated support for unequal situations. Article 38(2) directs the state to reduce inequalities "among groups of people residing in different areas." Ecological inequality fits squarely within this mandate.

The Himalayan, Northeastern, and Western Ghats regions carry far higher ecological fragility, greater watershed responsibility, and a significantly heavier disaster mitigation burden than the plains. This mismatch between the constitutional principles and ecological reality has created a blind spot India can no longer afford.

Forest-rich states shoulder ecological responsibilities whose benefits flow to the entire nation. They preserve carbon sinks, stabilise monsoon systems, and maintain biodiversity. Industrialised states enjoy higher fiscal returns with lower ecological burdens. Applying identical rules to both produces outcomes that are not only inefficient but constitutionally infirm. This asymmetry also distorts equal opportunity under Article 16. Forest states cannot industrialise freely due to statutory protections, which limit jobs, infrastructure, and fiscal capacity.

Uniform national environmental policies ignore unequal forest distribution, pollution exposure, climate vulnerability and access to natural resources. When applied to states with radically different ecological burdens, these become a source of inequity. Indian jurisprudence has focused on forest diversion, compliance and illegality, without addressing ecological inequality under Articles 14, 38(2) or 21. Recognising ecologically fragile states as a distinct class under Article 14, supported by Article 38(2), would enable asymmetric regulatory obligations, targeted fiscal transfers and region-specific forest strategies. India's forest policy recognises ecological asymmetry by prescribing 33% forest and tree cover nationally and 66% in hilly and mountainous regions; yet, budgetary allocations and governance frameworks treat plains and states as identical. This cannot achieve ecological equity unless the Centre supports states in proportion to their ecological burdens.

Judicial interventions have expanded Article 14 to prevent arbitrary environmental harm, but they have not recognised ecological inequality between states. Continuous mandamus in forest matters has centralised decision making with-

out acknowledging differentiated ecological burdens. Ecological justice requires positive discrimination — fiscal transfers, differentiated regulatory burdens and asymmetric development pathways — which clashes with traditional readings of equality as non-discrimination. The Constitution does not prohibit asymmetry; it prohibits arbitrariness. Differentiated ecological support is thus an expression of equity.

The Forest Rights Act (FRA) and the Biological Diversity Act are held as guarantees of the rights of forest-dependent communities. FRA is built on a linear architecture: rights and titles are issued once, with no ecological feedback. But forests regenerate and shift through cyclical processes requiring baselines, monitoring and adaptive management. Without these, Gran Sabana hold authority without stewardship capacity. The Northeastern states have faced a dual crisis: shrinking forest cover alongside persistently weak economic growth. Experiencing forest loss without corresponding economic opportunity creates precisely the regional inequality Article 38(2) seeks to minimise.

The Compensatory Afforestation Fund Act (CAMPA) offers a financial structure but fails to deliver ecological justice: 30% of the collections in a state goes to that state's CAMPA fund, while 10% goes to the national fund. This national fund should support regions facing ecological deficits, irrespective of whether the funds were collected. Yet the absence of utilisation rules — and non-transparent management of the national fund — has prevented it from serving this purpose.

Justice-oriented forest governance model must recognise clarity — the ecological role that every right over a forest must carry a responsibility to sustain its regeneration. Embedding this principle can harmonise rights, responsibilities and regeneration, and Payment for Ecosystem Services can reward communities for sustaining ecological functions. Article 21 gives this argument its deepest grounding. Unequal forest distribution translates directly into unequal environmental rights. Articles 14 and 21 converge to articulate a single mandate: Ecological equality is integral to the right to life.

A justice-oriented model must acknowledge that forest-rich states subsidise the nation's climate stability, forest-poor regions require sustained ecological investment and forest-dependent communities deserve protection. Articles 14, 38(2) and 21 offer a coherent constitutional blueprint for this.

Sudhanshu Gupta is a retired member of the Indian Foreign Service and an international member of the Forest Stewardship Council. The views expressed are personal



Sudhanshu Gupta

OUR VIEW



RBI's deposit swap will end early—as it should

Its FCNR-B scheme is far from costless. In any case, Indian policy must focus on a lasting solution to the country's current account deficit, which demands action on two other fronts

Last week, the Reserve Bank of India (RBI) declared that its special forex swap facility for Foreign Currency Non-Resident (FCNR-B) deposits with banks would close on 31 August, a month ahead of schedule. This news came within days of RBI governor Sanjay Malhotra saying there was "no proposal under consideration to close the scheme prematurely" at a post-policy press conference. Presumably, this change of mind was driven by a change in facts: in particular, the robust response from overseas Indians—with \$52.3 billion drawn already, banks can expect more dollar deposits by month-end—and finds justification in the governor's qualifying remark that RBI had no specific target. Going by the numbers, the decision to call an early end to the zero-cost hedge for banks against forex flux suggests it has been a big success. After all, it was only a little over a month ago that finance minister Nirmala Sitharaman exhorted banks to come up with "innovative deposit products" to tap that money. It was expected to be a redux of 2013, when a similar RBI package in response to that year's taper tantrum helped stabilize the rupee's exchange rate. And so it was. This time, the Indian currency gained nearly 2% against the dollar after a raft of measures was put in place (there were other forex lures too), but has returned to the 95-96 range. India's forex reserves, though, swelled to \$707 billion on 7 August 2026 from \$672 billion on 12 June.

The central bank has apparently not needed to expend all that much on rupee defence. But the situation today, both domestic and global, is vastly different too. What must be borne in mind is that like all quick fixes, India's 'success' with dollar deposits has come at a price. Apart

from smacking of panic and resulting in a sharp liquidity increase, there is the issue of hedging costs to be borne by RBI. Since these FCNR-B deposit tenures range from 3 to 5 years, it will be a long time before we get an assessment of the latter, if at all. Should the rupee slide significantly over that period, the swap facility would turn out costly for RBI. A sharp rise in bank deposits over the past few weeks, meanwhile, could add to inflationary pressures right away. All of this could plausibly explain why a call was taken not to rake in too much. A bigger dilemma over such stop-gap measures, however, arises from the fact that they address only a symptom—rupee weakness—instead of the underlying cause, a basic macro imbalance visible in a worsening current account deficit (CAD). An excess of consumption over domestic savings is not a problem in itself, so long as it is financed by capital inflows. In the first quarter of 2026-27, it was feared that India's \$3.1 billion CAD would keep getting worse as oil prices surged along with asset portfolio outflows, and that it would push the currency further down. Especially since our balance of payments had also been worsening over the past few years. Those fears seem to have receded to an extent in Indian policy circles since.

Even so, geopolitical uncertainty is far from over. And while the FCNR-B deposit scheme succeeded in spite of a narrow gap between Indian and US interest rates, thanks partly to leverage deals on offer, India's policy focus must stay firmly on long-term macro sustainability. The country must mount a defence on two major fronts: reduce its CAD, letting prices restrain consumption, and attract far greater capital inflows. The less we resort to quick fixes whose bills must be paid later, the better.

THEIR VIEW

The incredibly shrinking CEO: are boards doing their job right?

India Inc is replacing CEOs faster than ever but the corner office must never have a revolving door



M. MUNEEB & RALPH WARD are, respectively, co-founder of the Medici Institute for Innovation.X, @MuneebMuh; and a global board advisor, coach and publisher.

CEOs were once fixtures in the corporate firmament. Today, they resemble IPL coaches. Lose a few matches, disappoint analysts, and suddenly LinkedIn announces they are "pursuing new opportunities."

Globally, CEO churn is accelerating. According to Spencer Stuart, CEO exits reached record levels in the first half of 2025, while average CEO tenure fell to about 6.8 years worldwide. Nearly as many CEOs left the S&P 500 in the first half of 2025 as in all of 2024. Interim CEOs are becoming fashionable. Like corporate Airbnb occupants until someone permanent arrives.

India appears determined to join the trend. A study of BSE 200 firms found that 33 companies changed CEOs in 2025; that's one in six listed firms and the highest number since 2020. Almost half these outgoing CEOs lasted less than three years. Over five years, nearly half the BSE 200 experienced at least one CEO transition.

The CEO job description looks impossible. Shareholders demand a long-term strategy but markets reward quarterly earnings. Employees expect empathy. Customers demand innovation. Regulators want perfect compliance. Activists demand purpose. AI expects reinvention. Social media expects instant apologies. Somewhere in the middle sits a sleep-deprived CEO wondering whether organic farming

offers better job security. Boards routinely approve five-year strategic plans while evaluating CEOs after a run of just five quarters.

An interesting shift is boardroom mathematics. US board tenure remains about 8.6 years while CEO tenure continues to fall. So boards are becoming holders of institutional memory while CEOs become temporary custodians.

Power, as always, follows permanence. India's churn reflects both good governance and dangerous impotence.

The good news is that boards are no longer treating CEOs as monarchs. Performance scrutiny has improved, directors ask harder questions and investors demand accountability. The bad news is that shrinking patience rarely suits transformations. AI adoption could take years, with capability step-ups barely visible on a quarterly basis. Cultural change may take longer. Yet, some CEOs barely have time to locate the coffee machine before expectations weigh in.

Constant churn has a cost. Replacing CEOs is expensive, but the bigger damage comes from strategy disruption, distracted senior teams, cautious customers and employees postponing decisions. A business's risk appetite could take a blow. A CEO uncertain of surviving the next review rarely bets boldly on disruptive innovation. Yesterday's products receive more attention. Tomorrow can wait.

So how do boards keep good CEOs longer? Retention should never mean celebrating mediocrity, but replacing capable CEOs too frequently is hardly governance excellence. Five practices could make a difference:

First, govern performance, not quarterly moods: Strategy evaluation must have a reasonable time period and should not be dependent on quarterly earnings. Amazon, Microsoft and other winners endured years of investment before shareholders saw results.

Second, succession planning should begin on day one: This is because conti-

nulty reduces panic. A succession plan should not be triggered by expectations of the CEO's departure. CEOs perform better when boards have credible succession processes. Russell Reynolds reports that nearly three-quarters of incoming CEOs globally now come from internal talent pipelines.

Third, evaluate the CEO and board together: If three CEOs fail consecutively, perhaps the problem isn't exclusively in the corner office. Board effectiveness deserves scrutiny too.

Fourth, distinguish execution failures from environmental shocks: No CEO controls geopolitical conflicts, tariff wars, pandemics or sudden regulatory upheavals. Boards should reward resilience, not merely outcomes.

Finally, boards must act like strategic partners rather than quarterly result examiners. If boards think replacing CEOs is as simple as changing the office Wi-Fi password, research offers news. Successful succession depends on trust, coaching and a genuine partnership among directors, chief human resource officers and outgoing leaders. Governance works better as a team sport than a corporate firing squad.

Governance oversight was not intended to create disposable CEOs. Nor was it designed to protect underperforming ones indefinitely. The objective is confidence with accountability: boards need courage to replace failing leaders and patience to support capable ones through turbulence.

Otherwise, companies risk creating a peculiar corporate ritual. Every three years, the board hires a visionary CEO. The CEO announces a transformation. The process begins. Then the CEO departs. The next CEO announces another transformation. Shareholders applaud. Consultants prosper. But the business strategy's life expectancy drops. Perhaps the real governance metric is how effectively boards create conditions where exceptional CEOs want to and are able to stay. It can never be how efficiently they replace CEOs.

10 YEARS AGO



JUST A THOUGHT

Inflation is not only unnecessary for economic growth. As long as it exists it is the enemy of economic growth.

HENRY HAZLITT

THEIR VIEW

Dovish inflation views: their supply may exceed takers

MADAN SABNAVIS



is chief economist, Bank of Baroda, and author of 'Corporate Quirks: The Darker Side of the Sun'

One of the more complex concepts in economics is inflation, even though it simply refers to an increase in prices. When we say inflation has come down, it simply refers to a decrease in prices. When we say inflation has come down, it means the rate of change of prices has come down. But prices are still going up. If prices fell across the board, it would reduce the incentive of producers to produce goods and services.

The interpretation of inflation, however, has had a distinct touch of malleability. Of late, there has been a tendency to argue that inflation is not only because of certain goods and services, excluding which would make the number less bothersome. However, the same argument is not put forth when inflation declines. A sharp fall in prices of pulses or vegetables, for example, can cool inflation. There exists a school which always argues that inflation is low: even when high, it is not a concern; and, as a corollary, interest rates should be lowered.

Let's look at the fundamentals of monetary policy transmission. When rates are

lowered, borrowings increase, leading to higher production and growth. If optimal capacity utilization is achieved, then an increase in demand leads to higher prices. An argument is often advanced that inflation is due to supply pressures. True, if food prices go up, it is usually because of supply shortfall or minimum support prices hiked by the government. If fuel prices rise, then it is because fuel retailers have raised prices, usually done in response to an oil squeeze.

Even if we look at core inflation (which strips out food and fuel) or the new concept of 'core-core' inflation (which excludes gold too), inflation can be attributed to supply factors. If healthcare inflation rises, it is due to higher prices charged by overloaded hospitals. When personal products get costlier, it is because companies raise prices to cover costs driven up by input scarcities. Rarely is inflation caused solely by a demand surge, as companies plan production in line with sales projections that tend to show stable growth. Exceptions include items like semiconductors that have experienced a sudden spike in demand. Broadly, though, inflation is almost always traceable to supply constraints.

The argument that we need not bother about inflation concentrated in some products (rather than generalized inflation) is dis-

ingenuous because all product categories have different reasons for price marks-ups. If we look at the food basket, high overall production of *our dadd* can drive down prices, while localized tomato crop damage can make it dearer. The latter is more perishable and that's one among many factors that set their price dynamics apart.

Likewise, toothpaste input costs could rise while paint prices hold steady. The best we can do is track a weighted basket of items without leaving out 'supply hit' products.

Then there is the famous base effect, which has been cited frequently this year to justify lower interest rates. As inflation was 2.1% last year, some argue, it will not be much of a burden this year and need not be taken seriously. But when it was 2.1%, few said it was so low because of a higher rate (of 4.6%) the previous year. Recall that when inflation reached 6.7% in 2022-23, doves argued it was a combination of the base effect and food prices that caused the upshoot, but inflation was otherwise low. To prove this, the concept of

'momentum' was tossed in, which simply meant looking at month-on-month change.

While there can be a debate on these issues, especially where the arguments are admittedly strong, there is also the practical reality. The consumer price index is designed to gauge inflation for consumers, their price dynamics apart.

So, how do they feel about it? The Reserve Bank of India's (RBI) inflation perception survey has interesting results. In 2025-26, when inflation officially averaged 2.1%, consumer perception placed it at 7.1%. This fiscal year, inflation has averaged 3.9% in the first quarter, but perceptual inflation was 7.7%. So while inflation doves splice and dice their price data by removing food, fuel and gold to show that inflation

is low and not a problem, the story at the household level differs. Should this matter, though, given that households could have biases created by the price escalation of items they either buy or notice more? This leads to another point worth looking at. Companies have often said in their invest-

ment presentations that demand has been affected by inflation; that higher food bills have left less money for discretionary consumption, especially in urban areas. This is why several companies lowered the gram weight of their products ('shrinkflation'). Even if inflation is not an issue for inflation doves, it is for companies that find their sales impacted by it. This story has been common across most consumer-facing companies since the Russia-Ukraine war began in 2022.

An interesting point concerns senior citizens. They hold almost half the term deposits in banks in India and their consumption is driven by the interest payments they receive. For them, more than current inflation, what matters is cumulative inflation over the tenure of their deposits, as that erodes their money's purchasing power. This was almost 18% over the four post-covid years. No wonder so many companies have been lamenting weak demand.

This returns us to the question of which inflation number policy should aim to keep stable. The regulatory target is headline retail inflation. The arguments being offered to ignore it may sound coherent, but they do not constitute a logical justification for a shift in the country's policy approach.

These are the author's personal views.



THEIR VIEW

Are we still in the driver's seat? Don't let tech kill human agency

It may be a good idea to be a luddite if technology insists on stripping our choices away and pushing us to lead soulless lives



V. ANANTHA NAGESWARAN
is chief economic advisor, Government of India

Recently, I read a Bloomberg article ([shorturl.at/biixd](https://www.bloomberglive.com/news/shorturl/at/biixd)) about the possible disappearance of London's famous black taxis because driverless cabs are set to make their appearance before the year is out. The article also described in detail how black-cab drivers acquire their 'knowledge' to pass a famous test of street-by-street city familiarity. It was fascinating. The article left me feeling angry about the whole thing. Technologists do not understand life at all.

If you are a new visitor to London, a ride in a roomy black taxi is one of its attractions. The conversation is typically a taste of the city, with cabbie descriptions of each landmark laced with personal anecdotes in their unique accents setting one up for an exploration of the UK capital. If you take this away and put visitors in a self-driving vehicle, you erase one of the charms of visiting London. But this is not the only thing that technologists have done to us. It is only the latest in a long list.

Imagining sitting in a driverless car, one can visualize the joy of the ride draining away as one is left in the company of one's fears, anxieties and, worse, one's smartphone. Someone may object that the black cab was always a luxury, and that automation makes rides cheaper. But the answer to affordable mobility was never human-less and humourless technology. It was public transport—buses and trains full of humans.

The elevation of technology from a means to an end in itself is robbing human existence of its soul. Or, the soul is being removed from the living. In other words, technologists seem determined to reduce us to zombies. Efficiency is not the be-all and end-all of every human endeavour. There is a need for a human connection. Moreover, it is often our imperfections and oddities that give life its charm and humans a purpose. Strip all these away and we are as good or as bad as corpses.

Conversations with someone behind a ticket counter, or with a bank teller, post office clerk or newspaper vendor, are not mere points of friction to be removed. Reducing humans to atoms in the name of efficiency is not a service but the opposite. Efficiency saves time for humans. But to what end? To savour their loneliness more acutely?

This is not just one traveller's complaint. In 2019, John Lloyd made the same point in the *Financial Times* ([shorturl.at/4qomv](https://www.ft.com/content/shorturl/at/4qomv)). He is a shopkeeper's son. He called the slow death of the high street the loss of something we never thought of paying for: the company a shop gave away for free, which we never counted as worth anything until it was gone. The shopkeeper, he wrote, makes us ask, choose and say a word before we hand over money. Take the counter away, and you do not just lose a sale, but also one of the last places where buying something also meant meeting someone.



The screen tells us those goods and leaves us alone with them.

Slowness and stillness are features of living that enable us to develop awareness of oneself and the world around. This is healthy. Speed and efficiency, as enabled by technology, have the opposite effect. An obsession with them denies us a chance to savour the beauty of human endeavours and achievements. The Western world, with its linear approach to life, cannot do better.

That fixation has even had an impact on sports. In field hockey, the switch from natural grass to astro-turf made speed the only variable that mattered. No artistry, nor ball control. In tennis, the racquet head became bigger and more powerful. Now, more often than not, the game is reduced to the speed and quality of the first serve. All else fades away. At this year's Wimbledon final, Jannik Sinner did not concede a single service game in either the semi-final or final—the first man to do so since Roger Federer in 2003. When holding one's service games becomes this automatic, a rally gets a chance only if a second serve puts the ball in play, and artistry becomes an accident rather than the point of the contest. In cricket too, the power and size of the bat have reduced the bowler to just another spectator.

Most of the time, technologists would point to the popularity of some of these things as testimony to their utility. In doing so, they cater to base human instincts rather than elevating them. By replacing human endeavours and concentrating the gains of efficiency in the hands of a few, technology facilitates an unfair distribution of payoffs from economic activity. Thus, it destroys people's purchasing power, and with it, domestic demand

for the goods and services that ordinary people with ordinary incomes would buy. Concentration of wealth in the hands of techno-capitalists would mean a rise in demand for a certain class of goods and services. Their conspicuous consumption breeds resentment—a recipe for social conflict.

There is a reason we use the phrase 'in the driver's seat' to denote our control over shaping the events that unfold. By removing the driver from a vehicle, modern technology removes human agency. Writing in *FT* last week ([shorturl.at/bdkdd](https://www.ft.com/content/shorturl/at/bdkdd)), John Thornhill saw the same drift in the rush for artificial general intelligence. A handful of firms are steering all of us to a destination that has not even been discussed, let alone got a social mandate. Inevitably it is being presented as though it were consent. It is not. Most techno-optimists point to Keynes, who is said to have extolled technology's ability to enable humans to enjoy both productivity and leisure. If he were alive today, he might have lamented that technology has obliterated human agency to an extent that a broad spectrum of humanity would not have the means to enjoy the leisure that technology enables for a few. The leisure Keynes foresaw is real. But it accrues to whoever owns the machine. For all else, it arrives as disempowerment dressed up as liberation.

I am contemplating a slew of product launches: mugs, hats, T-shirts and badges that proclaim, 'I am a proud luddite—if what technology produces is the stripping of human choice and agency.' I will not mass-produce it in a factory, but give the contract to a labour-intensive production unit.

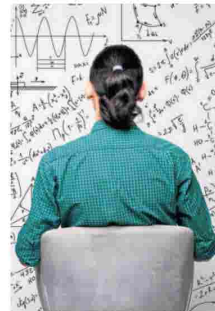
These are the author's personal views.

AI is taking over much of what mathematicians do: is this bad?

The answer depends on whether what we value undergoes a shift



FANNY OLSSON
is a Bloomberg Opinion columnist covering technology.



Math is a quest for truth but which truths matter is a human call. ISTOCKPHOTO

Math can mean different things to different people. For mathematicians, it is an act of discovery. Many spend years trying to find new mathematical truths or 'proofs,' work that can underpin everything from cryptography and computing to finance and engineering.

Now AI is taking over some of that exploration and the field's top minds are deeply uncertain about whether that is good or bad. The answer depends on whether mathematicians can quickly establish new standards for dealing with the technology. With promising developments on that front already underway, the field could create a valuable blueprint for other forms of knowledge work.

An online post went viral recently when a math PhD student confessed to having a "spiritual crisis" over the threat of AI taking away the most meaningful part of his work. While bots discovered new proofs, he warned that mathematicians were becoming mere spectators. Keith Carne, a retired Cambridge mathematician, says his field is particularly susceptible to AI because the technology can cross-reference many potential connections. "A computer can look at the way 20 different mathematicians have looked at a problem [and get] an advantage over those 20," he says.

Fields Medal winner Terence Tao, one of the world's best-known mathematicians, says that AI could shift math from "proof scarcity" to a state of "proof abundance," essentially putting mathematicians in much the same precarious spot as writers, artists and analysts: The world is being flooded with AI-generated versions of what they normally produce, threatening to devalue the final product.

Professional mathematicians publish a vast number of papers each year, often containing new proofs. It is, arguments showing how a math rule is true. But the most important breakthroughs unlock entirely new ways of thinking, laying paths for other mathematicians and use cases to follow.

Millennia after Euclid proved there are infinitely many prime numbers, number theory has become crucial to cryptography systems that underpin much of today's digital economy. Work pioneered by Belgian mathematician Ingrid Daubechies in the late 1980s helped lay the blueprints for modern image compression and how smartphones store photos.

Most math does not seek a final use case but is a quest driven by human curiosity to map out the hidden patterns of the universe. Pure math might find real-world applications decades after a mathematician

dies, but it does not have to. Still, the discipline has long had a 'publish or perish' culture, with papers acting like currency that buys you credibility, even though the deeper goal is an increase in collective understanding—an abstract concept that is seemingly impossible to value.

That common knowledge was always the real product, while published theorems and proofs were "residue," says Benjamin Collins, a mathematics researcher at Kyoto University. AI has simply "called the bluff" of the system, he adds; the risk now is that as software generates more mathematical knowledge, humans understand less of it.

It may take hours to produce a proof with AI, but it can take years to absorb new results into human knowledge. In that sense, the bigger risk is not AI replacing mathematicians, but that universities stop supporting the slow human work that helps them grasp those truths. This dilemma hangs over fields like writing, where AI generates endless prose while the skill of deciding what is worth saying becomes scarcer. A law firm can churn out reams of briefs and contracts with AI, but the judgement of choosing which arguments to pursue becomes more important for humans and harder to value.

Institutions have historically paid people based on the things that AI is making cheap, from publication counts in academia to billable hours and documents in law. The silver lining to math's spiritual crisis may be that it forces humans to realize they have been measuring value the wrong way all along.

How do you reward judgement and taste, or smart questions that open new avenues of inquiry? In math, that could mean giving more credit and funding to teaching, explaining other people's results or building tools like shared databases and math libraries that could help other mathematicians advance, not just publish papers.

That would also reward the very thing that keeps mathematicians in the field. "Going from not understanding something to understanding it. Everything points towards one still-dark part of the landscape, and then it appears with the simplest clarity," Collas tells me.

As machines make clever outputs ever more abundant, humans should be putting a higher price on knowing which questions are really worth asking. **©BLOOMBERG**

MY VIEW IT MATTERS

Enterprise AI must address a new scarcity: judgement

SIDDHARTH PAI



is a technology consultant and venture capitalist

In my last piece, I wrote about the forward deployed engineer (FDE). TCS's recent announcement that it intends to create up to 8,900 FDEs is one of the more revealing developments in enterprise AI this year. The number matters less than what it represents. Across consulting firms, hyperscalers and technology services companies, a race is on to create professionals capable of mediating between increasingly sophisticated artificial intelligence (AI) systems and complex enterprises. The last mile, so to speak.

Palantir institutionalized the idea by embedding engineers in client organizations rather than leaving them at the receiving end of a 'requirements' document. The premise was simple: enterprise AI projects fail less because of technology than because businesses and technologists rarely define the same problem.

For much of the last few years, enterprise AI has been constrained by understanding. Data was fragmented, processes were undocumented, incentives conflicted and

business users described symptoms rather than causes. The FDE emerged because someone had to bridge those worlds, sitting close enough to the client to hear what was actually being asked, and close enough to the model to know what it could actually deliver.

The bottleneck is already shifting. Enterprises are no longer asking if AI can automate work, but deciding which decisions AI should participate in, how much authority it should receive, where human oversight genuinely matters and where it merely creates the appearance of control. That last distinction is the one that most corporate boards are not yet equipped to draw.

I have seen multiple startup lenders enter the private credit market with the aim of automating large parts of the credit decision itself. These models work. The unit economics are hard to argue with. But the real question is whether an institution understands how thousands of individually sensible lending decisions might gradually alter the risk profile of an entire portfolio. No single loan looks wrong, but the portfolio might be unrecognizable in a few years, and nobody signed off on that.

An engineering team confirms the architecture. Finance executives demonstrate

return on investment. Risk assessors validate the portfolio's past performance. The legal department signs off on compliance. Every function does its job. Yet, the decision may be wrong.

Perhaps the model gradually shifts the institution's effective risk appetite. Maybe credit officers stop questioning borderline recommendations because the model is usually right. Profitable borrowers might quietly disappear because the model has optimized lending for an objective no human intended. These 'failures' are not technical but arise because the organization optimized one objective while changing another.

We increasingly assume that good decisions are additive. Combine enough expertise, enough data and enough computational power and judgement will emerge. The FDE embodies that philosophy. The role combines engineering with business understanding. Others are now trying to combine AI expertise with domain knowledge. Each

new hybrid role is built on the same assumption: that stacking up a set of competencies produces wisdom.

This creates understanding, but whether it leads to a prudent decision is doubtful. The distinction matters because understanding grows by adding perspectives while judgement improves by minimizing assumptions.

Understanding what businesses need and what AI models can do is one thing but getting it right is another

Judgement is subtractive. Good investors outperform the pack because they eliminate poor investments. Experienced physicians diagnose difficult cases by discarding explanations that do not fit the evidence. These professionals succeed in their jobs by refusing to accept an explanation simply because it is coherent.

Enterprise AI is moving rapidly into this territory. As models become more capable, organizations are drowning in plausible answers. AI analyses hang together, financial models tell a convincing story, every recommendation appears defensible and a dashboard that once forced a choice between two explanations now

offers five, all internally consistent and with confident fluency, leaving a manager under deadline pressure with no structural reason to prefer one over the others.

In an earlier column, I argued that enterprises would increasingly require 'forensic plumbers,' or people capable of tracing failures through increasingly complex AI-enabled systems. Their job would be to get rid of plausible explanations till clarity is attained.

The same capability will be valuable before AI deployment. Waiting for the post-mortem is an expensive way to discover a lack of judgement. The next scare signal in enterprise AI will probably be the ability to clip out bad assumptions before organizations commit to a digital rejig.

As AI gets embedded in the operating fabric of organizations, acquiring a competitive advantage will depend less on building systems than on deciding which systems must be built. Companies that consistently discard weak assumptions before they become expensive commitments are likely to fare better, as would those that reward sceptics who ask inconvenient questions as readily as they reward engineers who deliver working models. While understanding grows abundant, judgement is becoming scarce. This is the reality businesses must confront.



A thought for today

Rights are not a matter of numbers – and there can be no such thing, in law or in morality, as actions forbidden to an individual, but permitted to a mob

AYN RAND

Questions On Questions

Census authorities should explain the rationale of new entries in the questionnaire

India's first census under the Raj asked 17 questions. The ongoing 16th Census will ask 40. That's not a bad thing because data about people helps govt plan for the future – how many cities, schools, hospitals, airports, etc to build. It also helps govt understand changing demographics – educational levels, family structure, age pyramid, etc. But census data, although collected from individuals, is always about aggregates and averages. For example, when the census asks how you commute to work, you're just a data point. The real interest is population-wide – how people across a town or district or state commute.

That's why census data has always been anonymised. That's the case in UK, US, Australia. And it was in India, too, until 2011. This time, though, you'll be asked your mobile number, passport number and Aadhaar. And we don't know why. Govt maintains all data collected during the census is confidential and secure, but when such specific personal details are thrown in, security and confidentiality become shaper.

In just the past two months we've heard about frontier AI models hacking databases wantonly. But even before that, Indian data was highly vulnerable. Recall how Aadhaar login credentials were being sold on WhatsApp for ₹500 in 2018. There was an alleged CoWIN data leak in 2023, and a confirmed ICMR breach the same year that exposed personal details of 81cr citizens. With this being India's first fully digital census, the vulnerabilities of 30L personal phones and tablets used by enumerators must be factored in.

But the bigger question remains why phone number, Aadhaar, passport, and voter ID should be collected as part of the census. It's OK to ask whether you have a passport, but why record the identifier? Govt should explain the necessity to citizens in detail, and if the answer isn't convincing, or if the risks – which are real – outweigh the benefits, some questions should be dropped. Because when all these details sit together with other demographic data in one place, a "reconstruction attack" could piece together extremely detailed profiles of citizens, and make them available to bad actors. Neither a citizen nor govt wants that.

Who Tests The Testers?

Nodal testing agency is fast losing legitimacy. UGC-NET's exam issues were sheer incompetence

NTA is becoming a burlesque act. The latest fiasco – three papers of UGC-NET, the qualifying test to teach in colleges, and apply for PhDs, have been cancelled – beggars belief, for the reason they were cancelled. Several questions were repeated from 2024, there were factual inaccuracies in names, mistakes that are being categorised as 'typos', and translation errors. This, in a test to select future professors and academics, from a pool of 20,000 applicants. What makes the incompetence many times worse is that NTA took at least seven weeks to cancel the test. So, think of it. The papers on Sociology, English and Commerce were set, printed, and the exam conducted across 300 cities. Students complained during the exam about papers riddled with mistakes. To no avail.

Now, what must be made public is the inquiry's details. Because this is not what Nilekani's high-powered committee will fix. This is not what any new minister will fix. Shunting out bureaucrats and airdropping new ones won't fix this. This is a DNA problem – from the setting of papers to their vetting, printing, and conduct – the whole process is contaminated with absence of expertise. Exam setting appears ad hoc, with no ownership and zero oversight. NTA's circular, cancelling the tests and announcing new dates, admits as much when it elaborates on the mistakes. Apart from repeated questions, it points to "misspell names of prominent scholars, garbled book titles, errors in stem wording of questions, grammatical errors, gender and number agreement errors...and non-standard coined terms for established concepts." Non-standard coined terms? Garbled book titles? Gender-number mismatch? This sounds suspiciously like AI at work. Will there be an investigation into this? Who set the papers, who vetted them? Is there a protocol in place, or a code of ethics on using AI assistants? What are the penalties...are there any, to begin with?

The question, in this instance, is larger than paper leaks. What does it mean for NTA's legitimacy? UGC-NET certifies who is fit to teach and research in India's higher education system. We need to ask whether NTA, in its current avatar, is fit to hold exams that determine the future of tens of thousands.

Resisting The Algorithm

It's also a non-cooperation movement

Cethan.Kumar@timesofindia.com



Every night, I lie to the internet. I read about one thing, then deliberately look up another with nothing to do with it. I watch something and refuse to follow the recommendations trail that appears after. I search, browse and move on, leaving a history that must be terribly frustrating for any algorithm trying to make sense of who I am.

I do this because I don't want the internet to know me too well. That may sound odd. We've spent years being told tech becomes useful once it understands us. Tell Google what you like and it finds more of it. Let YouTube learn what you watch and it recommends something you'll probably enjoy. Give Instagram enough attention and it gets very good at showing what might hold your interest. Convenient, certainly. But it comes with a quiet price. The algorithm doesn't need to tell you what to think. It does something subtler. It decides what you see often enough that you stop noticing what you don't. It takes a passing interest and turns it into a category, a preference, a world. If you're like something, here's more of it.

If you agree with something, here are people who agree with you. If something angers you, here's another thing that will. Soon the internet becomes an efficient version of your own prejudices, dressed up as your own discoveries. That's a kind of colonisation – not of land, but of mind. Not by force, but by familiarity repeated until it feels like your own idea. By feeding us more of what we already believe, algorithms can turn our beliefs into a self-reinforcing loop. Gandhi's non-cooperation took on an empire with soldiers and salt taxes. Mine barely inconveniences a server somewhere. I make no claim to that comparison, only to the shape underneath it – that refusal, however modest, is a way of keeping something for yourself.

He withdrew cooperation from a system built on obedience. I withdraw mine, in my own small way, from one built on predictability. Google, YouTube, Meta, X, none of them have worked out what I'm interested in. I have, through careful effort, made myself a poor subject for prediction. It's hardly a freedom struggle. But this Independence Day, I found myself thinking freedom has always meant one simple thing: deciding for yourself what kind of world you want to live in. Mine just happens to begin with confusing Big Tech.

The Calm Before The Capex

Market pessimists need to look beneath the hood, where both vibe and numbers suggest that India's on the cusp of a new cycle of growth. Those pristine corporate balance sheets are about to play big

Somnath Mukherjee



14 Aug 2024 | 24,143
14 Aug 2025 | 24,631
14 Aug 2026 | 24,366

This is Nifty's been on Independence Day eyes. Three years, markets flat as a chapati.

As Independence Day rolled in this time, market black pills were out in force. After all, it has been a tough couple of years for India. The global AI boom seems to have passed us by, with barely any local AI story setting the pulses racing, unlike in US (OpenAI, Anthropic), Korea (Samsung, SK Hynix), or China (DeepSeek, Kimi).

In resonance, FPIs have taken out money with a velocity that's unprecedented in the history of Indian capital markets – net FPI flows stand at zero, aggregated for the last 10 years. Add to this the geopolitical disruptions of our times (Ukraine, West Asia, trigger-happy US policies), and things have been somewhat sombre for India.

But look beneath the hood, in fact just feel the vibrations of the hood itself, and there is the unmistakable hum of a new dawn. The hum has multiple cylinders, but the most powerful one is that uniquely unquantifiable but powerfully causative adverb, *vibe*. India's manufacturing *vibe* has never felt so promising since the heady days pre-GFC. Consider the facts.

AI – Indian elephant is straining to start its own dance

Of the 3 layers of the AI cake (energy, chips, compute infra, frontier LLMs, and applications), India's pace in all but one is frenetic, in some actually world-leading.

● In energy, India's installed generation capacity, at 540GW, is third-largest in the world and 40% of US's installed capacity. It is also the fastest-growing in the world, with projections of touching 820GW by 2030.

● Chips is an area with much legacy lags for India, but by 2030, at least 2, maybe 4, large fabs will be operational. Not at the global cutting edge of semiconductors yet, but enough to meet 80-90% of humdrum requirements of consumer electronics, electricals, and auto industries.

● Compute infra, or data centres, is the area where India's on-ground work is crushing the legacy lag in capacity. From 1.5GW today, DC capacity is expected to grow to 10GW by 2030, serving not only Indian demand but also global compute demand from India. As US runs into compute capacity shortages thanks to the breakneck growth in AI demand, India is poised to pick up some of that slack. Most importantly, within a very short period of time, India's own AI will not be constrained by DC capacity.

● Frontier apps are the raciest piece of the AI cake – ChatGPT, Claude are household names today. It is one

defence budget (4th largest in the world) have traditionally been foreign weapons-designers. But today, a mix of geopolitics, govt policy, and capital availability are creating a vibrant and exciting private sector ecosystem at home.

Reusable rocket launchers, autonomous swarm drones, satellites, radars, optical probes, and even that holiest of tech holy grails, aerogenics – young Indian startups are showing a lot of promise. Several have graduated to delivery in a world struggling with supply chain bottlenecks. India is poised to become a large manufacturer of weapons systems.

It's not just about the *vibe* though.

Corporate balance sheets – best they have been in a generation

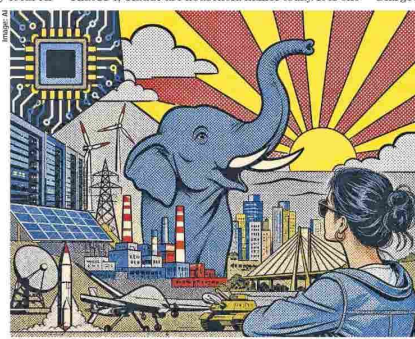
A mix of lacklustre private corporate investment for a decade, cuts in corporate tax rates in 2019, and mastery over capital-frugal business models have left balance sheets pristine. Debt-equity ratios are today at around 0.5 levels. This opens up tremendous headroom to fund the next capex cycle. Green shoots are already visible. Bank non-food credit growth is touching 16%, primarily driven by industry. Listed corporate investment has now touched a multi-decade high of ₹13L cr.

External account getting structurally better

There has been understandably a lot of focus on the rupee lately. Missing in this noise has been the resilience of India's external account. Current account deficit for the quarter ending June 2026 (the period that absorbed the worst impact of Iran war) came in at a modest \$3.1bn, or less than 0.5% of GDP. While merchandise trade deficit widened, services trade remained strong and covered most of the gap. India's long-term source of fragility via trade is getting structurally better, enabling freer policy choices (like RBI refusing to raise interest rates despite a falling currency) to support the economy.

In sum, India's manufacturing in particular and its economy in general are poised at a critical stage today. Unless we mess it up grandly, a new cycle of growth seems impending.

The writer is chief investment officer of an asset & wealth management firm. Views are personal



area where India's progress is limited and hesitant, though the substantially-domesticated fund-raise for Sarvam AI holds green shoots of hope.

● Last, by far not the least, India is literally at leading tiers of the world in AI applications. There are more funded consumer AI ventures in India than in US.

Defence – new dawn is visible | Between a mediocre public sector and a traditional and unimaginative military, the biggest beneficiaries of India's enormous

Room For Dissent: Protests Need Space Near Seat Of Power

Washington to London, Paris to Cairo, public spaces for protests are part of city architecture. Absence of such space in Indian cities can push a peaceful march to become civil unrest

Gautam Bhatia



One of the more visible shortcomings of Delhi's student protest was the lack of physical space to contain a population that spilled out beyond Jantar Mantar and clogged neighbouring streets around Parliament and Connaught Place. What was meant to be a peaceful student protest turned, for many reasons, into an act of civil disobedience.

The primary reason, of course, was the venue itself. Jantar Mantar was never meant for public demonstrations. The original protest site of Boat Club was changed some years ago, when govt realised that Central Vista crowds could not be easily contained. A narrow road was preferable for police to create a quick public stranglehold, if things got out of hand.

But Jantar Mantar hardly qualifies as a space for public gatherings. Should there be another place for the kind of ostensible demonstration Delhi witnessed? As Delhi govt seeks an alternative site, some questions need to be asked. Should Indian cities create specific spaces for mass protests? What is the point of a protest, if precise sites need to be allocated? Should govt fix the number of protesters? What then, of the subjects that are allowed to be protested against?

Older democracies have understood this and have conveniently made room for public opinion within their civic infra, often in close proximity to the seat of political power. In Washington, with Lincoln Memorial as stage, and the Tidal Basin as enclosure, Martin Luther King's 'I have a dream' speech was all the more heartfelt and resonant when heard against the background of such urban monumentality. In Paris, Champs Elysees is venue for both – public celebrations like Bastille Day, and for student marches. From Beijing's Tiananmen Square to Cairo's Tahrir Square (Arab Spring uprising), public drama and visibility have been essential to communicate the cause and effect of any crucial national idea. Such visibility is often

practised through civic and architectural devices.

The Square | First and foremost is the public square, a site for large public gatherings where people may raise their dissent in such large numbers that they can be seen and heard. Mexico City's main plaza is in such close proximity to legislative buildings and municipal HQ that critical issues are effectively debated and protested, within easy hearing distance of ministers.

The Pedestal | The pedestal is a personal expression of dissent, a public outreach to air a private argument. As at Speaker's Corner in London's Hyde Park, the



raised platform allows anyone in full public view to take a stand, and speak on any issue, to anyone willing to listen. To shout, argue and be heckled is the democratic right of anyone in close vicinity.

The Wall | In many places, a public wall of expression uses words, art, drawings or graffiti to bring causes to public attention. Hong Kong, for instance, has Democracy Walls for students to voice community and political concerns.

To talk, to draw, or to demonstrate, our cities too

need a visible and active city space that gives vent to public grievances. Sadly, India's public space is restricted or non-existent. The absence of squares in the centre of Indian cities makes all forms of public protest secondary and insignificant. While older cities in Rajasthan and elsewhere defined clear public arenas, through street chowks and maidans, newer cities make no distinction between spaces for protest, sports, recreation, parks, *baghs* or maidans. The public is free to choose its own use for any available public space. So, the open park becomes a cricket pitch, the sidewalk an invitation to short-term commerce, and the larger paved plazas become parking lots. A complete lack of appropriate designation makes Indian city-space into a free-for-all.

How, then, do you create public intent and urban clarity in overbuilt, unplanned, and often mismanaged cities? Obviously it is unlikely that govt would do anything to encourage future protests, let alone create special spaces for them in the city. But if govt thinks smartly, they'll know that cities must make room for public agitation, where people's grievances can be heard and addressed.

Woody Allen wrote that 'for a protest to be successful it must be out in the open. There is no point demonstrating quietly behind the living room sofa'. The past few weeks in India have shown people are willing to come out from behind the sofa. There have been sizeable public demonstrations in more than 26 towns countrywide, some still continuing. Despite the increasingly loud vocal nature of these public marches, urban authorities have tried to contain the movement by confining them to restricted areas. Yet, in virtually all these cities, crowds have besieged commercial bazaar streets and brought local life to a standstill, disrupting daily life.

It may not be possible to have a Jantar Mantar in every town. But if local authorities stop treating protesters as enemy, and create right conditions in their cities for local ideas to be heard, it is less likely that a peaceful march would turn into mass civil unrest.

The writer is an architect

Calvin & Hobbes



Narayani Ganesh

Visiting Borneo's rainforest two decades ago, turned out to be a life-altering experience. Not because of the jungles and animals, insects and flora. But because of what I learnt about silence and attention. In a rainforest, there is this constant background noise of insects buzzing, fluttering of wings as birds and bats take flight, chorus of frogs and toads and the gurgling of distant streams. Silence is not the absence of sound; it is the presence of attention. My group was in animated chatter – Oh how beautiful this is! Look at the canopies! Such pretty caterpillars moving slowly on the wooden railings, and so on. The guide sighed.

"Please, how about being silent; allow yourself to be attentive – why don't you listen to the real sound of the rainforest," he pleaded. We were

puzzled. Haven't we been doing just that, listening to the sounds and looking at the sights of Borneo's famed rainforest? He shrugged, waving his hands like a conductor on stage. "Close your eyes. Pay attention to what you hear."

At first, we heard nothing more than what we were already hearing, till now. After a while, once the entire group fell silent, we listened, and heard the most wonderful sound that was like divine music to our ears. It was the gentle release of drops of water dripping down leaves and falling gently to the floor covered with mulch. We were standing on a wooden walkway with handrails that allowed us to walk through the rainforest without disturbing the forest floor that was teeming with ground and subterranean life. It was mesmerising.

Yes, just plain rainwater that journeyed through thick tree canopies replete with lush leaves, gently dribbling on its onward journey to the forest floor, where it would no doubt do its bit to replenish groundwater while hydrating life forms invisible to our eyes. Maybe this is like 'reading between the lines'.

This is perhaps what the 21-year-old Paul Simon meant when he wrote lyrics of the song *The Sound of Silence*. It is said that he wrote it in the bathroom, in his parents' home, inspired by the natural tile-echo as water ran from the faucet. The song was later recorded by Paul Simon and Art Garfunkel and music history was made.

Although Simon wrote the song in the early 1960s, his lyrics mirror today's social behaviour – when he says "people talking without speaking," and

Sacred space



What is this mind? Who is hearing these sounds? Do not mistake any state for Self-realisation, but continue to yourself even more intensely. What is it that hears?

Bassui

Silent Attentiveness Reveals Sweet, Unheard Sounds

"people hearing without listening." Going for a walk today means you have your earphones, you are listening to music or to a podcast, and you are not being attentive to what is all around you. You cannot hear the sounds or feel the atmosphere. You are distanced from your immediate surroundings. Sometimes this too is fine, as one is strapped for time and multitasking is needed. But at other times, it might be therapeutic to just listen to nature or to enable this kind of experience as you are expected to put away your phones, or any other kind of aural distraction so that you can be attentive to deep silence and what it promises.

ganeshnarayani@yahoo.com

HIGH-VALUE PAYMENTS CONTINUE TO DOMINATE UPI TRANSACTIONS,

with transfers above ₹2,000 accounting for 86% of peer-to-peer (P2P) payments and 68% of peer-to-merchant (P2M) payments in July. Smaller transactions have a greater presence in merchant payments; those up to ₹500 accounted for 16% of P2M value, compared with just 4% for P2P

Source: NPCI

TIMES BUSINESS

THE TIMES OF INDIA, BANGALURU | TUESDAY, AUGUST 18, 2026



DeHaat carves out Honest Farms, raises ₹35 crore

Bangaluru: Agritech firm DeHaat has carved out its consumer food brand Honest Farms into a separate company and raised ₹35 crore from external investors as it looks to nearly triple the brand's annualised sales over the next 15-18 months. The pre-Series A funding round in the new entity, DeHaat Consumer Products, was led by OTP Ventures, Sadev Capital and Maini Ventures also participated. DeHaat remains the majority shareholder, co-founder Adarsh Srivastava told TOI. The valuation and equity dilution were not disclosed. The new company, incorporated on April 1, houses the Honest Farms brand, intellectual property, employees and procurement operations. It has around 70 employees, largely based in Bengaluru, with Srivastava taking charge as CEO.



Sinha to succeed Mittal as chairman of Airtel Payments Bank

New Delhi: Shabnam Sinha will be the chairperson of Airtel Payments Bank from Oct 1, with Sunil Bharti Mittal set to end his tenure as non-executive chairman and stepping down from the board on Sept 30, 2026. Sinha, currently an independent director of the bank, will take over for a tenure of three-year following her appointment by the board and approval by RBI. Sinha chairs special committee of the board for monitoring frauds and is a member of the risk management and IT committees. Bharti Enterprises founder and chairman Mittal was appointed as non-executive chairman of Airtel Payments Bank in April, 2024.

Citiustech appoints Shah as acting CEO

Bangaluru: Healthcare technology and AI company Citiustech has appointed Dhaval Shah as acting chief executive officer.



Shah, previously chief business officer for the medtech and life sciences businesses, takes over as acting CEO with immediate effect. Karunakaran, who led the Healthcare Payer and Platforms business, will assume broader responsibilities spanning enterprise strategy, growth and execution. Rajan Kohli, Citiustech's CEO, will step down by the end of Aug to pursue other opportunities. The company said the appointments are part of its succession plan and come amid strong business momentum, with Citiustech focusing on healthcare specialisation, AI-led transformation and delivering measurable outcomes for clients. Dhaval and Shah have been integral to that journey and today lead over 80% of our business, said Dr William Winkler, CEO, chairman of Citiustech.

Citiustech said it delivered strong growth in FY26, placing its performance in the top quartile of technology services companies, with momentum continuing into FY27. The company is also seeing growing demand for healthcare-specific AI solutions and plans to expand those offerings.

Today's Tata Sons AGM may be put off; board meet in mid-Sept

Board To Consider Chandra Decision, Succession Faces Hurdles

Reeba Zachariah
@timesofindia.com

Mumbai: Tata Sons will hold its board meeting mid-September when directors are expected to formally take note of chairman N Chandrasekaran's decision not to seek another term and begin the succession process with principal shareholder Sir Dorabji Tata Trust (SDTT)'s endorsement for another term. However, people aware of the matter said the meeting will convene nearly a month after Tuesday's Tata Sons annual general meeting, which is expected to be adjourned because of a regulatory freeze on the Sir Ratan Tata Trust (SRTT).

The people aware of the issue cautioned against interpreting Chandrasekaran's August 12 decision as a resignation, saying he had notified the board that he does not wish to be considered for another term when his current tenure ends on Feb 20, 2027. "It is an intimation in advance," one of the people said. "The directors could choose to ask him to reconsider, or begin the formal process of identifying

REGULATORY FREEZE ON SRTT

AGM expected to be adjourned because of the regulatory freeze on SRTT, which prevents it from jointly nominating a representative as required for quorum under Tata Sons' articles

Chandra's own reappointment as director is at stake at the AGM — his chairmanship, though running to Feb 2027, is contingent on this,

and cannot be decided without SDTT-SRTT joint approval

SRTT also cannot participate in the new chairman's selection process as the search committee requires three members jointly chosen by SDTT and SRTT

The next time the AGM is convened, it would still require that joint nominee

his successor."

It remains unclear how either course — asking Chandrasekaran to reconsider, or beginning the succession process — would work in practice. Noel Tata, chairman of Tata Trusts and a key Tata Sons board member, does not support Chandrasekaran continuing. At the same time, the succession process cannot formally begin while the regulatory ban on SRTT remains in place, unless it is lifted before the Sept 17 board meeting.

At Tata Sons' Feb 24 meeting, four of the six-member board endorsed Chandrasekaran's chairmanship ex-

tension. Noel Tata was the only one who did not support the proposal.

Chandrasekaran himself did not participate in the discussion because of conflict of interest. In the absence of unanimous support, Chandrasekaran said he did not want to continue.

The regulatory freeze has barred SRTT from participating in both the succession process and the AGM. Tata Sons' Articles of Association mandate a representative jointly nominated by SRTT and SDTT at the AGM. SRTT had asked the public charities regulator to lift the ban, while SDTT cited its in-

ability to jointly nominate a representative with SRTT for the AGM.

If quorum, including the SRTT-SDTT joint representative, is not present within 30 minutes of the appointed time, the AGM stands adjourned. However, the next time the AGM is convened, it would still require that joint nominee.

SRTT and SDTT approval is critical for Chandrasekaran, though his chairmanship runs until Feb 2027, it is contingent on him remaining a director — if he is not reappointed at the AGM, his chairmanship ends.

Likewise for the new chairman selection committee, which should comprise five people — but the catch is that Tata Sons' Articles mandate that at least three people be jointly chosen by SRTT and SDTT. So while SDTT has started the succession process, it cannot move forward until the order against SRTT is lifted.

In a 1st for Indian AI co, Prisma issues ₹200cr bonds

Partha Sinha
@timesofindia.com

Mumbai: A Rs 50-crore bond offering, at an interest rate of 10% for a two-year tenure, opened for subscription on Monday. It was fully subscribed within the first hour. By 3pm the issue was subscribed nearly eight times. There was nothing extraordinary with this offering except that the issue by city-based Prisma Global (popularly Prisma AI) was the first debt offering in India by an AI solutions company.

Prisma Global works with the central and state government police departments, airports etc on crowd management, security and suspected illegal activities. Using AI extensively, it's moved from reactive responses to such incidents to predictive solutions that prevent those activities. Since the offer was oversubscribed on the first day, the greenbook option of Rs 150 crore was also exercised, taking the final offer size to Rs 200 crore.

"The strong bidding response reflects robust investor interest and confidence in the issuer and the transaction," Gupta said. "This will bring in confidence to a lot of non-financial entities, including manufacturing and services companies, to tap the fixed-income market to raise funds for expansion and growth plans, and also for working capital." According to Shreevaran, chairman, Prisma Global, "We are strategically pivoting to maximise our impact in India by leveraging our extensive network of international partners."

Govt clears 31 electronics component mfg projects

₹7,877 Crore Investment Targets Chips, Camera Modules, Circuit Board Materials

Ashish Sharma
@timesofindia.com

New Delhi: Govt has approved another 31 applications, involving proposed additional investments of Rs 7,877 crore under the Electronics Components Manufacturing Scheme, or ECMS.

The projects will manufacture products, including printed circuit boards, camera modules, optical transceivers, electronic enclosures and materials used to make components.

Facilities being set up by Kaynes Technology, Dixon Technologies, Wipro and Motherson are expected to begin operations over the next months, electronics and IT secretary S Krishnan told reporters.

Krishnan said work had started on several approved projects, with some facilities now nearing the production

stage. Govt has worked to accelerate project approvals and ensure that companies commence production quickly, he added.

"The writing is literally on the wall in terms of the projects grounded, work commenced, and where production in the electronics sector is truly picking up."

The ECMS was notified in April 2025 with an incentive outlay of Rs 22,919 crore. Govt later raised the allocation to Rs 40,000 crore after the scheme received strong interest from Indian and global manufacturers.

The ECMS has so far attracted approvals for 106 projects spanning nearly 30 product segments and 15 states. Together, these projects have committed Rs 89,548 crore in investment, already exceeding the programme's initial target of Rs 39,550 crore. Krishnan revealed that

Kaynes is expanding its capabilities in printed circuit boards and associated materials. Dixon is investing in components used across smartphones and other electronic products in Noida, while Wipro's approved project will manufacture laminates, a key base material for printed circuit boards. Motherson, an advanced manufacturing firm in Chennai, is expanding its mobile phones, IT hardware and related devices.

India has established significant capacity in finished electronics manufacturing, led by the rapid growth of smartphone assembly and exports. Much of the underlying component and material supply chain, however, remains outside the country. The continued reliance on imports restricts domestic value addition, despite the increase in overall production.

Distributors seek storage norms for dark stores

Supriya Roy
@timesofindia.com

Bangaluru: The All India Consumer Products Distributors' Association (AICPD) urged the Food Safety and Standards Authority of India (FSSAI) to prescribe minimum storage space for quick-commerce dark stores based on the number of products handled at each facility.

In a letter to Union health minister J Nadda, AICPD proposed that the minimum floor area be calculated at 0.35-0.40 sq ft per stock-keeping unit (SKU). Under its formula, a dark store handling 65,000 SKUs would require about 23,000-26,000 sq ft.

The federation said the proposed area would accommodate storage racks, aisles, receiving and dispatch operations, picking and packing, quality inspection, sanitation, ventilation, crowd control access and emergency movement. AICPD claimed many dark stores stock 60,000-70,000 SKUs in congested premises, creating risks such as unsafe stacking, poor ventilation, inadequate cleaning and pest control, and insufficient separation of food and non-food products.

It also alleged that some facilities operate from inadequately insulated tin-sheet structures, where excessive heat could affect temperature-sensitive products and increase the risk of food deterioration.

Qcomm distributors want bigger dark stores to reduce overcrowding and improve food safety, after recent inspections flagged hygiene lapses

The federation has asked FSSAI to validate its methodology and constitute an expert committee comprising regulators, food technologists, warehouse specialists, public health experts, consumer groups and industry representatives. Citing media reports, AICPD said Maharashtra FDA inspected 66 establishments and suspended 14 food businesses linked to Blinkit, Zepto and Swiggy Instamart. It said the repor-

ted violations involved storage, temperature control, cleanliness, pest management and worker hygiene. The federation also referred to a viral video that allegedly showed a rat inside an ice cream storage crate at a Blinkit outlet in Kalyan.

"Quick commerce may promise delivery in 10 minutes, but food safety cannot operate on a 10-minute business model. Consumers should not have to become food inspectors checking dates, packaging and storage conditions," AICPD national president Dhairyaishil H Patil said.

AICPD has sought a separate chapter governing quick-commerce dark stores under the Food Safety and Standards (Licensing and Regulation of Food Businesses) Regulations, 2017. It proposed that each licence specify the approved storage area and maximum SKU capacity. The federation also called for surprise inspections, temperature and humidity monitoring, digital inventory records, annual audits and penalties for exceeding approved storage capacity.

New office mantra: Fewer meetings, smarter spending, higher productivity

Continued from page 1

Sources told TOI that Accenture's new office mantra has been to reduce the number of employees in functions including administrative services, IT and finance. Deloitte also plans to eliminate its \$50,000 reimbursement benefit for adoption, surrogacy and IVF treat-

ment. In 2027, for a segment of its workforce. Paid family leave will be reduced to eight weeks from 16 weeks. The company has also been asked to avoid any unproductive meetings, for that would be a drain on productivity and working hours.

At Google, the software major SAP internal travel has been paused across the company as part of a broader spending squeeze. Customer support level is slated to be cut to 3% of all in AI programme and mission-critical AI training will continue. SAP is also reintroducing its Spend Council process through its procurement organisation to tighten oversight of external spending. Bengaluru hosts SAP's largest R&D centre globally, with 17,000 technologists contributing around 40% of the company's worldwide R&D activities.

At HSBC India, employees who record three consecutive absences are reportedly losing access to the cab-banking facility, with reinstatement requiring managerial intervention. The trend is also curbing repeated bookings where employees fail to turn up. The controls are intended to ensure responsible use and ensure fair access. The trend is also playing out globally. According to a Business Insider report, Deloitte plans to scale back several employee benefits, with greater focus

on business relevance, governance and workforce productivity," said Karishma Parikh, VP-HR, Aditya Birla Financial Group. "Travel is being looked at more closely based on business criticality, while fuel reimbursements are being reviewed based on business criticality at the same time, there is a sharper focus on

how effectively employee time is being utilised." Anjali Raghuvanshi, chief people officer at Randstad India & Global Capability Centre, said companies were moving from blanket cost-cutting to "productivity-led" reviews. "The organisations that navigate this well will move from a 'cost-cutting' mindset to a 'value optimisation' mindset," she said.

High-level committee on banking reforms 'soon': FM

Times News Network

New Delhi: Govt will "soon" announce the high-level committee on banking reforms, finance minister Nirmala Sitharaman said Monday at the congressional level 12 public sector banks (PSBs) and public financial institutions, while lauding the sector's improved asset quality. She also emphasised that the future of the king must "reflect" the aspirations of India's youth.

The high-level committee was announced by Sitharaman in budget



2026-27 to review the sector's alignment with India's growth goals. A senior finance ministry official indicated the high-level panel may see the light of the day by the end of this month. The finance minister also said the deliberations from the two-day conclude shall provide inputs to the high-level committee on banking for Viksit Bharat.

"Sooner the committee will be announced and the material that you are discussing from [the] two-day discussions on the basis of a well-researched set of documents, which have been shared with you in advance, will hopefully provide the substance to the committee to also look at," said Sitharaman.

Four of the seven themes were taken up for detailed deliberations on the industry's regulatory, banking for youth, supporting the investment cycle and global capability centres (GCCs).

protection against certain types of cyber threats. The company said Yukt has shown promise in developing error-corrected logical qubits.

Foundry aims to make India self-reliant in quantum computing hardware

It will also produce peripheral chips and sensors required for quantum computers. QpiAI has so far fabricated four QPUs: the 8-qubit Qvidya, 25-qubit Indus, 64-qubit Kaveri and 9-qubit Yukti. While the first three use transmon qubits, Yukti uses fluxonium qubits, a superconducting architecture designed to offer greater

much of the global quantum industry. The foundry is significant because it brings more of the quantum hardware manufacturing process within India, reducing reliance on overseas fabrication

protection against certain types of cyber threats. The company said Yukt has shown promise in developing error-corrected logical qubits. Nagendra Nagaraja, CEO and founder of QpiAI, said the manufacturing capability was central to the company's plans to build large-scale quantum systems. "QpiAI has a larger road map for quantum supremacy. Centres, which will host error-corrected QPUs along with clusters of AI processors to form highly effective and efficient hybrid quantum-AI data centres. To enable this larger ambition, reach 10,000 physical qubits and eventually connect multiple QPUs in clusters to form 10,000 logical qubits, the quantum foundry is absolutely essential," he said.

The foundry, which QpiAI describes as Asia's lar-

OPTIMISING FOR VALUE

- Companies are scrutinising meetings, travel, leave and reimbursements to boost productivity and control costs
- HR reports say firms are focusing on business-critical spending and employee utilisation
- Accenture extends leave carry-forward to a year, encouraging employees to defer vacations through a critical

- year-end business period
- SAP pauses most internal travel, while allowing customer-facing and AI-related trips to continue
- HSBC tightens cab-use rules, with repeat no-shows risking suspension of transport privileges
- Deloitte, Zoom scale back Perks leave privileges for employees in the US



FCNR(B), Nothing Magical About It

RBI must tweak, not ditch, its crisis playbook

A special window to raise bank deposits from the Indian diaspora at sweetened interest rates has been so successful that it is being shut ahead of schedule. Technically RBI will stop a dollar-rupee forex swap facility to banks for fresh FCNR(B) deposits of 3-5-yr tenor. The facility was provided from June 8 till September 30, but will now be switched off on August 31. Banks have till Sep 11 to execute their swaps with RBI. The special elements of the scheme are that RBI — not banks — will bear the currency risk, the fresh FCNR(B) deposits are exempt from bank liquidity requirements, and banks have more elbow room in deciding the interest rates offered for these deposits.

The response to similar special offers to NRIs saving some of their income in India has been enthusiastic. This time, too, expectations were that the attractive deposit rates would draw in forex deposits above the desired objective.

Since the drawdown in forex reserves since the outbreak of the Iran conflict was modest, the special deposit window was designed appropriately. It turns out that RBI erred on the side of caution and is making suitable adjustments. These adjustments are necessary because of liquidity considerations.

An injection of dollars into the banking system will require compensatory liquidity absorption through RBI's open market operations. With an anticipated range of special FCNR(B) deposits, the policy response should not need to deviate much from the central bank's monetary policy stance. At the end of its latest monetary policy meeting on Aug 5, RBI had indicated it was not planning to close the special window before schedule. Some policy assessments were altered between then and Aug 14, when RBI announced the premature withdrawal. The apex bank's strategy of tapping diaspora deposits with sweeteners during extreme currency movements is well established. Since every global crisis is unique, RBI needs to fine-tune its crisis response accordingly without straying too far from the playbook.



Pay Heed to CAG Red Flags on Infra

The latest CAG report on Indian Railways delivers a reality check: drinking water at major stations tested positive for E. coli and coliform bacteria, indicating faecal contamination. This is textbook failure of basic oversight. Contamination occurs when leaking sewage lines cross-contaminate cracked water pipes, storage tanks go uncleaned for months, or filtration and chlorination systems fail. The audit revealed that over half the tested samples failed residual chlorine standards, while routine bacteriological testing was skipped at dozens of stations.

Systemic neglect is hampering too much of our public infrastructure. In south Delhi's Saket, police filed a charge-sheet finding that illegal construction and substandard materials caused a 5-storey building collapse. Together, these stories reveal the gap between our aspirations and some of our infra-realities. A nation chasing developed economy status has to cease to tolerate corrupt execution and weak accountability. We celebrate joining the ranks of the world's top economies. But an expanding GDP means little if a citizen cannot drink tap water at a railway station without risking infection, or enter a building without fearing it will crumble.

It's not that India can't deliver top-notch infrastructure. Under its 'Drink From Tap' mission, Odisha transformed Puril and parts of Bhubaneswar to supply certified potable water 24x7 directly to household taps. Yet, such successes remain exceptions. With the 2030 deadline for UN SDGs approaching, the final report card will arrive sooner than we think. When international assessment begins for SDG 6 (clean water and sanitation) and SDG 11 (sustainable cities and communities), concealing the gaps would be difficult.



JUST IN JEST

Digital India is all very fine, but scratch a statue's surface and...

India, Maybe Enter The Bronze Age?

India's unstoppable march toward Viksit Bharat hit a puddle last week in Korba, Chhattisgarh, where rains rudely exposed two things: one, that a statue of Atal Bihari Vajpayee, proudly billed as bronze, was, in fact, made of cement daubed with bronze paint; two, that people are fine with things looking hunky-dory on the surface, and would rather not have anyone scratching it to expose anything awry. But rain can hardly be bunched in the same category as troublemakers. So, the discrepancy between the ₹34-lakh 'bronze' statue and what was actually standing (in fact metal) had to lead to someone being hauled up. This case, it's reportedly a supervising sub-engineer.

Perhaps we can read this embarrassing episode as a telling sign from the late PM as to how to move India from the Tinsel Age to a genuine era of progress, via a real Bronze Age. Indus Valley had soft river stone seals. Mesopotamia had mud brick ziggurats. Modern India has bronze-y statues that dissolve in the rain. Had the skies been kinder, the deception might have endured, the statue standing as a decent simulacrum of bronze respectability. But monsoon rains could not be in league with conspirators conspiring to give India a bad name, revealing what auditors and watchdogs would rather not: that development dreams rest on foundations as fragile as plaster and feet of clay.

Closing auction reform is sound, but its success depends on participation, not more regulation

It Won't Draw A Bank

When Turning Up Counts

Rachana Baid & V Shunmugam

On August 3, India introduced the closing auction session (CAS) mechanism, a market structure reform aligned with global standards. For stocks with derivatives, the final daily price is no longer calculated using a 30-min volume-weighted average. Instead, all orders placed between 3:20 pm and 3:30 pm are pooled, and a single closing price is established based on the point where the highest volume clears.

Closing auctions lower trading costs, sharpen price discovery, and make raising capital cheaper for companies. Key to making the mechanism effective, however, is broad participation, which is voluntary. A 2003 study 'A Closing Call's Impact on Market Quality at Euronext Paris', found that execution costs decreased and price discovery improved following the introduction of a closing call in 1996 and 1998, primarily for mechanical reasons. In continuous trading, large orders cross the spread and walk the book, incurring progressively higher costs with each share. Conversely during an auction, all orders clear at a single price.

But a 2005 study 'Opening and Closing the Market: Evidence from the London Stock Exchange', found that after a closing call was introduced to its Stock Exchange Electronic Trading System (SETS) order book in May 2000, even as auction improved price discovery relative to the dealer system, it struggled to clear smaller, less-liquid stocks. The study attributed this to the externality of a 'thick' market — an auction works only if participants expect others to be present. In thin markets, traders avoid participating, fearing a lack of counterparties. The fault lies not in design but in lack of attendance.

India's data indicates that on MSCI rebalancing days, 73-83% of trading in impacted stocks takes place during the last half-hour. Volatility during these periods is 2x-4x higher than the rest of the day. The difference between reference price and the close ranges from 61 to 404 bps. FPIs account for 56-60% of traded value, proprietary desks roughly 17%, retail investors around 11%, and domestic MFs 8-9%. Meanwhile, the industry most dependent on an accurate closing value appears to be acting as a bystander.

So, what specific actions can each type of fund perform within its legal framework? Hedged funds For starters, there are hedged derivatives, which held about ₹1.4 lakh cr as of June. An arbitrage fund is required to keep its equity exposure fully hedged. It must be long on stock in cash and short on the same stock in futures. This requirement enables it to sell into buy-heavy auctions. It owns the shares, and unwinding the hedge is its primary activity. This allows it to provide the sell side without shorting any stocks.

Now that the derivative window is open, 40 pm, and stock derivatives settle based on auction price, both legs of the transaction settle at a single price. Equity savings funds follow the same hedged approach.

Balanced advantage funds These funds can adjust their equity exposure within a broad range on any given day. This flexibility allows them to respond to supply short-

falls in the auction by buying during a sell-heavy close and selling during a buy-heavy close, framing these actions as normal asset allocation, rather than opportunistic trading strategies.

Active equity funds These funds don't require additional regulatory approvals for such moves. For example, a flexi- or multi-cap fund planning to reduce a position can place that order at market close instead of executing it gradually throughout the day. A cash-holding fund can do the same. Value, contrarian and dividend-yield funds have the strongest case for this approach, since buying what index funds are selling directly aligns with their core mandates.

The ceiling is equally real and serves as a firm regulatory limit. No domestic fund engages in naked short selling.

Passive funds These funds typically hold almost no cash to facilitate purchases. However, Sebi has proposed allowing them to borrow overnight against auction positions.

For funds, benefits are clear: executing large trades at transparent prices with minimal market disruption, the primary reason regulators favour auctions over block deals. This supports accurate evening net asset values (NAVs), while Sebi's push to expand auctions beyond derivative stocks will reward agile funds with broader liquidity.

Adopting global standards is meaningless without active participation. By mid-2025, passive capital reached ₹20.2 lakh cr for foreign investors (29% of their Indian equity holdings), and ₹9.18 lakh cr for domestic funds. Because passive money trades against closing prices, an effective auction allows global allocators to size up India without penalising it for execution risk. We know what happens when an auction lacks turnout. Domestic funds can ensure that someone actually shows up.

Baid is dean, National Institute of Securities Markets, and Shunmugam is partner, M&P&B



Ashish Gupta

Brush Up on Teething Pains

Elsewhere, passive funds are becoming more predominant in India. Over 20% of domestic MF assets under management (AUM) and 30% of FPI AUM are estimated to now be contributed by passive (index and ETFs). In the US, they are already at 55%, and their share is growing.

For passive investors who benchmark themselves to the official closing price, the absence of a closing auction resulted in tracking error and execution challenges. Closing auction session (CAS) is an important parameter in most benchmark, and almost every major market has one. So, questions on the transition to CAS are not a question of 'if' but 'how'.

The initial days since its implementation on August 3 have been

tion paper in August 2025 incorporating the feedback. The exchanges also held mock trading before implementation.

But any market reform has a learning curve and calls for a change in trading behaviour. In any new market mechanism, participants (especially retail traders and smaller brokers) take time to adapt. Even institutional players need time to recalibrate.

The existing market structure naturally created trading and business opportunities for arbitrage funds and traders around the closing Vwap. The new market design presents changed opportunities that they can leverage instead. Algorithmic trading will eventually be written, and the 'MOC' culture will seep into domestic funds. Areas that need to be addressed are the low auction participation levels we have seen initially. It is something everyone should work to improve, because liquidity is fundamental to the success of any auction.

The auction window of 3:15-3:30 pm only partially overlaps with derivatives trading, which runs until 3:40 pm, and for a period the derivatives market is blind to cash market prices. This creates basis gaps between cash and futures markets, which are keeping some players away. The timing gap created by derivatives trading being open till 3:40 pm needs to be critically examined.

Sebi needs to facilitate the participation of domestic arbitrage funds in the derivatives market during CAS timings by ensuring adequate disclosure of order imbalances and reference prices. Brokers have, since the first day, improved disclosure of order imbalances to their clients. Persistent price differences should also not exist between the continuous market and CAS. Cash and derivatives are economically linked, and calls to exclude derivatives settlement from the CAS closing price are unwarranted. If derivatives settle using the cash closing price, then that settlement price should itself be robust and transparent. Possible, particularly given the fact that open interest in options on expiry day is several times that of the cash market.

Even under Vwap, the system was vulnerable to manipulation via 'bang-the-close' tactics, where large players could distort prices in the final minutes to benefit derivatives positions or MF NAVs. There had been some discomfort among market participants with market activity at the close (even with Vwap) on certain expiry days and on some rebalancing days. There have been murmurs that some closings were either unnaturally less volatile or too volatile.

Even as Sebi followed a consultative process, in hindsight, implementation could have had a phased rollout, starting with Nifty 50 rather than all 2,000+ F&O stocks. This would have prevented the 'index aberration' that saw the Nifty and Sensex trade at different prices in the final minutes. Changes often after existing business models and initially create uncertainty. History, however, also shows that more efficient, transparent and robust markets ultimately attract more participants, deepen liquidity and expand the overall market.

The writer is former CIO, Axis AMC



THE SPEAKING TREE

Plant An Idea

SWAMI SUKHABODHANANDA

A teacher gave two students one seed each and said, 'Plant it, nurture it, and come back after the tree has grown.'

The first student was highly analytical. Before planting the seed, he began researching. He studied the chemistry of soil, ideal amount of sunlight, rainfall patterns, seed genetics, fertilisers, irrigation methods and the latest agricultural technologies. He could explain everything about the seed — except how to grow it.

The second student had no background in agriculture and possessed very little technical knowledge. But he planted the seed. He made mistakes. At first, he gave it too much water. Then he gave it too little. He planted it in the wrong place. Then, he experimented with the soil and struggled to protect it from insects. Some leaves turned yellow. A few branches died. But he kept observing, correcting and learning. Slowly the seed began to grow.

When the teacher returned, the first student presented an impressive research paper on the potential of the seed. The second student stood beside a living tree.

This is the difference between knowledge and experience. Knowledge studies possibility. Experience acts on possibility. A true entrepreneur does not wait until everything is perfectly understood. His errors do not merely become failures; they become data. The lesson is not to reject knowledge. It is to combine knowledge with experimentation. A seed does not grow because you understand it. It grows because you plant it, nourish it and stay with the process. In leadership and entrepreneurship, clarity often comes after action — not before it. Do not merely study the seed. Plant it.



PARANORMAL ACTIVITY

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Protest's Fire, But Enter the Ring

Identified as shying away from participation in the electoral process is the youth, belying the promise behind the Constitution's 61st Amendment, which lowered the voting age from 21 to 18. This shift stands in stark contrast to women, who have moved ahead of men in voting numbers over the last decade, in both national and state elections.

Youth as a voting community is less demarcated than women, and less homogeneous. Political parties have not yet sharply designed their agendas for young people, as they have done for women, whether through welfare or freebies. The electoral process and its management will need targeted reforms to involve them, while political parties have significant catching up to do.

The EC has, in recent years, made efforts to engage with youth: creating campus ambassadors, fostering electoral literacy clubs, building electoral education into curricula, partnering with youth forums, roping in youth icons, etc. Addressing youth disconnect was among the primary objectives behind the starting of the Systematic Voters' Education and Electoral Participation (SVEEP) programme. New voters now have two additional dates in a year, besides January 1, for registration.

Following changes to the Representation of the People Act in 2022, Politics and elections have remained largely the preserve of elders, with only a smattering of young people in the fray. Parliament has grown older over the years, with the average age of MPs rising from 46 yrs in 1952 to 56 in the current Lok Sabha — almost double India's median age of about 29.2 yrs. While voters in the 18-35 age group constitute about a third of India's over 900-million electorate, Parliament houses only about 36 MPs.

The EC could do more to remove obstacles in the way of youth participation, both as electors and candidates. Political parties could do much more internally to pass on leadership to the youth and field young candidates, rather than meeting them only at protests.

Parties need to remodel their agenda, following changes to the Representation of the People Act in 2022.

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das to match the aspirations and anxieties of Gen Z and Gen Alpha. What typically does not figure in political campaigns are issues concerning the quality of education and fairness of exams, the inductive nature of academic pursuits, and, not least, careers lost amid galloping technology in a xenophobic world. References to unemployment in party narratives are, less happily, political, without any experiential deep dive. Free and fair elections could become a more participatory narrative for India to take forward their ideas, for themselves and for India.

It is a strategic call, both personal and collective, for the younger generation to step up to the plate. Institutional absorption of youth in decision-making can pre-empt post-protest frustration. Youth must build beyond Junior Master to the polling arena. An electoral march is a different game and can be more challenging. Nations worldwide face a paradox: the new generation's critique of the status quo sits uneasily alongside its growing alienation from the constitutionally laid path of democratic representation. By becoming a stronger part of the participatory narrative, democratic process through elections, youngsters can have a greater, longer and deeper impact on their nation's policies.

The writer is former CIO, Axis AMC

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Akshay Raut

After the recent student protests in Delhi and other cities, 'harshad' is witnessing a similar wave of youth unrest. What needles the young most is not being heard but merely being spoken to. Exclusion from a two-way conversation breeds disenchantment, which can turn into disenfranchisement.

Digitalisation has created a new camaraderie of restlessness among the youth. But this is no political consolidation, even if the outcome is political. Protesters demand or two, but lack the continuity or authority to bring about change. For this, the best available system is still elections. That is why India's young should increasingly turn towards elections if they wish to have more questions answered.

Dissent through protests is undoubtedly part of the democratic toolkit. But aspirational movements seeking policy influence need to move through electoral politics. Political activism, at best, sensitises society to an issue. It is not the answer per se. Which is also why it is ironic that one of the prominent categories



Make it political

Translated from Spanish by Megan McDowell

Chat Room

Nothing Precedes Like Succession

Apropos 'Twist in Tata Tests India Inc's Succession Script' by Anirban Basu and Live Philip (Aug 16), N Chandrababu Naidu's decision to step down after 9 yrs has exposed a succession-planning gap at Tata Sons, leaving it in a bind. It is a twist in the tale of a leader for an organisation that is considerably more complex than it was in 2017. For now, the first and foremost challenge being faced by Tata Sons is a possible market listing, prompted by RBI's regulations, posing an existential dilemma that could fundamentally change how the Tata Group's holding firm runs the country's largest conglomerate. Ballooning losses in private held new businesses, including Air India and Tata Digital, is another challenge. Tata Trusts, therefore, must set up a selection committee to look for a successor soon after.

Pradeep Kumar

Surat

Incremental investment

India needs reforms on multiple fronts

The new working-paper released by the Economic Advisory Council to the Prime Minister (EAC-PM) highlights a central weakness in India's post-pandemic recovery. Corporate profitability has revived much faster than investment. Profits before interest and tax (PBIT) grew 21.4 per cent in 2023-24, while gross fixed assets rose just 6.1 per cent, creating a 15.3 percentage-point gap. Investment has recovered from the pandemic shock, but the recovery remains weak. This matters because the investment decision depends less on profits earned on existing assets than on the expected return on the next unit of capital. The paper finds evidence of downward pressure on investment from declining marginal profitability. Firms can remain profitable on their existing asset base while postponing fresh capex if new capacity is not expected to generate comparable returns. Greater competition from domestic firms and imports, global industrial overcapacity, and the possibility of faster technological obsolescence are among the factors the paper identifies as possible contributors.

India does not simply need policies that induce firms to spend more; it needs policies that make productive investment more profitable. In this context, a recent NTPI Aayog-Crisil road map for turning India into a global manufacturing hub identifies 12 sectors with potential for global leadership, and stresses scale, infrastructure, technology, skills, domestic value addition, and deeper integration with global value chains. India's manufacturing share has remained broadly stuck at 16-18 per cent of gross value added for two decades, while logistics and infrastructure gaps, fragmented micro, small and medium enterprises, and limited economies of scale continue to constrain competitiveness. Cluster-based manufacturing can address some of these constraints. Integrated industrial parks with shared utilities, logistics, testing facilities, and streamlined approvals can lower fixed and operating costs, facilitate supplier linkages, and help firms achieve scale. Tariff rationalisation too must be part of this effort. High duties on imported intermediates and components raise the cost of domestic production and act as an implicit tax on exports. In modern manufacturing, where production is spread across countries, access to competitively priced intermediate inputs is essential for participation in global value chains. A simpler and lower tariff structure would, therefore, strengthen the case for manufacturing investment by reducing input costs and improving export competitiveness.

The argument about global value chains is especially important. India's share in global manufacturing value added rose from about 1.5 per cent in 1995 to 3.2 per cent in 2023, whereas China's rose from about 5 per cent to nearly 32 per cent. Clearly, firms need access to large export markets, reliable suppliers, technology and scale. Recent trade agreements will translate into limited gains unless domestic tariffs, logistics and investment conditions allow Indian firms to plug into global production networks. Technology capability also needs attention. The EAC-PM paper points to the absence of highly innovative "superstar" firms as one reason why the earlier investment spike has not returned. India's gross expenditure on research & development was only 0.6-0.7 per cent of gross domestic product in 2025, compared with roughly 3.45 per cent in the United States and 2.58 per cent in China. The objective should be not to subsidise capex indefinitely. Instead, durable private investment will emerge only when firms see sustained commercial returns.

Parliament's democratic deficit

Disruption & hastily passed laws reflect poorly on MPs

Over the years, the functioning of Parliament has been marked by so many disruptions and walkouts that these events have ceased to make the headlines. But the fierce polarisation in national politics is badly affecting productive governance, which is the hallmark of a healthy democracy. Nothing reflected this better than the productivity record of the just concluded monsoon session of Parliament. According to PRS Legislative Research, the Lok Sabha functioned for 17.5 hours, or 15 per cent of its scheduled time, and the Rajya Sabha for 3.4 hours, or 33 per cent. This makes this one of the least productive monsoon sessions in a decade. Yet, 12 Bills were passed in these truncated working-hours, many of them with no or minimal debate, raising questions about the scrutiny to which these laws were subjected.

Many of these Bills involved issues that are still being contested in the public discourse. For instance, the Public Examinations (Prevention of Unfair Means) Amendment Bill, 2026, sought to strengthen punitive measures against exam paper leaks, prompted by youth protests in New Delhi. The Mines and Minerals (Development and Regulation) Amendment Bill, 2026, concerned a consequential change in mining tax laws, and the Taxation and Other Laws (Amendment) Bill, 2026, involved an enabling provision to put a charge on Unified Payments Interface transactions. If the government relied on its majority to bulldoze some of the Bills, the Opposition chose to exercise its option in an extra-parliamentary manner.

The fact is that members of Parliament (MPs) of opposing parties now routinely talk past each other. No heed was taken of the Opposition critique that the public exam Bill did not address the systemic flaws. Equally, no MP chose to object to the move to curb states' rights to state capital. These Bills could well have been referred to a joint parliamentary committee (JPC) as was done in the case of the foreign contribution Bill. But this critical institutional mechanism for greater scrutiny and consensus is being sparsely used. The PRS Legislative Research data shows that the proportion of JPC referrals dropped from 60-71 per cent in the 14th and 15th Lok Sabhas to 16-25 per cent in the 16th and 17th Lok Sabhas. The session began with 30 pending Bills. Despite the 12 Bills passed, the legislative backlog did not improve much.

It is worth noting that the current Opposition is not deviating from an unhealthy norm. When the Bharatiya Janata Party was in Opposition, it too, fully flexed its disruptive powers. In the 2010 winter session, parliamentary productivity fell to its lowest ever with the Lok Sabha and Rajya Sabha utilising 5 per cent and 2 per cent of their scheduled time, respectively, for legislative business. The reason was the 2G telecom spectrum controversy indicting the United Progressive Alliance's spectrum allocation policy and demands for a JPC probe. The cycle of non-constructive opposition diminishes the credibility of legislative democracy. The emergence of pressure groups such as India Against Corruption and the Cockroach Janta Party to reflect citizens' real concerns is a symptom of this deficit. India's MPs urgently need to get back to business.

The impossible trinity, revisited

Large interventions across markets call for greater coherence in the RBI's policy framework

ILLUSTRATION: BINAY SHINHA



The Reserve Bank of India says it does not target any level for the dollar/rupee (USD/INR) exchange rate and intervenes in currency markets only to curb volatility. However, its foreign exchange (FX) intervention is often on such a scale and so sustained that it influences not just volatility, but also the path of the exchange rate. What, then, guides the RBI's intervention?

Separately, outside the Monetary Policy Committee (MPC), the RBI at times intervenes heavily in bond markets and manages bank liquidity to facilitate monetary policy transmission. The external-sector consequences of such intervention get little explicit attention.

One way to bring greater transparency and objectivity to interventions across markets would be to incorporate the trilemma into policy deliberations, recognising the interactions and trade-offs between interest rates, capital flows, and exchange rates.

The scale of FX intervention

Over the last 10 years, across spot and forward markets, the RBI's net annual currency intervention has averaged about \$60 billion, or 2 per cent of gross domestic product (GDP).

During FY21 and FY22, when India's balance of payments generated surpluses, the RBI net purchased \$157 billion. That effectively put a floor on the exchange rate.

In contrast, the RBI sold a significant \$118 billion in FY25, helping restrict the rise in USD/INR from 83.50 to 85.50.

Between April 2025 and February 2026, the RBI sold another \$37 billion, even as USD/INR moved up to 91. Following the outbreak of the Israel war, the RBI sold a further \$37 billion in March 2026 alone, with USD/INR eventually ending the month around 93.50. The RBI's continued interventions and policy actions eventually allayed concerns of a disorderly USD/INR move beyond 100.

Such interventions were not necessarily incorrect. But when sustained at this scale and over such timeframes, it inevitably influences currency levels, not just volatility.

A formal inflation-targeting framework brought greater objectivity and transparency to monetary policy. Similarly, a better articulated framework around currency intervention could improve trans-

parency and reduce any speculation around the political economy of any intervention.

The trilemma provides a ready basis for introducing such a framework.

The trilemma applies to the RBI

India's interest-rate policy extends beyond the MPC setting the repo rate. The RBI also intervenes in bond markets and modulates banking liquidity to facilitate monetary policy transmission.

During FY26, India's net government debt across central and state government bonds and Treasury bills grew by ₹17.8 trillion. About ₹10.6 trillion was net purchased by banks, insurers, and pension and provident funds, which have regulatory obligations to buy such bonds. The RBI's own holdings net increased by the remaining ₹7.2 trillion, thus accounting for a substantial 40 per cent of the incremental government debt. There was negligible net demand from discretionary savers.

The RBI's large bond purchases and liquidity operations helped keep repo-denominated interest rates below levels that might otherwise have been required to attract discretionary savings. The benchmark 10-year India-United States government bond spread consequently averaged just 235 basis points during FY26, a multi-year low.

As argued previously in these columns, this had consequences beyond bond markets. Low headline fixed-income returns, exacerbated by taxation, pushed discretionary savings away from debt and into domestic equities, causing pockets of overvaluation there. Low interest-rate differentials also compressed USD/INR forward premia, making it cheaper to hedge and speculate against the rupee. All this likely deterred foreign investments and incentivised outflows.

The outcomes illustrate this. During FY25 and FY26, the RBI net sold \$192 billion. The cumulative current account deficit together with net foreign direct investment and foreign portfolio investment flows accounted for only \$75 billion of this demand. The remainder likely reflected dollar demand from hedging and speculative positioning.

The RBI's significant intervention in interest rates may have contributed to external pressures, necessitating intervention there as well. Greater consider-

ation of the trilemma might have suggested a more calibrated policy mix across policy rates, liquidity management and bond market intervention.

A framework, not exchange-rate target

Several inflation-targeting central banks, including the European Central Bank, the Reserve Bank of Australia, the Bank of England, and the Bank of Japan consider global monetary and financial conditions. Interest-rate differentials and exchange rates while assessing monetary-policy choices. This neither dilutes the primacy of domestic monetary objectives nor implies targeting exchange rates. It simply recognises important constraints and transmission channels.

The distinction is particularly relevant for RBI actions outside the MPC. Under current statutory mandate, the MPC must set the policy rate to achieve the inflation target. Large RBI interventions outside the MPC, across liquidity, government bonds and FX, should however explicitly consider their impact on interest-rate differentials, capital flows and exchange rates.

An FX framework cannot involve mechanical rules. The RBI must retain discretion to address disorderly markets that threaten financial stability. But discretion need not mean opacity. Broad principles could outline when large-scale intervention may be warranted, and how its interaction with monetary conditions and capital flows is assessed.

Allowing the trilemma to operate

For now, the RBI has eased the trilemma by attracting three-to-five-year foreign funds through its heavily subsidised FX-swap window. Low post-tax returns for domestic fixed-income savers partly contributed to external pressures. The fallout is being addressed by providing subsidies to non-resident Indian depositors, overseas lenders, and domestic banks and select borrowers.

Even this does not eliminate the underlying trilemma. Funds raised through the swap window will keep domestic interest rates below levels otherwise needed to attract discretionary savings. The more durable solution is to address the need for such intervention.

As argued earlier in these columns, lower taxation of fixed-income returns and capital gains could attract more discretionary savings into deposits and debt markets without requiring higher pre-tax rates. This would allow interest rates to be sustained by willing savers and ensure, in turn, that domestic equity valuations are sustained by risk-based asset allocation. This would help better attract net foreign investment across asset classes.

None of this requires the RBI to target USD/INR or dilute domestic monetary objectives. It only requires recognising that interest rates, capital flows and exchange rates are interconnected.

The impossible trinity cannot be wished away. Recognising the trilemma, particularly when undertaking large interventions, should foster greater coherence, transparency and discipline.

The writer is a former wholtime member of Sebi. The views are personal

Judging the RBI by the wrong rule

According to several commentators, the Reserve Bank of India needs to bring about radical changes in its monetary policy conduct. At the minimum, it must change its rate-setting approach. It might even need to abandon inflation-targeting altogether. Are these claims valid?

Their argument, in essence, runs like this. Ever since the RBI adopted inflation targeting, real interest rates have stayed far too high, thereby undermining economic growth. This has happened because the RBI follows a flawed approach: It sets rates on the basis of past inflation, even when price pressures are already on the cusp of dissipating.

These are strong claims, and they deserve careful scrutiny. Let's start with the main one: Inflation targeting has biased the RBI towards a tight monetary policy. The data says otherwise.

Since the RBI adopted inflation targeting in 2015, the real repo rate (nominal repo rate minus headline consumer price index-based inflation) has averaged just 1.1 per cent (see chart). This is strikingly low for a country growing as rapidly as India. It is also below the neutral rate that the RBI itself estimates at 1.5-2 per cent. And it has been too low to achieve the 4 per cent inflation target, given that inflation, since 2015, has averaged 5 per cent.

Why, then, have commentators been complaining about high real rates? That is because some periods have seen real rates exceed 2 per cent, including recently. In 2025-26, the real rate hit 3.5 per cent.

Could this have occurred because the RBI's framework focuses only on past inflation, as the commentators claim? Vaishali Garga of the Boston Fed and I analysed the data thoroughly (Garga V and Sengupta, R, "Do Actions Match Words? Reassessing the Taylor Rule in an Emerging-market Context", Federal Reserve of Boston Working Papers, August 2026). We found that the RBI does consider past inflation when

setting the repo rate. But it also puts considerable weight on its inflation forecast — exactly what inflation targeting requires.

The problem, then, is not the framework. It is the accuracy of the forecasts. If the inflation forecast is too high, the real rate will be too high as well, and this is what happened recently. In its April 2025 monetary policy statement, the RBI's forecast of CPI inflation for 2025-26 was 4 per cent. Actual inflation came in at 2 per cent. The RBI did not revise its forecast down to that level until the December statement. A wrong forecast, acted on in good faith, produces exactly the outcome commentators point to: Real rates that turn out, in hindsight, to have been too tight — or too loose.

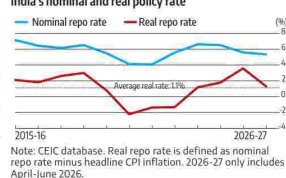
Of course, the RBI knows this. As a result, it is extremely pragmatic. In exceptional periods, when the direction of inflation and growth is relatively more obvious, monetary policy can afford to be more aggressive. For example, when Covid hit, it was obvious that aggregate demand would collapse. So, the RBI was comfortable reducing the repo rate to very low levels. But outside such periods, the RBI has been cautious about reacting to new forecasts, keeping the repo rate in a narrow band of 3.25-7 per cent, tighter than the range of inflation (2-6.8 per cent). This makes sense. When monetary policy is partly forward-looking yet forecasts are error-prone, it is prudent to practise caution.

In summary, it is not correct to assert that the RBI has been biased towards tight monetary policy or that its rate-setting framework is flawed. The real task for the central bank is to improve its inflation forecasts. This is where the debate should move.

Forecasts will never be precise, because the future is always unknown, and it is also true that the global economic environment is unusually uncertain right now. Even so, there are many ways to reduce the size of the RBI's forecast errors.

The real gap

India's nominal and real policy rate



To start with, India's macroeconomic data has well-documented weaknesses, often giving conflicting signals about how the economy is actually doing. Complicating matters further, whenever the statistical agency introduces a new series for gross domestic product and inflation, it does not release much of a back series, leaving the RBI without the historical data it needs to build accurate models of how the new data behaves.

Then, there is the question of household inflation expectations. Existing surveys need better language, because it may not be easy to understand what "inflation rate" means. It is also important to collect data on inflation expectations of firms. Once this is done, deeper research is needed into how inflation expectations actually form and how they feed into longer-term contracts. This will also require better data on wages and rents.

A central bank that sets monetary policy based on forecasts is only as credible as its forecasts. That is where the real work needs to go, not in reworking the case for or against the inflation targeting framework itself.

The writer is associate professor of economics, IGIDR, Mumbai

S Y Quraishi's eventful life



ADITI PHADNIS

Memories are funny things. A place, a smell, even a name can trigger them suddenly taking you back to a different time. S Y Quraishi says, for him, there's little danger of a name starting off a chain of flashbacks because he has such a bad memory, he simply cannot remember names. But his book, a collection of 100 events, both professional and personal, and what they taught him is a poignant account of a full life: 40 years in the Indian Administrative Service

(IAS), several years as one of India's Election Men, and being a Muslim in India.

The book tells the story of a young boy growing up in a highly cultured and educated (but not conservative) family in Delhi's Walled City, a childhood replete with simple pleasures, the most memorable being the run-up to Eid. *Selvi*, the first meal before fasting began was something magical: His mother's *parathas* and *jalebis* eaten before sunrise while the city slept. As a young man, his passion was the guitar (he founded a rock band that endured for many decades) but as he didn't own one, he attempted to build it himself. The first result was a Hawaiian guitar that was "melancholy both in design and sound". His rock band christened Garibaldi and His Three Hairs, was a runaway hit at the IAS academy with Sudhir Mankad, Madhukar Gupta and Deepak Tudu jamming together.

For an IAS officer, the first posting is

the most consequential one in his career. He is the *raja* of the district. Mr Quraishi was sub-divisional magistrate in Sonapat, full of brash confidence, when he observed a gardener doing his work a bit lazily, he reproved him. The gardener, without any thought to offend him, simply said: "Sir, you are my 28th SDM".

Mr Quraishi was mortified and humbled. Since then, he writes, wherever he was posted, he made sure the plaque that mentioned his predecessors was always placed facing him, so that he would never forget his place.

Mr Quraishi describes the most challenging assignment of his career. It was 1997 and India was grappling with the political management of economic reform. Bansilal was the chief minister of Haryana. He held the power portfolio and had sought Mr Quraishi by name to be his power secretary. On offer was a \$600 million World Bank loan — but

obviously with conditions.

Forty-five per cent of Haryana's power went to agriculture. Touch tariffs or subsidies and there would be turbulence. To avoid this, Bansilal opted for two routes: He asked Mr Quraishi to keep the leader of the Opposition, Bharatiya Janta Party's (BJP's) Ramvilas Sharma, informed at every stage; and ordered that booklets be compiled in all languages spoken in Haryana that would answer all questions related to power sector reform. Bansilal lost his job to defections — but unlike Andhra Pradesh, which saw police firing on protesters following Chhabra Naidu's implementation of electricity reform, anxiety was managed in Haryana before the reforms were actually put in place. This taught Mr Quraishi that in sequencing reform, communication is crucial.

Managing politicians is central to



India and I: A Hundred Memories Not a Memoir
by S Y Quraishi
Published by Hachette India
232 pages ₹699

implementing policy. Mr Quraishi recounts with affection his relationship with Sushma Swaraj, who protected and defended him from the charge that he couldn't possibly be a good civil servant — he was a Muslim. Others, he notes, did not step up to the plate when, post-retirement, he commented publicly that the Water Amendment Act was nothing but a ruse to grab Muslim lands. Nishikant Dubey of the BJP attacked him for not being an Election Commissioner but a "Muslim Commissioner". He accused Mr Quraishi of enabling Bangladesh's infiltration during his tenure as chief election commissioner. Mr Quraishi had to fight his charge publicly and on his own. No one from the government felt it necessary to defend him. He cites other incidents where he was viewed through a Muslim lens, not an Indian one.

The book also records his regrets. The most moving one is the account of the way he dealt with a couple who came to him to be married under the Special Marriages Act. "A civil marriage is rarely just paperwork. It usually means conscious defiance of family pressure, social constraint and communal boundaries," he writes. He should have, he says treated the couple — in whose faces he can recall strain, tension but also determination — as people and reassured them for their decision. Instead, he treated them as a "case". "I did what the rulebook required and missed what leadership demanded," he writes.

The book flags some inexplicable policy concerns. He watched his children struggle and believes mathematics should not be compulsory after Class 8. But maybe the way it is taught has something to do with it? He also has strong views on animal rights that might have critics in the current environment of hostility to stray dogs. But overall, this is a wonderful book, for its droll humour, elegant prose and above all, its humanity.

Economy

TUESDAY, AUGUST 18, 2026

IN THE NEWS

'PENSION REFORMS AIM TO MAKE SYSTEM EFFICIENT'



UNION MINISTER JITENDRA Singh on Monday said the government's pension reforms are aimed not only at providing ease of living to pensioners but also at making the administrative system more efficient.

INDIA-ARMENIA DISCUSS DEFENCE COOPERATION



INDIA AND ARMENIA on Monday explored new avenues to bolster defence cooperation and reaffirmed their shared commitment to deepen and elevate ties in the sector. Defence Secretary Rajesh Kumar Singh is visiting Armenia.

Bihar to survey 44 mineral blocks, aims to start ops soon



BIHAR CHIEF MINISTER Samrat Choudhary on Monday said the state government will survey 44 mineral blocks and work towards operationalising them within nine months, asserting that the resources would be harnessed for public welfare and the state's development.

Prez gives assent to Bill to rename Kerala as Keralam

PRESIDENT DROUPADI MURMU has given assent to a bill to rename Kerala as Keralam, with the legislation now becoming a law. The Lok Sabha passed the Kerala (Alteration of Name) Bill, 2026, on Tuesday, followed by the Rajya Sabha the next day. Minister of State for Home Affairs Nityanand Rai said the Kerala Assembly passed a resolution in 2024, urging the Centre to bring a law to change the name.

Assam flood situation improves; toll rises to 105



THE FLOOD SITUATION in Assam improved on Monday, even as one more person died and 32,000 people still reeled under the deluge across four districts, officials said. One person drowned in flood waters in Sivasagar district, pushing the toll in this year's deluge to 105.

PAID EXTENSION WINDOW FOR EARLIER PROJECT MILESTONES

Regulator eases grid norms; green power delays to drop

● CERC grants extra 12-month window to units, but fines them

SAURAV ANAND
New Delhi, August 17

RENEWABLE ENERGY DEVELOPERS

that miss project milestones will no longer necessarily lose their inter-state transmission connectivity immediately. The Central Electricity Regulatory Commission (CERC) has allowed eligible projects up to 12 months of additional time, in exchange for escalating compensation charges, potentially preventing substantially delayed projects from being derailed by execution delays.

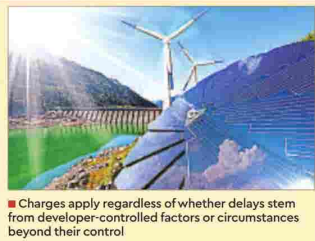
The new framework marks a shift from the existing General Network Access regime, under which failure to meet deadlines for land, financial closure or commercial operation can lead to connectivity being revoked and bank guarantees being encashed. CERC said a number of developers facing or anticipating such action had approached the regulator for additional time, including projects already at advanced stages of implementation.

EXECUTION RELIEF

■ Commissioning delays cost ₹3,000/MW/day for six months, rising progressively to ₹6,000/MW/day in months 10-12

■ Land compliance gets up to three extra months; financial closure gets six, both subject to escalating charges

■ Extensions aren't automatic. Developers must show tangible progress, including specified land and construction contracts



■ Charges apply regardless of whether delays stem from developer-controlled factors or circumstances beyond their control

"It is noted that such entities have been holding on to the Connectivity, a scarce resource; therefore, additional time should be allowed, with payment of compensation, irrespective of the reasons for such delay, in a graded manner," CERC said.

The biggest relaxation relates to commissioning. Developers missing their commercial operation date can retain connectivity by paying a Milestone Extension Charge (MEC) of ₹3,000 per MW per day for the first six months. The charge increases to ₹3,600 in the seventh month, ₹3,600 in the eighth and ₹3,900 in the ninth before doubling to ₹6,000 per MW per day during months 10-12. The extension cannot go beyond 12 months. If full or part capacity still fails to achieve commercial operation, connectivity for the corresponding capacity will be revoked. CERC has also opened a paid extension window for earlier project milestones. Developers can get up to three additional months for land compliance, with charges rising from ₹1,000/MW/day to ₹1,200/MW/day. For financial closure, the maximum extension is six months, with MEC starting at ₹1,000/MW/day and rising to ₹1,300 in the sixth month.

The relief, however, will be restricted to projects that can demonstrate tangible progress.

"Such an extension is permissible only if the entity satisfies the eligibility criteria, viz., demonstrates the progress of the project, and it is not an routine mechanism," the Commission said. For extensions related to land and financial closure, developers must have documents for at least 20% of the required land. Those seeking more time to commission projects need 75% land under the land or land-BG route and 50% under the IOA/PPA route, besides contracts for major equipment and civil and electrical works.

India poised for record soyoil imports

REUTERS
Mumbai, August 17

INDIA'S SOYOIL IMPORTS are set to hit a record high in August as competitive prices prompt refiners to boost purchases for festive demand, while disruptions to sunflower oil shipments due to the Russia-Ukraine war push buyers to switch oils, dealers said.

Soyoil imports in August are likely to rise to 620,000 metric tonnes, nearly 46% above the average monthly imports of 424,549 tons so far in the current marketing year, which began in November, according to four traders directly involved in trade deals. The traders did not wish to be named in line with their companies' policies.

"Soyoil prices are very competitive. At the same time, there are disruptions to sunflower oil shipments. That is making soyoil even more attractive," said Sandeep Bajoria, chief executive of Sunvin Group, a Mumbai-based vegetable oil brokerage.

In recent months, Russia and Ukraine have increasingly targeted each other's port and maritime infrastructure and around the Black Sea, disrupting grain and vegetable oil shipments.

July unemployment rate slips to 4-mth low of 5.1%

● Despite sequential decline, annual level remains broadly unchanged

FE BUREAU
New Delhi, August 17

INDIA'S UNEMPLOYMENT RATE

for people aged 15 years and above fell to 5.1% in July 2026, compared with 5.5% in June, according to the latest Periodic Labour Force Survey (PLFS) released by the National Statistics Office (NSO) on Monday. This was the lowest joblessness rate in four months.

The decline was driven largely by an improvement in rural employment conditions. The unemployment rate in rural areas dropped to 4.5% in July from 5% a month earlier. In urban areas, however, unemployment was broadly unchanged at 6.7%, against 6.6% in June.

On a year-on-year basis, however, the overall unemployment rate and the rural rate remained broadly unchanged in July.

Urban unemployment, however, improved, falling from 7.2% in July 2025 to 6.7% this July.

The latest monthly figures come against a backdrop of higher unemployment in the April-June quarter. The unemployment rate during the quarter rose to 5.4%, the highest level in a year, compared with 5% in the preceding quarter.

Rural unemployment

JOBLESSNESS EASES



■ Unemployment rate fell to 5.1% in July, down from 5.5% in June

■ Rural joblessness drove the decline, easing to 4.5% from 5%

■ Urban unemployment was broadly steady at 6.7%, vs 6.6% in June

■ Year-on-year, urban unemployment improved to 6.7% from 7.2%

increased to 4.8% from 4.3%, while the urban rate edged up to 6.7% from 6.6%.

The survey showed a decline in unemployment among rural workers across genders in July, along with an improvement in the rate for urban men.

Among men aged 15 years and above, the national unemployment rate fell to 5% in July from 5.3% in June. It was also 0.3 percentage point lower than the 5.3% recorded in July last year.

Rural male unemployment declined to 4.6% from 4.9% in June, while remaining at the same level as a year

earlier. Urban male unemployment was largely unchanged from the previous month but recorded a sharper annual improvement, falling to 5.9% from 6.6% in July 2025.

For women in the 15-years-and-above age group, the overall and rural unemployment rates declined from June levels. Both, however, remained higher than their corresponding figures a year earlier.

Urban female unemployment moved in the opposite direction, rising to 8.8% in July from 8.4% in June. The rate was broadly similar to the 8.7% recorded in July 2025.

The April-June data also showed that an average of 566 million people aged 15 years and above were employed during the quarter. Of these, 402 million were men and 164 million were women.

The July PLFS bulletin also pointed to a rise in labour force participation. The Labour Force Participation Rate (LFPR) for people aged 15 years and above increased to 55.4% in July from 54.4% in June.

The LFPR had declined between March and May before remaining unchanged in June. Its July increase therefore marks a reversal of that recent trend. The monthly estimates are based on responses from 3,71,021 people surveyed across the country.

The July 2026 bulletin is the sixteenth edition of the monthly PLFS series.

Pulses imports surge 58% in Q1 amid El Nino fears

SANDIP DAS
New Delhi, August 17

PULSES IMPORTS SURGED

58% to 1.3 million tonnes (MT) in the first quarter of FY27, amid concerns over a dip in domestic output due to the El Nino threat, trade sources said.

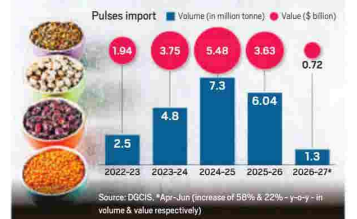
In terms of value, imports rose 22% to \$ 0.72 billion, indicating the global prices remain relatively subdued despite higher demand from India.

Traders said that imports have slowed down in the last one month because of some improvement in the country's domestic crops prospects which has given a boost to sowing of kharif pulses such as tur, urad and moong after sowing activities was delayed due to scanty rainfall in June.

"Overall volume of imports in the current fiscal would depend on the kharif and rabi crop yield prospects and monsoon rain spread in the next couple of weeks would be vital for the crops," Satish Upadhyay, secretary, India Pulses and Grains Association, told FE.

Upadhyay said initial cen-

KHARIF PULSES SOWING IS COMPLETE



about El Nino hitting crops has been allayed to a large extent thus traders are cautious of increasing imports before the clear picture on crop yield emerges.

Sowing of kharif pulses has been completed and area sown this season has been 10.81 million hectare, same level last year. The rainfall and temperature pattern in winter months would impact sowing of chana and masur (lentil), key rabi variants of pulses.

In terms of varieties, yellow

peas and masur imports in the first quarter of FY27 surged 163% and 164% to 0.39 MT and 0.43 MT respectively compared to the same period in the previous year.

Urad and tur imports have declined by 33% and 2% to 0.012 MT and 0.28 MT respectively.

The government recently stated that pulses from its buffer stocks in a calibrated manner if prices rise in the short term. The stocks are currently around 4.24 MT.

Centre set to fill two member posts in CCI

PRESS TRUST OF INDIA
New Delhi, August 17

THE GOVERNMENT has invited applications for filling posts for members at the Competition Commission of India (CCI). The appointments will be for five years from the date of joining or till the age of 65 years, whichever is earlier, according to a notice by the Ministry of Corporate Affairs. The members will receive a consolidated monthly salary of ₹5 lakh and will not be entitled to a house or car, according to a notice.

Eligible candidates can apply until September 28. Applicants should have at least 15 years of professional experience and special knowledge in areas, including interna-

tional trade, economics, commerce, law, finance, accountancy, management, industry, technology, public affairs or competition matters, including competition law and policy. The Ministry of Corporate Affairs, in its notice, said, "In person of ability, integrity and standing, who in the opinion of the Central Government, may be useful to the Commission is eligible for appointment as a CCI member."

The vacancies assume significance as CCI is set to see two members' terms end in quick succession. CCI member Anil Agarwal resigned and demitted office on July 14 after a nearly three-year tenure, while Member Deepak Anand's term is due to end in September this year.

LPG under-recoveries of OMCs may fall 40% in Q2

SAURAV ANAND
New Delhi, August 17

STATE-RUN OIL MARKETING COMPANIES

LPG under-recoveries are expected to decline by nearly 40% sequentially in the September quarter as international LPG prices soften, providing relief after the West Asia supply shock pushed the burden to ₹13,700 crore in Q1FY27.

A 40% reduction from the June-quarter level would imply under-recoveries of around ₹8,200 crore in Q2FY27, though losses on cooking gas are expected to remain sizeable, according to CareEdge Ratings. The cumulative LPG under-recovery of the three major OMCs had risen to about ₹61,900 crore as of June 30, from ₹48,200 crore at the end of March.

The sharp build-up followed disruptions to global LPG supplies after the West

Asia conflict and closure of the Strait of Hormuz, which widened the gap between procurement costs and regulated retail prices. India imports around 60% of its LPG requirement, leaving domestic retailers exposed to global supply and freight shocks.

The Saudi Contract Price, a key international LPG benchmark, surged nearly 50% to \$785 per tonne in Q1FY27 from an average \$530 per tonne in FY26. It subsequently eased to \$592 in July before rising to \$632 in August, providing some relief to sourcing costs.

CareEdge expects under-recovery on domestic LPG to decline from around ₹500 per cylinder in Q1FY27 to ₹300 in Q2, with estimates of ₹500 in July, ₹190 in August and ₹240 in September. Domestic LPG prices were raised by an aggregate ₹89 per 14.2-kg cylinder during March and

LOSS MODERATION



■ LPG under-recoveries may fall sequentially to about ₹8,200 crore in Q2FY27

■ Cumulative under-recoveries had climbed to ₹61,900 cr by June-end, from ₹48,200 crore in March

■ The decline follows softer global LPG prices after the West Asia supply shock

■ CareEdge sees domestic LPG under-recovery falling to ₹300 per cylinder in Q2, from ₹500 in Q1

■ India's LPG import dependence has dropped to about 35% as demand weakened and domestic output rose

back of a decline in Saudi CP is expected to moderate LPG under-recoveries by ~40% q-o-q in Q2FY27," said Richa

under-recovery burden, keeping LPG profitability under pressure.

The supply disruption has also accelerated a structural shift in India's LPG sourcing. Nearly two-thirds of India's LPG imports are now sourced from the US, after OMCs diversified away from West Asia. The three retailers had signed a contract in November 2025 to import 2.2 million tonnes, or around 10% of annual imports, from the US Gulf Coast during 2026.

Meanwhile, LPG demand fell about 21% to 2.2 million tonnes a month during March-June, while domestic production rose to 1.4 million tonnes and imports nearly halved to 0.9 million tonnes a month. Import dependence consequently fell to around 35% from 60%. CareEdge expects overall LPG demand to decline around 6% year-on-year in FY27.

Opinion

TUESDAY, AUGUST 18, 2026

A prudent pause

RBI best placed to assess risks from large dollar inflows, which explains the early FCNR(B) window closure

GIVEN THE OVERWHELMING response to the special foreign currency non-resident (bank) [FCNR(B)] deposit scheme, under which banks have mobilised about \$52 billion so far, the Reserve Bank of India (RBI) has done well to advance its closure to August 31. If another \$10-15 billion flows in over the next fortnight, the mobilisation would be substantial. Moreover, the swap facilities for overseas foreign-currency borrowings (OFCBs) and external commercial borrowings (ECBs) remain open until end-December. These routes have so far attracted about \$4.5 billion; another \$5-6 billion would take the combined inflows under the three schemes past \$80 billion. That would be broadly in line with economists' expectations and give the central bank considerably more room to manage the external account and contain excessive volatility in the currency.

There is, however, a downside to accumulating too many dollars through such schemes: the repayment obligation three to five years from now, when the deposits begin to mature. The cost of hedging dollars in the forward market may be an affordable 3% today, but there is no knowing how the dollar, crude oil prices, or hedging costs will move in an uncertain global environment, especially with no resolution to the US-Iran conflict in sight. Taking on an excessive repayment burden would therefore be imprudent. The RBI's assessment of how much dollar-denominated liability the system can safely absorb deserves due weight. Governor Sanjay Malhotra had indicated at the post-monetary policy interaction on August 5 that the facility would not be withdrawn before the original September 30 deadline. But the subsequent acceleration in inflows may have prompted the central bank to reassess the balance between immediate benefits and future risks. It would nevertheless help if the RBI explained the basis for the change more fully, particularly since banks had planned their mobilisation efforts around the original deadline. Having demonstrated the scheme's ability to attract dollars quickly it can, of course, be reopened if circumstances warrant, rather than accumulating more liabilities than are currently needed.

Currency markets were somewhat disappointed by the shortening of the FCNR(B) window: the rupee weakened by about 17 paise against the dollar on Monday morning. Yet inflows of \$65-70 billion through this route would still constitute a tidy sum, with more likely through the other windows. After touching an all-time low of 96.90 to the dollar in May, the rupee should now, barring fresh shocks, follow a more orderly trajectory. Reports suggest that the RBI has already deployed some of the new inflows to contain currency volatility, helping explain the rupee's narrow trading range. Bloomberg data show that its swings have fallen to a six-month low despite crude oil prices climbing back to about \$88 a barrel.

If the rupee has not appreciated as much as some market participants expected, it is partly because the RBI has used the inflows to rebuild its reserves. These rose from about \$680 billion in May to \$707 billion on August 7. At the same time, the central bank's forward dollar sales remain elevated at about \$80 billion, leaving little room for complacency. The more reassuring development is that the balance of payments is now expected to record a surplus of \$40-100 billion in FY27, despite an \$8.1-billion deficit in the April-June quarter. Global risks remain formidable, but the inflows have strengthened India's external buffers considerably. By closing the window early, the RBI is sensibly choosing not to stretch that advantage too far.

Gen Z is mistaking sports betting for investing

IF THE BAD news is that members of Generation Z can't afford to buy a house until they are middle-aged — which isn't really bad news, honestly, but anyway — then the good news is that at least they are investing their money in high-performing assets. Or so we thought. Now we are learning that they might not be very good investors, or even investors at all. According to a new survey, more than half redirected funds to sports gambling, which a quarter consider to be part of a long-term investment strategy.

All of which raises the question: how did they get it so wrong?

The survey, from the personal-finance company Betterment, polled 1,000 existing investors evenly divided among baby boomers, millennials, Gen X, and Gen Z. It found that Gen Z is twice as likely as the average investor both to use investment money to make bets and to see betting as part of an overall financial strategy.

Their attitude is probably due to a combination of factors, including a lack of financial literacy and normal youthful ignorance. But some of it can be explained by the unique conditions of the current economy. An on-fire bull market can skew perceptions of what's risky and give the impression that success is random. And some of it may just be that Gen Z is bad at risk-taking. Since the Supreme Court essentially legalised sports gambling at the state level in 2018, it has taken off — with an assist from technology that enables bets on phones, even during a game. There has also been an emergence of risk assets in markets, with phones also enabling speculation. These developments have blurred the distinction between gambling and investing.

The difference comes down to two features. First, investing can be positive sum. If you invest in an index fund, you own a piece of the economy; as asset prices increase, so does your wealth. Public information is incorporated into prices quickly, so there is no informational advantage. Gambling is zero sum — if you win, someone else loses. Winners also tend to have deeper pockets and maybe an informational advantage. You might win sometimes, but it is nearly impossible to earn money consistently.

Second, investing has benefits for the wider economy. Your investment finances jobs, research, and development, all of which grow the economy and make everyone richer. Even if you short a stock, you contribute to price discovery, which helps markets grow and makes more capital available. Gambling, if anything, has negative externalities.

Still, even as I concede that these are confusing times, the question persists: How can so many people get it so wrong? Part of the answer is, it has been there since. Every generation gets caught up in something that eventually blows up. Young men, in particular, are wired to take big risks. Yes, in some ways this time is different, mostly because sports gambling has been mainstreamed.

Another reason may be a changing relationship with risk and a frustration with the larger economy. As I explain in my new book, more young people grew up more sheltered from healthy, normal risk-taking as children and teenagers. These are critical years when a young brain learns how to tell good risks from bad. Those who miss out of this development stage can end up both more risk-averse and more vulnerable to risk.

This may be contributing to a sense of financial nihilism common among Gen Z. So far, gambling is more popular with young men. They are taking fewer risks in some areas — asking a woman on a date, say, or moving across the country to start a new job — but more in others. They may be getting their risk-taking fix from sports gambling or meme stocks. This attitude may be fostered by an economic environment in which success appears to be random. People seem to get rich more by luck than talent or hard work, an impression fostered by all that Silicon Valley wealth and all those Instagram influencers who say they fly private. These impressions are not really accurate; a lot of work goes into those startups and reels. But those fortunes look larger and seem even more random during a boom with lots of capital sloshing around. If economic success seems more random, an index fund seems like a sucker's game.

So how does this end? Many of these gamblers will lose money. If they don't lose very much, it may not be a disaster. They might even learn more about investing and the nature of risk. But for bigger gamblers, the price could be catastrophic. The longer financial conditions stay loose, the worse the damage could get.



ALLISON SCHRAGER

Bloomberg

● BANKING STRENGTH

Union Finance Minister Nirmala Sitharaman

Your NPs are at the lowest ever Indian banking has seen, and therefore there cannot be a better position of strength with which you can take on reforms

● CURRENCY STABILISING

RISKS LINKED WITH FED'S APPROACH & DOLLAR STRENGTHENING BEHIND RBI PLANS TO ADVANCE FCNR(B) WINDOW

A hawkish Fed queers the pitch

THE RBI HAS taken various measures to strengthen and stabilise the rupee, particularly vis-à-vis the US dollar. Out of these, the foreign currency non-resident (bank) [FCNR(B)] — the new deposit scheme for NRIs in overseas persons of Indian origin and overseas citizens of India — merits attention for its impact and size of mobilisation. It is somewhat akin to a similar scheme started by the RBI in 2013. It has newer dimensions, and in the earlier scheme the amount targeted for mobilisation was \$10 billion. The current plan was designed with a target of \$70 billion; however, we do not have any indication of the updated mobilisation plan now. Let us examine the mobilisation plan, and discuss the possible yield and risks associated with the FCNR(B) instrument for the depositors, banks, and the RBI.

In the present programme, the RBI has gone further than in 2013 by absorbing 100% of the hedging cost rather than charging 3.5% as it did then. The next level is raising the rate of return that banks can offer or extending the credit tenure sweet spot. This is the most direct precedent — in 2013 and again in 2024, the RBI moved the ceiling in stages (alternative reference rate + 250 basis points to 400 bps and 500 bps as the conditions warranted). Though the FCNR(B) programme was originally scheduled to run till September 30, the RBI has revised the closure date to August 31. The other instruments will continue as earlier. According to the latest RBI data (as of August 13), the total inflows across the three instruments is \$56.8 billion, of which FCNR(B) alone is \$52.3 billion.

One of the biggest headlines that the scheme faces right now is the strengthening of the dollar and the Fed policy decisions. The Federal Reserve's benchmark sits at 3.50-3.75% under the new hawkish take over in May. Its July meeting held rates steady, stripped off language about future cuts, and the dot plot suggested one more quarter-point hike by the year-end, a notably



ASHVIN PAREKH

Managing Partner, Ashvin Parekh Advisory Services LLP

hawkish shift from where things stood earlier in the year. That matters directly for the FCNR(B) economics: the whole pitch to NRIs is 6-7% tax free on rupee — hedged dollars versus what they would earn parking money in US account. If the Fed holds firm or hikes again, US dollar alternatives (certificates of deposit, money market funds) stay competitive and the spread, already thinner (2.5%) than in 2013 (5.25%), compresses further.

The other important aspect is the secured overnight financing rate (SOF) — a mechanism used by offshore investors — which is sitting at 3.62%. It ticks the Fed rates higher. A higher-for-longer Fed rate means higher borrowing costs on that leveraged structure, squeezing the spread between the 6-7% deposit yield and cost of the loan funding. If Fed hikes rates again in September 15 when it is scheduled to meet, that carry compresses further, potentially cooling the leveraged uptake segment even if plain-vanilla deposit inflows hold up.

Now let us consider an interesting evaluation of the FCNR(B) for investors and banking companies arising out of the leveraging of the deposit. NRIs can avail from banks, however, under the present conditions vis-à-vis their yield or carry for the banks, they will have the inherent risk of dollar strengthening over the three- to five-year period of deposits. Banks are selling to NRIs with a designed loan facility with multiples, ranging from five to nine times and even more in case

of foreign branches.

On June 23, the RBI issued an explicit clarification; commercial banks inducing their overseas branches are permitted to extend loans to non-residents, or issue standby letters of credit in favour of overseas lenders, against FCNR(B) deposits mobilised under this specific swap facility. The RBI did not cap the leverage multiple, it left the quantum entirely to the discretion of individual banks.

Let us now see what various banks, based on their risk appetite and ability to deploy dollars, are offering. Say an NRI opens an FCNR(B) deposit of \$1 lakh at 6.00 to 6.50%. The bank will then mark a loan at deposit and extend a loan against it — banks are broadly structuring the leverage five to 10 times.

The loan proceeds get redeposited as additional FCNR(B) deposits, all earning the same 6-7% per annum, while the loan itself is priced lower than the deposit rate. The spread between what is earned and what is paid on the loan is the investor's leveraged return. Analysts have published estimates ranging between 15% and 27% per annum. At today's rate, at five times leverage it is at 12%, and at nine times leverage it is closer to 17%. These are tax-free dollar-denominated, RBI-guaranteed hedge returns. It is an extraordinary risk-adjusted position and perhaps explains why it has become the more newsworthy aspect of the FCNR(B) story in banking circles.

The neat arithmetic of 6-6.5% inter-

est per annum is that another 1% on nine times the deposit amount would, at today's rate, give a total yield of 15-15.5%. However, it breaks this simple calculation as the loan rate is not fixed. It is floating and linked to the SOFR, therefore the loan cost is a day-one number, not locked for the tenure of the deposit. If the SOFR rises over the holding period, which may be a live risk given the Fed's current hawkish posture, the spread compresses — potentially sharply and, in an adverse scenario, if the loan rate rises to meet or exceed the fixed deposit rate, the carry shrinks towards zero or turns negative, even though the depositor still owes the full loan interest. This means the analyst estimates of yield should be best understood as based on current conditions, not a return NRIs can count on for the full period of deposit. Another complication may arise out of cash-flow timing. The FCNR(B) interest is typically credited periodically or compounded, but the loan interest on facilities like these is usually serviced on a running basis, not deferred till maturity. If that is the structure, NRIs need separate liquidity to service loan interest payments. This may bring down the yield for the depositor to even below the numbers estimated by analysts. And of course, the NRIs may also encounter US tax — reporting for NRIs holding US citizenship/green card, a multiple leverage, and loan/deposit position will trigger Foreign Account Tax Compliance Act (FATCA) Bank Account Reporting for foreign asset reporting, which is a compliance risk.

In conclusion, going back to the timely and commendable measures adopted by the RBI, the target mobilisation can be reached through a combination of FCNR(B) and external commercial borrowings plus FPI debt flows and exports and overseas foreign currency borrowings by the banks. The factors that may have dictated the RBI's plans to close the window earlier than scheduled are not known, except the risks associated with the US Fed's revised approach and dollar strengthening.

Views are personal

Review bilateral trade strategy with US



ABHIJIT DAS

The writer is an international trade expert

PRESIDENT DONALD TRUMP has a penchant for keeping international trade and tariffs perpetually in turmoil. The latest salvo in the tariff saga is a recently released White House report titled "The Great Transshipment Scam". This report and a slew of tariff-related actions in the US during the past few weeks call into question the possibility of India securing a predictable and stable tariff regime for its exports to that country. This also has implications for the ongoing negotiations for a bilateral trade agreement.

According to the report, the US "faces a growing challenge from the illegal transshipment of goods through third countries to evade applicable tariffs and other trade remedies". Further, "illegal transshipment may involve relabelling, repackaging, re-invoicing, minor processing, false country-of-origin claims, or other actions intended to secure tariff treatment that would not apply if the goods' true economic origin were declared".

It mentions that more than 40 countries are associated with "selected illegal transshipment risk", especially those "closely integrated into China-linked production and supply networks". The report identifies India as one of the countries that accounts for "large absolute volumes of China-linked goods while maintaining diversified industrial bases and major US-bound export platforms".

As a solution to these so-called scam, the report evinces every bill of lading, shipping manifest, and certificate of origin passing through an AI-enabled "Detective Border". It has proposed that countries that relabel or reroute tariffed goods to

evade US law should face immediate interdiction, penalty tariffs, sanctions, and potential loss of market access.

In normal circumstances, the report might not have raised an eyebrow. However, given the history of President Trump's actions on trade during his second term, countries could be arbitrarily declared to be involved in illegal transshipment and slapped with high penalty tariffs. Further, countries could be punished for sourcing inputs from China and exporting the final product to the US despite being manufactured with substantial domestic value-addition in the exporting country. In the US, where the US is likely to leverage "illegal transshipment" for extracting concessions from its trading partners.

The report should not be seen in isolation, but as part of a slew of recent measures by the US which would exacerbate prevailing uncertainty and diminish predictability in international trade.

Pursuant to an investigation under its domestic statute, commonly referred to as the Section 301 investigation, the US imposed a tariff of 10% on India's exports on July 24. This is ostensibly aimed at encouraging India to strengthen restrictions on imports produced using forced labour. The US administration is likely to announce the findings of another ongoing Section 301 investigation of excess manufacturing capacity. This could result in additional tariffs on a wide range of

industrial products exported from India.

Recently, Trump announced that generic drugs imported into the US will face a 100% tariff with effect from August 2028, which will be raised to 200% a year later. In another development, the US Senate approved a Bill that would authorise the US president to impose tariffs of up to 100% on imports from certain countries, including India, which purchased large volumes of Russian crude oil or natural gas. If the Bill gets approved by the House of Representatives and secures presidential assent, it would add another layer of uncertainty around the tariffs applicable to India's exports to the US. As with Section 301, the Russian oil penalty would be illegal under WTO rules.

The aforementioned developments should make it clear that predictability in the US trade regime and certainty in tariffs is a mirage. Then, where do these developments leave India in the negotiations for a bilateral trade agreement? In the past few weeks, media reports have quoted senior officials in the department of commerce stating that India remains committed to the framework for the interim trade deal, which was finalised earlier in February. However, this would be conditional on India securing a tariff advantage in the US over its competitors. In the constantly changing tariff landscape in the US, attaining this objective appears extremely unlikely. Even if the US agrees to providing a tariff advantage,

fresh developments suggest that predictability in the US trade regime and certainty in tariffs is a mirage; India too must consider implementing retaliatory tariffs

Continuing with negotiations for a trade deal as the US keeps raising the odds against India is not serving our interest

Trump's past actions do not inspire confidence that he would subsequently abide by such a commitment.

In the unfolding uncertain tariff and trade scenario, India needs to review its bilateral trade strategy with the US. It should reflect on what the country has gained from the numerous policy changes made since February 2025, which addressed some of the grievances of the US, explicitly mentioned in that country's yearly National Trade Estimates. These include lowering customs duties on motorcycles, bourbon, some pharmaceutical products, Ethernet Switches, etc.; enhancing market access for US agricultural products, including alfalfa hay and medical devices; easing import restrictions on certain information and communications technology products; allowing inventory-based e-commerce for exports; eliminating the equalisation levy on foreign online advertising platforms; and easing certain governance conditions applicable to Indian insurance companies with foreign investment.

India should think hard about the reputational damage suffered and negotiating leverage lost by its silence at the WTO on the US's illegal trade actions. It must also consider implementing retaliatory tariffs against the US, as it had done during Trump's first term. Continuing with negotiations for a trade deal as the US keeps raising the odds against India is not serving our country's interest. Even at this late stage, the government must recognise this harsh reality and change course.

Views are personal

LETTERS TO THE EDITOR

Smooth exits

Apropos of "Why it's OK if your best people occasionally leave" (FE, August 17), employee exits are often treated as a management failure but capable people may seek new responsibilities and better opportunities. Trying to retain every high performer with counteroffers may not address

the reasons behind their decision to leave. Companies should build systems that enable good work: fair pay, meaningful roles, mentoring, transparent promotion, and opportunities to learn. When a valued employee leaves, a structured exit interview can reveal weaknesses managers may overlook. Organisations should also maintain good professional ties with

former employees, who can become clients, advisers, or future colleagues. —SP Suganya Devi, Coimbatore

Opportunity in bees

Apropos of "Let's honour the busy bee" (FE, August 17), honey bees are a farmer's friend, boosting income and crop pollination. Beekeeping can be integrated with farming as a low-cost,

sustainable livelihood for small and marginal farmers. India's strong honey export position offers a springboard, but it must be turned into leadership through policy support, scientific practices, quality assurance, traceability and branding. —NR Nagarajan, Sivakasi

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The Tribune

ESTABLISHED IN 1881

Food hygiene

Fast delivery needs platform accountability

THE Maharashtra Food and Drug Administration's suspension of 14 food business licences linked to Zomato-owned Blinkit, Zepto and Swiggy-owned Instamart should serve as a wake-up call for India's booming quick-commerce industry. The inspections uncovered cockroach infestation, expired food products, poor storage conditions and sanitation failures in several dark stores and warehouses. While the action targets specific facilities rather than entire companies, it exposes a deeper flaw in a business model that prizes speed but cannot afford to compromise on safety. Similarly, in Bengaluru, recent food safety inspections unearthed expired food, rotten meat and vegetables, mislabelled products, poor storage practices and unhygienic conditions across food establishments. Together, these crackdowns suggest that gaps in compliance are becoming a broader challenge as food delivery and retail systems expand faster than regulatory oversight.

Quick-commerce has transformed urban consumption by promising groceries at the doorstep within minutes. But these platforms are more than technology intermediaries; they operate warehouses, manage inventory and oversee fulfilment. That makes them food business operators under the Food Safety and Standards Act, with a direct responsibility to maintain hygienic premises, proper storage and effective quality control. Consumers reasonably expect that the systems behind the app are as reliable as the interface they use.

As thousands of dark stores have mushroomed across Indian cities, inspection capacity has struggled to keep pace. Unlike restaurants, whose kitchens are visible to customers, these warehouses remain hidden from public scrutiny. This moment calls for reforms that go beyond punitive action. Mandatory third-party audits, public disclosure of inspection ratings, stronger cold-chain monitoring and digital traceability of inventory can strengthen accountability without stifling innovation. The Food Safety and Standards Authority of India should work with state regulators to create uniform inspection protocols for dark stores nationwide. Convenience has become a part of modern life, but the quick-commerce revolution will retain public trust only if instant delivery is matched by an uncompromising commitment to safe food.

Panic buttons

Emergency response system must serve its purpose

THE installation of a safety device that cannot summon help during an emergency is nothing but a farcical exercise in futility. A parliamentary panel has found that panic buttons in buses — introduced after the 2012 Nirbhaya horror in an effort to protect women passengers — have largely remained unused due to a lack of dedicated centres that can respond to alerts. These buttons cost just Rs 15-20 each, but bus operators are required to pay between Rs 2,500 and Rs 25,000 per vehicle to have the devices tested during mandatory fitness inspections. If the alert mechanism is not connected to a functional emergency response system, such expenditure becomes a financial burden that is difficult to justify.

The Union government insists that panic buttons, vehicle tracking and surveillance systems are integral to public transport safety. The House committee has rightly urged lagged states to implement the initiative. The SOS switch can reassure passengers only if it triggers an immediate and coordinated response from the transport authorities and the police. False alarms are a legitimate concern, but disengaging the system is hardly a solution. Better technology, regular maintenance, staff training and penalties for misuse can address that problem. CCTV cameras, now being mandated in new buses, can complement panic buttons, but they cannot replace a framework that allows a passenger to actively seek prompt assistance.

Women should not have to depend on the driver, conductor or fellow commuters when they are subjected to harassment or violence. Governments must measure success not by the number of devices fitted, but by response time, reliability and accountability. A default alert button only makes a mockery of the public safety policy.

ON THIS DAY...100 YEARS AGO

The Tribune.

LAHORE, WEDNESDAY, AUGUST 18, 1926

Two outstanding issues

DURING the last few weeks, great attention has been and is still being given in some quarters to the question as to who should run the ensuing elections — political organisations like the Congress, the Liberal Federation and the Independents, or communal bodies like the Muslim League or the Khilafat Committee, the Hindu Mahasabha, the SGPC and similar bodies. The question is of obvious importance, but in our opinion an equally, if not even more, important question is about the issue over which the election should be fought. It is at least as necessary for the country to know what the views of an intending member are in regard to the questions that are uppermost in people's minds as to know who his habitual associates and companions-in-arms are. The necessity is all the greater when, as in the present case, some of the contesting bodies have not made any clear declaration as to the issues that they are going to place before the country. To us it seems that there are two and only two conceivable issues which anyone or any party that has the true interests of the country at heart can place before the electorate. These are (1) whether the country should have full self-government in the provincial sphere and, subject to reservations as regards Defence and Foreign and Political Departments, full self-government also in the sphere of the Central Government, when the Reforms are revised; and (2) whether communal electorates should remain or not.

An Alternative to the Collegium

Unmindful of reason, the Collegium has developed a cosy relationship with the executive

SRIRAM PANCHU
SENIOR ADVOCATE

NEARLY eighty years ago, the people of India did something remarkable. They finally came together to throw off oppressive rule, and they did so by peaceful methods. That worked because the idea of Independence galvanised a nation. Today, perhaps it is time to look at our situation again, carefully, and with an eye to see which institutions have failed us, and which even retain a semblance of what they are supposed to do.

The Election Commission of India, of course, will fall into a particular category all of its own, of jockeying to lackey. Most of the established and conventional media houses may rank just a bit better. But the institution we must pay closest attention to is the judiciary. This is not just because it is the ultimate resolver of disputes between people, corporates and other entities. It is because the judiciary is vested with the power to interpret the Constitution. The judiciary is the arbiter, enforcer and protector of the Constitution.

Why does the Constitution matter? It matters because this is what brings us all together as citizens of India. It matters because it embodies the best ideas of India — those ideas which the best of us want to see as embodying India. A free society where the individual matters, and the State exists to serve the individual. A society where the people have the ultimate say. A society which is liberal, inclusive and seeks the best development and fulfilment for all. A society which is sensitive to minorities and to those with handicaps and disabilities. We are a privileged country. We are the world's largest and best



KEY PILLAR: The judiciary is vested with the power to interpret the Constitution. ■■

mosaic of cultures and faiths — the most amazing house of diversity. This is an India which is worth fighting for.

It is the Constitution which overarches above us, protects India and gives it its shape and structure, fabric and form. So it is our Constitution around which we must rally. It will provide us succour and safety. There is no better and no more powerful icon than this for modern India at the stage we are in. But only if we protect it.

It is therefore a matter of particular dismay when we see judicial institutions crumbling — not under the weight of external pressure, but because of the weakness of those who inhabit them, who cannot shore up the foundations, present a workable interior and a fair outlook, who cannot make a sparkling judicial mansion of law, justice, equity and service to the people.

In the early years of the 19th century, John Marshall, Chief Justice of the United States of America, fashioned the doctrine of judicial review, by which the Court assumed the power to strike down Acts of Parliament which were contrary to the Constitution. This also extended to striking down executive action which went against the chief canons of constitutional values.

The time has come to invent a radically new method for appointing judges to Supreme Court and High Courts.

We embodied judicial review in our Constitution, and in the years before 2000, our Supreme Court extended the doctrine of judicial review in scope and in application to craft a universally admired public interest writ jurisprudence.

The job of protecting the Constitution is the chief business of judges. But in the last twenty years, I cannot remember a significant case of judicial review and assertion, upholding constitutional values, to strike down Acts of the legislature or key inroads of executive action. There has been no shortage of such Acts, but there has been a significant absence of adequate judicial response. The only Act in living memory to be struck down pertained to the National Judicial Appointments Commission. Not quite by coincidence, it

interfered with the judges' self-granted prerogative of appointing judges to the higher judiciary. Other than that, we find no adequate judicial demonstration of constitutional values.

On the other hand, judicial review in India now seems to have moved to judicial assist. This was manifestly so in the recent SIR (Special Intensive Revision) case, where judicial officers of an entire state were drafted to man the Election Commission machinery and mechanisms, and thereby to try and resuscitate an exercise doomed from the start, which should have received the judicial axe.

Recent aberrational statements made by the Chief Justice of India in regard to youth protests, the Bar Council Chairman's ill-advised venture against NALSAR students and the lackadaisical attitude of the First Bench of the Delhi High Court while hearing cases about atrocities on Jantar Mantar protesters convince us that the quality of those at the highest levels of the judiciary has dropped very, very significantly.

The blame for this must squarely rest on the Collegium which chooses judges. When the judiciary invented this extra-constitutional and "extraterrestrial" sys-

tem in 1993, it would have been aware that its legitimacy rested not on constitutional foundation, but solely on consistent best performance. The latter was on display for some time. But for many years now, it has dipped into becoming a body marked by favouritism and nepotism; opaque, non-transparent, unmindful of reason and criticism; and, of late, has developed a rather cosy relationship with the executive. Indeed, it seems that we are losing sight of the doctrine of separation of powers and the judicial philosophy of being a check on the government to keep the constitutional balance.

The time has come to invent a radically new method of appointment of judges to the High Courts and the Supreme Court. That initiative is now underway, guided by a group of respected retired judges, leading lawyers and eminent citizens steering a group of talented young lawyers and academics to fashion a document titled "The Alternative" — a replacement for the Collegium system.

This will then be sent across to Bar Associations, judges, law universities and others to compare the existing Collegium system with the alternative based on definite criteria, including transparency, accountability, wide selection choice and efficiency. That result will then be placed before Parliament, which will be asked to pass a law based on a national consensus.

And this time, let us be sure that this will not just be a national consensus among enlightened professionals but will have the power of the youth. A resurgent youth, who have just shaken the highest in the land with their conviction, resilience and strength. They just need the right guidance and support to be fully galvanised. And young lawyers have a lot at stake. For them, it is a choice between an honourable profession and a mercenary activity sans honour. This is the time to stand up. Because we have our backs to the wall. The advantage of a last-ditch stand is that our energies are redoubled.

THOUGHT FOR THE DAY

Constitutional morality is not a natural sentiment. It has to be cultivated. —BR Ambedkar

Enduring lesson in linguistic nuances

DP SINGH

WHEN I moved to Punjab to begin my teaching career at Punjabi University in 1996, I knew little Punjabi beyond a few words. I had completed my Master's degree two years earlier. Until then, I had never been to Punjab. Almost everything around me was new. The institutional culture was different from the one I had known, and much of the written and spoken communication took place in Punjabi. I was still trying to understand the language and the culture around me.

Among the students assigned to me for fieldwork supervision, there was one who came from a small village in Punjab and had studied in a Punjabi-medium school. The curriculum required us to meet regularly for one-on-one discussions.

During these mandatory meetings, held on alternate days, she would describe her visits and the activities she had undertaken. I would suggest possible social work interventions for her next visit, and she would note them down before leaving. She listened attentively and showed genuine eagerness to learn. But there was one thing that puzzled me. Every time she addressed me, she used the Hindi form of address *tum*. At first, I ignored it. I assumed that she would eventually start addressing me appropriately. That didn't happen. The meetings continued, and so did *tum*. Over time, it began to make me uneasy. Having grown up in a Hindi-speaking environment, I had always understood *tum* as a form of address used among friends and when addressing people younger than oneself. Hearing it from a student felt unusual. Being new to the university, I preferred to remain silent. I wondered why a polite and sincere student continued to address me that way.

When her way of addressing me didn't change for quite some time, I mentioned it to the Head of the Department. He immediately understood what was amiss. He explained that she was not being disrespectful. She knew very little Hindi and had been consciously trying to speak in a language she thought would make me more comfortable. In doing so, she had unknowingly carried the etiquette of Punjabi into Hindi. The Punjabi *tussi* had become the Hindi *tum*. She simply did not know that a teacher was normally addressed as *aap* in Hindi.

His explanation made everything clear. I realised that she had never intended to be disrespectful. I could now look beyond *tum* and understand her intention. What I had mistaken for discourtesy was, in fact, an expression of respect lost in translation. Three decades later, I regard this incident as my first lesson in Punjabi. It came not from a textbook but from a student's innocent attempt to speak in my language, simply to make me feel comfortable. It continues to remind me not to judge one language by the conventions of another. Each language has its own etiquette.

The writer is a professor at Punjabi University, Patiala
epaper.tribuneindia.com

LETTERS TO THE EDITOR

India's growing Afghan proximity

Refer to "Taliban-Pak strife gives India a foothold"; the Taliban, once nurtured by Pakistan, are now asserting their independence and drawing closer to India. Growing Afghan Taliban-Tehrik-e-Taliban Pakistan (TTP) refugees and Pakistan's treatment of Afghan refugees have further pulled Kabul and Islamabad apart. Since Pakistan-Taliban hostility could reshape the regional balance, it should not be viewed merely as a bilateral dispute. Moreover, it offers India a rare opportunity to regain strategic space in Afghanistan. India must expand diplomatic ties, humanitarian aid and economic cooperation with Kabul. However, it must proceed cautiously, as any attempt to exploit Pak-Afghan tensions could risk straining relations with our immediate neighbour.

CHANCHAL S MANN, UNA

Public trust in Census operations

Refer to "Caste count"; the Caste Census should not become an exercise in collecting numbers; it should focus on producing credible and useful public data. The government must establish a transparent, independent, and scientifically sound mechanism for processing caste responses, while protecting individual privacy and preventing political manipulation. Clear guidelines, uniform methodology, independent oversight and effective communication with the public are essential. A Census is successful not when every person is counted, but when citizens trust the process and believe that the information collected will be used fairly.

GAURAV BADDHAR, ROHTAK

Facility important, not design

Appropos of "Rail reality"; a beautifully designed station means little if drinking water is unsafe, toilets are unhygienic or essential facilities remain non-functional. Every modernisation project should therefore be judged by tangible outcomes for passengers, backed by independent inspections, effective maintenance and transparent public reporting. Railway modernisation must guarantee what passengers actually need: safety, hygiene and affordability.

K KUMAR, PANCHKULA

Devise SOPs for passenger care

Refer to "Rail reality"; taps on railway platforms tested positive for total coliform bacteria, which indicates faecal contamination. The consumption of such water poses serious health risks. There is a need to devise Standard Operating Procedures (SOPs) and ensure their strict compliance to guarantee mandatory minimum essential amenities, particularly the supply of potable drinking water at railway stations across the country. Strict action must be taken against erring officials who fail in their duty of regular checking and strict oversight.

KRISHAN KANT SOOD, NANGAL

Lawyers' role goes beyond dissent

I respect the decision of NALSAR students to not receive their degrees from the Chief Justice of India, but as an advocate, I think they must reflect on an important distinction between student activism and the responsibilities that come with entering the legal profession. The strength of this profession lies precisely in its ability to work within institutions while simultaneously advocating for reform when it is necessary. The real test of a lawyer is not whether he can appear before a judge he aligns with. It is whether he can appear before a judge he is critical of and still perform his duty fearlessly and respectfully, while exhibiting competence. The young generation of lawyers should remain fearless in questioning institutions, but equally committed to preserving their dignity and functioning.

ASHISH BANSAL, BY MAIL

An ombudsman for NTA

Appropos of "Retest of 3 UGC-NET papers over errors"; the time has come for the government to appoint an objective, upright and diligent ombudsman who can look into the NTA irregularities. The BJP-PDA NDA government has been found seriously wanting in addressing the problems and cleaning up the functioning of the examination body. Paper leaks and other discrepancies have become the order of the day. These irregularities must be scrutinised under the recently amended Act so that its applicability too can be checked.

PK SHARMA, BARNALA

PM Sir, free coaching does not fix main problem



AJIT RANADE
NOTED ECONOMIST

In his Independence Day address, Prime Minister Narendra Modi acknowledged that coaching classes have become a major financial burden on families, with parents fearing that a child who does not attend coaching will fall behind. The government, he said, would use India's digital public infrastructure, good teachers and technology to build an extensive network offering free online coaching for examinations.

The intention is laudable. Coaching is expensive and access to the better coaching institutes is heavily tilted towards those who can afford it. A talented child in a small town or a poor family should not lose out merely because another candidate can spend several lakhs on coaching. Free access to good teachers and material can certainly reduce this inequality. But the announcement contains a striking irony. Why has coaching become indispensable in the first place?

In India, the flourishing bottled-water business and the flourishing coaching industry tell a similar story. When a public system fails to provide a

service of adequate quality, a private industry moves into the gap. Families buy drinking water because they do not trust what comes out of the tap. They buy coaching because they do not trust ordinary schooling or college education to prepare their children for the gateways to higher education and employment. Of course, private tuition has other causes too. But its salience cannot be separated from weaknesses in the formal education system.

The numbers are revealing. According to the 2025 National Sample Survey cited in a recent India Forum article, 27% of schoolchildren take private coaching. At the senior secondary level, the proportion rises to 37%. Meanwhile, ASER continues to document serious deficiencies in foundational learning. In 2024, only 44.8% of Class V children in government schools could read a Class II text and fewer than one-third could do basic division. We therefore have weak foundational learning coexisting with a sophisticated industry devoted to cracking examinations.

The phenomenon of 'dum' schools' takes this contradiction further. Students remain officially enrolled in school but spend most of their time in JEE or NEET coaching. The classroom becomes incidental and the coaching centre the real place of study. Students may spend eight to 15 hours preparing for NEET, but still struggle with elementary biology practicals. Speed, pattern recognition and familiarity with examination formats



FAULT LINE: Governments themselves have become participants in this coaching race. **ANI**

have not necessarily produced deeper understanding.

Beyond weak schooling, the more fundamental driver is scarcity. This year, more than 16 lakh candidates registered for the JEE Main. Only the top 2.5 lakh are eligible to proceed to JEE Advanced, from which a much smaller fraction ultimately enters the IITs. Similar bottlenecks exist for medical colleges, elite universities and, most dramatically, government employment.

When a small number of prized opportunities have to be distributed among millions of aspirants, the examination ceases to be merely a test of knowledge. It becomes a mechanism for rationing opportunity. It is for mass elimination. If everyone spends twice as much on coaching, society does not get twice as many IIT seats or government jobs. Each family

Build an education and employment system in which families do not feel compelled to buy coaching in the first place.

is trying to improve its child's relative position. Collectively, however, enormous amounts of money, time and youthful energy are spent in trying to get ahead in the queue.

This is also why examination integrity is so crucial. A candidate may accept odds of one in 50 or even one in 100 if convinced that everyone faces the same examination under the same rules. A paper leak destroys that compact. India has experienced enough such episodes. A special law against paper leaks and organised malpractice has been enacted. When one examination can make or break a career, its credibility becomes a public good.

There is another distortion. The need to process millions of candidates favours standardised, easily machine-graded tests, especially multiple-choice questions. Such testing

can be objective, scalable and less vulnerable to individual discretion. But when one high-stakes examination dominates a student's future, teaching becomes test preparation. Knowledge becomes pattern recognition. And learning gets confused with eliminating three of four choices quickly.

Indeed, the National Education Policy of 2020 recognised precisely this danger. It called for moving away from high-stakes, single-point testing towards competency and conceptual understanding. Yet the underlying scarcity remains. As the India Forum analysis puts it, when institutional capacity does not expand alongside aspirations, entrance examinations become the organising principle of secondary education rather than merely its terminal assessment.

Governments themselves have become participants in this coaching race. Maharashtra's State Institute for Administrative Careers provides free full-time UPSC coaching. Other states have similar programmes, and the Centre too has schemes aimed particularly at disadvantaged groups. This is to help poor and meritorious students in their preparation. Free coaching can be a useful equaliser. But it is a corrective for an unequal competition, not a cure for the system that produces it.

Japan and South Korea have had cram-school cultures despite much stronger school systems. Japan continues to perform well above the OECD

average in mathematics, reading and science. Thus, intense coaching can arise simply from fierce competition for elite institutions. At the other end, Finland puts far less emphasis on national high-stakes testing, while Germany provides vocational and apprenticeship pathways alongside university education. The lesson is not that good public schooling makes coaching disappear. It is that young people need multiple credible pathways to education, skills, dignity and employment.

That is where the real reform agenda lies. Strengthen ordinary schools and universities. Expand the supply of good institutions rather than merely the number of institutions. Make examinations test understanding rather than coaching proficiency and reduce the life-or-death importance of one afternoon's performance. Give vocational and technical education genuine status. Above all, create many more attractive and secure employment opportunities so that millions of young Indians are not stampeding towards a tiny number of government posts.

India's digital infrastructure can deliver free coaching to millions. But an even greater achievement would be to build an education and employment system in which families no longer feel compelled to buy coaching in the first place. Making bottled water cheaper is useful. Making the water from taps trustworthy is the real solution.

Credit: The Billion Press

Why accountability is so low



TIKENDER SINGH PANWAR
FORMER DEPUTY MAYOR, SHIMLA

NO accountability is becoming normal in India. From the pot-hole that killed a schoolgirl in UP and the tap water that poisoned infants in Indore to the exam paper leak for the third consecutive year, a new normal is emerging. And is there a chance of anyone being punished or these occurrences? The answer is No. Is this an unrelated governance failure? No, it is the visible symptom of a nation-state that has the machinery for delivering public services, but that machinery is answerable to no one.

Urban governance is designed to diffuse responsibility. The 74th Constitutional Amendment of 1992 promised urban local bodies (ULBs) self-government by transferring funds, functions and functionaries (the 'three Fs'). Three decades on, that constitutional mandate remains largely unfulfilled. Even the CAG has pointed it out.

Instead, a single municipal road or water network is carved up between competing state agencies: water boards, public works departments (PWD), the National Highways Authority of India (NHAI), municipal

corporations, and state urban development authorities. When someone dies, each agency points a finger at the other. In 2025, the Bombay High Court called out this pattern, describing it as a 'no-man's zone' tactic, and ordered the civic bodies and state departments to pay joint compensation rather than litigate over jurisdiction while grieving families wait.

Legal structures are maintained to preserve elite dominance. This manifests as a structural disconnect between executive power and democratic answerability: the municipal commissioner is an appointed bureaucrat answerable upward to state political leaders, holding absolute executive and financial control, but faces no ballot box.

Whereas the mayor is directly answerable downward to local citi-

zens, but lacks the engineering budget, administrative authority or control required to fix urban infrastructure. The special purpose vehicles (SPVs) begun under programmes like the Smart Cities Mission accelerated this trend. SPVs placed public development budgets into corporate, non-elected structures shielded from municipal councils and public oversight.

To dismantle this entrenched culture of non-accountability, policy and institutional reforms must address both structural governance models and legal enforcement mechanisms. Constitutional devolution is needed. For example, in the context of the 74th constitutional Amendment that transferred the three Fs to municipal bodies, let there be single agency ownership—eliminate jurisdictional overlaps by designing a single agency with sole operational and legal ownership.

Secondly, enforcement transparency is needed that mandates public annual reporting of chargesheets, trial outcomes and checking of administrative negligence. Thirdly, a criminal liability framework with mandatory investigations targeting contractors and bureaucrats who approve of sub-standard work is needed.

Until these shifts occur, the pothole, the poisoned tap and the leaked exam paper will recur. They will persist not as unexpected failures of an otherwise sound system, but as evidence of a system functioning exactly as it was designed: to shield power from consequence, ensuring that no one is ever held accountable.

For full article, go to www.tribuneindia.com/opinion

The system is functioning exactly as it was designed: to shield power from consequence.

Web of debt that entangles Punjab



KESAR SINGH BHANGO
FORMER PROFESSOR AND DEAN,
PUNJABI UNIVERSITY

THE issue of Punjab's mounting debt has once again become a topic of discussion as the 2027 Assembly election draws near. Responding to a question from a Member of Parliament, the Union Ministry of Finance recently presented data regarding the debt burdens of all states across the country. These figures clearly indicate that, compared to other states, Punjab is deeply mired in a debt trap, with no viable solution in sight for the near future.

The state borrows funds in three ways to meet its requirements; first, long-term borrowing from the domestic debt market; second, short-term borrowing from the country's central bank under 'Ways and Means Advances', both of which are accounted for and managed within the state Budget; and third, 'off-budget' borrowings, loans raised by the Punjab government's boards, corporations, and other entities that are not reflected in the Budget.

Regarding the first type of debt, it is observed that Punjab's debt stood at Rs 83,089 crore in March 2012, which is now projected to reach Rs 4,55,000 crore by March 2027.

It is important to understand the state's mounting debt from another

perspective: between 1980 and 1990, Punjab was accumulating debt at a rate of Rs 609 crore annually. Between 2022-23 and 2024-25, it stood at Rs 33,721 crore, with estimates projecting it to reach Rs 34,201 crore in 2025-26 and exceed Rs 38,000 crore in 2026-27.

The second type of loan consists of short-term borrowings (for 90 days) from the Reserve Bank of India, known in the budget as 'Ways and Means Advances' (WMAs). Governments can avail of these loans for a short term, specifically 90 days. These loans address immediate issues regarding government financial management, for instance, whenever the Punjab government's account balance falls below the prescribed limit, a loan can be obtained under this facility.

Punjab used to avail the 'Ways and Means Advances' facility only occasionally, but reports now indicate that this facility is being utilised routinely.

Furthermore, there has been a significant increase in the volume of funds borrowed under this facility. Loans amounting to Rs 6,011 crore were availed under Ways and Means Advances in 2011-12, a figure that is now set to increase to Rs 71,250 crore.

Regarding the third type of debt, specifically, off-budget borrowings, the CAG recently directed all states to disclose such loans with full transparency. In the case of Punjab, the CAG has identified off-budget borrowings amounting to Rs 4,093 crore during 2023-24; according to estimates, these borrowings now exceed Rs 10,000 crore annually.

Statistics indicate that the state is mired in a severe and deep-seated economic crisis. The situation demands that the state government take some tough decisions to put its finances and economy back on track. To begin with, the state must urgently review and rationalise the wide range of subsidies and freebies currently being provided; Secondly, the government must immediately curb its wasteful expenditure.

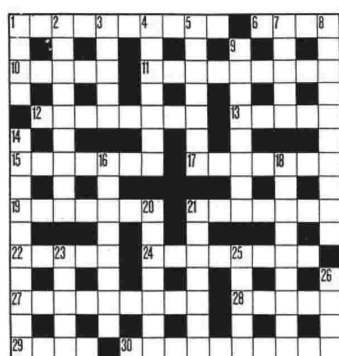
Thirdly, the government should make sincere efforts to increase its tax and non-tax revenues. Fourth, every effort should be made to boost investment and capital expenditure, which currently stand at very low levels.

The government should engage with the Centre to seek a long-term investment package and a debt-relief package. Furthermore, the government could seek a moratorium on debt repayment; this would not only halt the repayment process but also suspend the accrual of interest on the outstanding debt.

For full article, go to www.tribuneindia.com/opinion

The state government should engage with the Centre to seek a debt-relief package.

QUICK CROSSWORD



ACROSS

- 1 State of high excitement (5,5)
- 6 Accustomed (4)
- 10 Sensational (5)
- 11 Lasting indefinitely (9)
- 12 Text of an opera (8)
- 13 A tree-borne fruit (5)
- 15 Disastrous (7)
- 17 A surety (7)
- 19 Heartfelt (7)
- 21 A stretchable material (7)
- 22 Arrive at (5)
- 24 Absolute ruler (8)
- 27 A surgical procedure (9)
- 28 Value highly (5)
- 29 Feign (4)
- 30 Unique (3,3,4)

Yesterday's Solution

Across: 1 Apricot, 5 Means, 8 Eye-opener, 9 Ant, 10 Doom, 12 Luminous, 14 Artery, 15 Merely, 17 Adequate, 18 Abet, 21 Gap, 22 Be all ears, 24 Mitre, 25 Twaiddle.

Down: 1 Amend, 2 Rue, 3 Cope, 4 Tongue, 5 Marinet, 6 At a low ebb, 7 Satisfy, 11 On the spot, 13 Arguable, 15 Ainalgam, 16 At last, 19 Taste, 20 Plea, 23 Aid.

DOWN

- 1 Enclosure for sheep (4)
- 2 A brilliant red (9)
- 3 An equestrian (5)
- 4 Driving force (7)
- 5 Eager to learn (7)
- 7 Exorbitant (5)
- 8 Achieve required result (2,3,5)
- 9 Intense irrational suspicion (8)
- 14 Party's basic membership (5,5)
- 16 Unintentionally eavesdrop (8)
- 18 Over-fullness (9)
- 20 Prevaricating excuse (7)
- 21 A Baltic country (7)
- 23 Scene of conflict (5)
- 25 Roman god of love (5)
- 26 Repudiate (4)

SU DO KU



YESTERDAY'S SOLUTION

6	3	9	5	7	8	2	4	1
8	2	4	3	1	6	9	7	5
1	5	7	2	4	3	8	6	9
7	1	8	7	2	6	3	4	5
4	6	2	8	9	5	1	3	7
5	9	3	7	4	1	6	2	8
2	7	6	4	5	9	8	1	3
3	5	1	6	8	2	7	9	4
9	4	8	1	3	7	5	6	2

CALENDAR

AUGUST 18, 2026, TUESDAY

- Shaka Samvat 1948
- Shravan Shaka 27
- Bhadrpad Purnimite 2
- Hijari 1448
- Shukla Paksha Tithi 6, up to 5:51 pm
- Shukla Yoga up to 3:23 am
- Swati Nakshatra
- Moon in Libra sign

FORECAST

SUNSHINE	TUESDAY WEDNESDAY	1981 HRS 6552 HRS
CITY	MAX	MIN
Chandigarh	33	25
New Delhi	33	24
Amritsar	31	26
Bathinda	35	26
Jalandhar	30	26
Ludhiana	32	24
Bhiwani	34	24
Hisar	34	26
Sirsa	34	26
Dharamsala	29	20
Manali	25	18
Shimla	23	18
Srinagar	31	19
Jammu	33	24
Kargil	31	17
Leh	28	14
Dehradun	30	23
Mussoorie	21	17

(TEMPERATURE IN °C)



Editor's TAKE

Vande Mataram does not deserve political slugfest

The song united Indians in the freedom struggle. Today, however, its legacy risks becoming another fault line in a deeply divided political discourse

On August 13, all six stanzas of *Vande Mataram* were sung inside the Lok Sabha for the first time in parliamentary history, as the Monsoon Session drew to a close. Two days later, from the ramparts of Red Fort, the full song was heard for the first time at an Independence Day ceremony - the 80th since 1947. The timing was crucial: 2025-26 marks 150 years since Bankim Chandra Chattopadhyay composed the song, later woven into his novel *Anandamath*, and it comes days after a new law made insulting or disrupting *Vande Mataram* a criminal offence, on par with the National Anthem.

Few songs carry this kind of weight. It was a rallying cry from Bengal's 1905 partition through the Quit India movement, sung by revolutionaries who faced lathis and prison for it. Yet its journey was never simple. In 1937, the Congress Working Committee - Gandhi, Nehru, Patel, Subhas Bose and Maulana Azad among them - resolved that only the first two stanzas, evoking the motherland's rivers and orchards, would be sung at national gatherings. The later verses invoke the goddess Durga; Tagore, consulted on the matter, advised that the opening stanzas could stand alone as a national song without carrying that religious charge into a plural nation. It was accommodation, not erasure - a considered decision to hold a diverse freedom movement together.

That history is exactly what is being contested now. Inaugurating the anniversary commemorations in November, Prime Minister Modi said the 1937 trimming had "sowed the seeds of Partition" - a charge Congress calls a distortion that insults both the Working Committee and Tagore himself. The row has since curdled: a Kerala Congress MP's intemperate vow never to sing the full version; a disputed video from a Congress Independence Day event that the BJP seized on as proof Sonia Gandhi and Mallikarjun Kharge had tried to cut the song short - something Congress disputes; a public demand from Amit Shah for an apology; police complaints in Delhi and Karnataka.

Even as MPs from the NCP, Shiv Sena and YSRCP urged that the song not be reduced to a political football, that is precisely what it has become. Would the country not be better served letting this song simply be sung and revered, without a running scorecard? A hymn that moved millions across faiths during the freedom struggle needs no statute to secure its place in the national imagination - it earned that, unaided, over 150 years.

Legislating reverence, and mining history for a partisan point, both cheapen a symbol that once asked only for love of country, nothing more. The flag, the anthem, this song - none of them belong in any single party's custody. The most patriotic thing today's politicians could do is stop competing over who loves *Vande Mataram* more, and simply let it keep doing what it has always done best: unite, rather than divide, without anyone needing to be told to sing it.

The Makkah triangle and the Iran test

The Makkah Agreement is best understood as an ambitious strategic triangle with enormous potential but incomplete strategic convergence. And Iran sits precisely where those interests collide



BHOPINDER SINGH

The temptation to describe the Makkah Joint Defence Agreement as an "Islamic NATO" is understandable. Signed by Saudi Arabia, Türkiye and Pakistan on August 7, 2026, the agreement declares that an armed attack against one member will be regarded as an attack against all. It brings together Saudi Arabia's financial and energy power, Türkiye's formidable conventional military and defence-industrial capabilities, and Pakistan's nuclear deterrent.

Yet the NATO analogy is premature. The greatest reason is Iran.

Iran represents the ultimate test of whether the Makkah Agreement can evolve from a strategically impressive partnership into a genuinely integrated collective-defence alliance. The problem is that the three members have fundamentally different relationships with Tehran.

For Saudi Arabia, Iran has traditionally been the principal regional strategic competitor. Riyadh remains concerned about Iranian missiles, drones, regional networks and the vulnerability of Gulf energy infrastructure. Türkiye's relationship with Iran is far more complicated. Ankara and Tehran compete for influence across Syria, Iraq, the Caucasus and the wider Middle East, but also maintain diplomatic and economic ties. Türkiye has generally preferred managed rivalry rather than permanent confrontation, preserving its strategic flexibility. Pakistan's position is more constrained still. It shares a border with Iran and has strong incentives to maintain workable relations with Tehran, given sectarian tensions (Pakistan hosts the second-largest Shia population in the world). Islamabad must consider its western frontier and the danger of creating another security problem alongside its longstanding confrontation with India.

This creates the fundamental question hanging over the Makkah Agreement: What happens if Iran attacks Saudi Arabia?

On paper, the answer appears straightforward. If an attack on one is an attack on all, an Iranian attack on Saudi Arabia should trigger collective defence. In practice, however, would Pakistan enter a direct war with Iran? Would Türkiye deploy combat forces? Or would the two instead provide intelligence, air-defence support, weapons and diplomatic backing? That distinction matters because the agreement establishes the principle of collective defence without yet possessing NATO's



three governments have consequently been careful to describe the agreement as defensive rather than directed against any particular state.

The more the Makkah pact develops into a military bloc, however, the harder it becomes to maintain that ambiguity. Conversely, explicitly defining Iran as the threat would expose the very differences among the three members that the alliance is supposed to overcome.

There are also competing external alignments to consider. Türkiye is a NATO member. Pakistan maintains a particularly close strategic relationship with China and Saudi Arabia retains deep defence ties with the United States. These relationships are not necessarily incompatible with the Makkah Agreement, but they demonstrate that the three states operate within different strategic ecosystems. A common defence framework must therefore coexist with, rather than replace, their existing alliances and partnerships.

The most realistic future may therefore be a flexible strategic-security framework rather than an Islamic NATO: deeper intelligence-sharing, joint exercises, missile and drone defence, maritime security, interoperability and defence-industrial cooperation, without requiring identical foreign policies. The pact does not need to become "NATO" to be consequential. Its strength lies in combining three complementary forms of power: Saudi financial capacity, Turkish conventional and industrial capability, and Pakistani strategic deterrence. But Iran remains the unavoidable stress test.

If Tehran attacks one member and the other two respond decisively, the Makkah Agreement will gain credibility that no diplomatic declaration can provide. If the members instead revert to separate national calculations, the limitations of the "Islamic NATO" concept will become equally clear.

For now, therefore, the Makkah Agreement is best understood as an ambitious strategic triangle with enormous potential but incomplete strategic convergence. And Iran sits precisely where those interests collide. The ultimate test is therefore brutally simple:

If Iran attacks one, will the other two truly fight? Until that question has a credible answer, "Islamic NATO" describes the pact's potential and not its reality.

IF TEHRAN ATTACKS ONE MEMBER AND THE OTHER TWO RESPOND DECISIVELY, THE MAKKAH AGREEMENT WILL GAIN CREDIBILITY THAT NO DIPLOMATIC DECLARATION CAN PROVIDE

The writer is a former Lieutenant Governor of the Andaman and Nicobar Islands and Puducherry, and a military veteran

decades-old command structures, intelligence architecture, interoperability and military planning.

Iran therefore exposes the difference between collective defence as a declaration and collective defence as an operational doctrine.

The problem becomes even greater if "Islamic NATO" is interpreted literally. NATO was built around a relatively clear strategic threat: the then Soviet Union. The Makkah grouping has no equivalent single adversary. Saudi Arabia is primarily concerned with Gulf security; Pakistan remains heavily focused on South Asia and India; Türkiye's strategic concerns extend across the Middle East, Black Sea, Caucasus, Eastern Mediterranean and NATO. Iran matters to all three, but not in the same way.

An explicitly anti-Iranian alliance could make the pact more militarily coherent but would create serious problems. Pakistan would face complications with its neighbour, Türkiye would lose strategic flexibility, and Saudi Arabia could become locked into permanent confrontation with Tehran. Yet avoiding an Iranian focus creates another problem - weaker credibility in precisely the scenario most likely to test the pact.

There is also a conceptual contradiction. Iran is itself a Muslim-majority country. Calling the arrangement an "Islamic NATO" therefore risks transforming a defensive partnership into the perception of a Saudi-Turkish-Pakistani bloc confronting Iran. The

Perils of doomscrolling

once, receives two lessons at the same time and picks the one that is demonstrated rather than the one that is stated. Parents should understand that they are the first screen a child studies.

Long before they hold their own phone, they have watched, hundreds of times, what a face does when it hears a notification: how conversation pauses, how attention lifts and travels somewhere else, how the person in the room quietly becomes less important than the person on the screen. That is the curriculum which parents deliver every day without meaning to. Digital platforms are built around this precious commodity termed attention. Infinite scrolling makes no natural stopping point; autoplay removes the need to make another decision; continuous notifications pull users back, while likes, messages and new content offer small and unpredictable rewards. One may assume they are casually checking their phones, but the reality is that their attention is being competed for, seized and monetised.

Doomscrolling makes this interaction even more difficult. During stress, loneliness, anxiety or boredom, the phone offers immediate escape. We scroll hoping to feel better, informed or connected, yet often emerge more restless than before. Bad news sends us searching for more bad news.

Social media provides other people's lives as exciting, productive and happy, feeding the fear that something important is happening somewhere without us. Perhaps the most worrying consequence is not the number of

hours spent online, but what those hours displace. Parents scroll while children seek their attention, and children copy what they see.

Friends sit beside each other, yet their minds are far away in other digital rooms. Many of us surrender our first waking moments and our final sleepy minutes to a mobile screen. Nostalgia is not the answer. The pre-digital world was not perfect and is not coming back. Technology has transformed education, employment, healthcare and communication in remarkable ways.

What one needs is not digital rejection but digital discipline. Small boundaries can restore surprising amounts of control. One does not have to check their phone right when they wake up. Meals can be eaten without looking at screens.

Reading a book, writing a list by hand or sipping a cup of coffee in peace can reclaim moments which these devices have gradually occupied. We often ask what smartphones are doing to children. Adults/parents must ask what their own habits are teaching them. Digital behaviour is shaped as much by example as by instruction. Remember, technology was created to make life easier, not to become life itself. The real challenge of the digital age is no longer learning how to use technology; rather, it is learning when to stop and remember that real life still happens beyond the screen.

The writer is an educator and a counsellor

PIC TALK



Wrestlers compete during a traditional mud-wrestling match on 'Nag Panchami' festival, in Prayagraj, Uttar Pradesh. PHOTO: PTI



SAKSHI SETHI

2ND OPINION

There was a time when boredom was simply part of existence. People waited at bus stops, stood in lineups, ate meals, travelled short distances and even sat alone without needing to be entertained every second. Today, screen time, attention spans, the death of reading - parents raise these issues at every meeting, and they are not wrong to worry. But the conversation almost always points in one direction, from adult to child, as though the problem were something children caught on their own, like a cold, and the adults were merely trying to cure it.

The truth is less comfortable. Children do not learn their relationship with the phone from the phone. They learn it from their parents. A child asked to put the device away at the dinner table, while a parent checks a message just

DIGITAL EXPERIENCE

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RAHUL GANDHI PRAISES STUDENTS' COURAGE AGAINST PAPER-LEAK PROTESTS

Congress leader Rahul Gandhi on Sunday praised young people who protested against alleged examination paper leaks, saying their courage and resilience in demanding accountability deserved recognition.

He shared a video of his interaction with students who had protested last month seeking the resignation of then Education Minister Dharmendra Pradhan over the allegations.

The students had faced alleged police excesses during the July 20 protest and later spoke about what they described as police "brutality" and harassment after raising their voices.

Gandhi said the youngsters had demonstrated courage by standing firm against what he called Prime Minister Narendra Modi's "violent regime". He said

the students had raised their concerns peacefully, with "peace, love and humour". Gandhi also announced that "Chhatron Ki Gooni", an event where he interacts with students, would be held in Pune on August 22 and would be exclusively for girls.

On August 5, Gandhi had addressed a press conference after meeting the students.

Five appeared alongside him, including model Rhiya Ahir, whose photograph blocking a police van during protests in Mumbai had gone viral.

Ahir has also approached police alleging online harassment. The students are not doing anything illegal. Protest is a democratic right is a valid political-social tool!

BHAGWAN THADANI | MUMBAI

Patriotism should not become a memory test

Granting *Vande Mataram* a status at par with the National Anthem is a significant symbolic step, but it also raises a fundamental question: are we prepared to meet the standard we seek to impose?

A revealing exercise would be to ask political leaders to sing both *Vande Mataram* and *Jana Gana Mana* independently and consecutively, without prompts. The results could provide an unexpectedly honest measure of preparedness. Extending the same exercise to the wider population might be equally revealing. The proportion able to sing both correctly may prove surprisingly low. This is not an argument against patriotism or either national song. Rather, patriotism should encourage participation, not become a test of rote memorisation. Before making such observance mandatory across the country, the government should first ensure that citizens understand, learn and can confidently sing both national compositions. National symbols command the greatest respect when they unite people voluntarily rather than become instruments of compulsion. India should therefore focus on building familiarity and understanding first, and prescribing obligation later. True patriotism is strengthened by informed participation, not enforced performance.

RS NARULA | PATIALA

N Netanyahu faces a tough electoral battle

Recent opinion surveys suggest that Israeli Prime Minister Benjamin Netanyahu could face a difficult battle in the elections scheduled for October 2026. His policies on Gaza, along with Israel's military presence in Syria and Lebanon, were initially expected to strengthen his position as the leader Israel needed after the October 2023 Hamas attack. However, recent concessions reportedly made under pressure from the United States and the international community appear to have affected his standing. Former army chief Eliezer Kotik has reportedly emerged as a strong challenger in several surveys and is only a few seats away from enabling his alliance to secure a parliamentary majority. For Netanyahu, the stakes are particularly high. His political legacy is closely tied to the Gaza war, while his ongoing graft case adds another layer of pressure. He is therefore likely to use every available political and diplomatic avenue to strengthen his position before the elections. The Gaza conflict could remain central to his strategy, particularly because public opinion in Israel remains deeply shaped by the October 2023 attacks and subsequent war. If tensions escalate or Israel adopts more aggressive measures, the coming months could prove especially volatile, with both domestic politics and the regional conflict influencing each other.

YASHASWI BARRAGI | UJAJIN

More MPs do not mean better governance

The proposal to substantially increase the strength of the Lok Sabha to 850 raises an important question beyond the arithmetic of political representation: will more MPs necessarily mean better governance? The concern becomes sharper when Parliament itself struggles with effective functioning. With nine Bills reportedly passed without adequate debate during the current session, merely increasing representation may not improve legislative scrutiny, accountability or governance. Parliament first needs greater seriousness in debate, scrutiny and oversight. If funds already allocated are delayed, underused or spent without sufficient scrutiny, additional expenditure should not automatically be justified. Any expansion of the Lok Sabha must therefore be examined through public accountability and fiscal prudence.

More MPs would mean recurring expenditure on salaries, allowances, staff, offices, accommodation, security and parliamentary infrastructure. The effectiveness of government delivery also depends heavily on States in areas such as education, healthcare, policing, agriculture, water, sanitation and local development. Greater representation should ultimately produce greater efficiency, not simply a larger Parliament.

BRJ BHUSHAN GOYAL | LUDHIANA



The next phase of India's digital payments revolution

UPI has given India one of the strongest digital institutions of the twenty-first century. The challenge now is not merely to celebrate its remarkable success, but to deepen it through complementary institutions that make digital finance an integral part of everyday economic life



ASHUTOSH KUMAR THAKUR

'Institutions are the rules of the game in a society.' Nobel laureate Douglass C. North made this deceptively simple observation while explaining why some nations prosper and others struggle. Economic progress, he argued, is rarely the result of technology alone. It depends on institutions that reduce uncertainty, build trust and make everyday transactions easier. India's digital payment revolution is perhaps the finest contemporary illustration of this principle. The country's greatest innovation has not been a smart-phone application. It has been the creation of a new institutional architecture for moving money.

Few countries have transformed the everyday act of payment as rapidly as India. Since its launch in 2016, the Unified Payments Interface has altered the financial behaviour of millions of citizens. It now processes more than 20 billion transactions every month and accounts for nearly half of all real-time payment transactions in the world. In a remarkably short period, UPI has become one of India's most successful digital public goods, admired by governments, multilateral institutions and central banks alike.

These achievements deserve recognition. They also invite a more difficult question. Has India reached the limits of its digital payments revolution, or is it merely completing its first phase?

The answer lies beyond transaction volumes. Despite UPI's spectacular success, cash continues to account for a significant share of household spending, particularly outside metropolitan India. Most UPI transactions are of low value, reflecting impressive inclusion but also revealing that digital payments have yet to dominate larger everyday commercial activity. India has solved the problem of scale. The next challenge is to achieve depth by embedding digital payments more comprehensively into transport, credit, commerce and international finance.

This is where the experiences of Japan, the United Kingdom and Singapore become instructive. None offers a template to copy. Each demonstrates how strong institutions evolve by solving the next problem rather than celebrating the previous achievement.

Japan's experience reminds us that payment systems become powerful when they become invisible. The Suica card began as a transport ticket for Tokyo's railway network. Over time, it evolved into a payment instrument accepted at convenience stores, restaurants, vending machines and neighbourhood retailers. Millions of commuters developed the habit of making digital payments not because they consciously embraced technology, but because technology quietly simplified everyday life.

That insight has particular relevance for India. Every day, millions of Indians travel by metro, suburban railways and city buses. Yet urban transport payments remain fragmented across cities, with different cards, tokens and ticketing systems coexisting. The National Common Mobility Card was conceived to address precisely this challenge by creating a single interoperable platform for mobility payments. Its progress, however, has been slower than originally envisioned.

A genuinely universal mobility payment system would do far more than improve urban transport. It would make digital payments an effortless daily habit for millions of commuters. Japan demonstrated that transport is not merely a public service. It is one of the most effective gateways to building a cashless economy. Significantly, Japan itself is now preparing to accept UPI at merchant outlets through collaborations between NPCI and NTT Data, reflecting the growing convergence between two countries that have approached digital payments from different directions.

If Japan teaches the importance of habit, the United Kingdom demonstrates the value of regulatory courage.

Open Banking in Britain did not emerge because banks voluntarily embraced competition. It emerged because regulators concluded that entrenched institutions had insufficient incentives to innovate. By requiring major banks to share customer data securely through standardised application programming interfaces, subject to customer consent, policymakers



created an entirely new ecosystem of financial services. Consumers gained greater control over their financial information, while fintech companies found space to innovate without compromising trust.

India's Account Aggregator framework rests on a similar philosophy. It allows individuals to share financial information securely and with explicit consent across banks and financial institutions. The framework has expanded rapidly and represents one of the world's most sophisticated consent-based financial data architectures.

Yet the real challenge lies ahead. Adoption remains uneven across smaller banks, cooperative institutions and rural financial networks. The businesses that stand to benefit most from easier access to formal credit, including small enterprises, self-employed workers and gig economy participants, often remain outside the system's reach. The lesson from Britain is that digital public infrastructure must be accompanied by consistent regulatory execution. Institutions become transformative only when participation is broad rather than selective.

Singapore offers a different lesson, one centred on simplicity. Its SGQR system unified multiple payment platforms into a single QR code that could be used by consumers regardless of their preferred payment application or bank. For merchants, particularly small businesses, the complexity of managing multiple payment systems disappeared almost overnight. The elegance of the reform lay not in inventing new technology but in eliminating unnecessary friction.

India's Bharat QR embodies much the same philosophy in principle. It is an interoperable acceptance solution designed to work across UPI, RuPay, Visa and Mastercard, giving merchants a single QR-based route for receiving payments rather than forcing them to manage different payment-specific codes. In practice, however, many neighbourhood merchants continue to display multiple QR codes linked to different payment providers. Technical failures, inconsistent customer support and uneven merchant awareness continue to weaken confidence, particularly in smaller towns. Singapore's experience illustrates that interoperability is not merely a technical standard. It is a governance objective requiring continuous implementation and monitoring.

India has already begun extending its payment architecture beyond national borders. The UPI-PayNow linkage with Singapore has demonstrated how inexpensive and instantaneous cross-border transfers can replace slower and more expensive conventional channels. UPI is now operational in several countries, while Japan's planned acceptance of UPI represents another important milestone. These developments point towards a larger strategic possibility. India can move beyond exporting technology and begin shaping the architecture of international retail payments, particularly across the Global South.

The broader lesson emerging from these three countries is not that India has fallen behind. On the contrary, India has established one of the world's most successful digital payment ecosystems in less than a decade. What distinguishes mature institutions, however, is their capacity to evolve. Scale creates opportunity, but institutional depth sustains leadership. The coming decade should therefore focus less on counting transactions and more on expanding their economic significance. Digital payments should seamlessly integrate with public transport, credit delivery, small business finance, cross-border commerce and government services. Success should increasingly be measured not simply by the number of payments made but by the range of economic activity those payments enable.

India's digital payment revolution has already changed how money moves. Its next phase should change how the economy functions.

Douglass C North reminded us that institutions determine the long-run performance of economies because they shape incentives, reduce uncertainty and build trust.

Ashutosh Kumar Thakur is a writer and columnist based in Bengaluru. He writes on literature, society, politics, business and South Asian cultural histories for leading publications.

Why RBI is betting on plastic in a UPI economy



AARUSHI SHANKAR

The Reserve Bank of India's (RBI) latest currency experiment may seem counterintuitive at first glance in an economy rapidly digitising on the back of real-time payment rails. The central bank, through its printing arm Bharatiya Reserve Bank Note Mudran Private Limited (BRBNMPL), has floated a Global Expression of Interest for 68,000 reams of polymer substrate, with 34,000 reams earmarked for 10 notes and another 34,000 reams for 20 notes. This global tender has been the central bank's most decisive move yet in a long-debated pilot rollout of plastic banknotes. This may seem like an over-engineered solution to a problem that digital payments already solve, but on the surface, it's not an unthinkable move for market observers.

India is the world's largest player in the real-time digital transactions space, with the Unified Payments Interface (UPI) processing over 24,000 crore transactions annually and the Central Bank Digital Currency (e-Rupee) expanding its footprint. Why spend regulatory bandwidth and capital on upgrading physical banknotes when paper cash seems to be on a path towards structural decline? The answer lies in a nuanced understanding of cash velocity, life-cycle economics and the continuing reality of India's vast informal economy.

The economic case for polymer is entirely based on longevity, where the velocity of money is highest. The traditional cotton-pulp notes, especially the lower denominations of ₹10 and ₹20, are subject to constant wear and tear. Paper notes rapidly wear out in tropical humidity and rough treatment due to daily use. The RBI spent ₹5,101 crore in FY2023-24, ₹6,373 crore in FY2024-25 and ₹4,875 crore in FY2025-26 on security printing of currency. This was done to collect, shred and reprint billions of soiled paper notes to maintain its Clean Note Policy. Polymer substrate has an upfront production premium over traditional paper; however, its structural durability changes the cost equation over time. Polymer notes last much longer, so the break-even point is reached after a few years of deployment. On a multi-year horizon, fewer print runs translate directly to lower recurring bills for paper procurement, lower overhead for security printing, and lower transport and destruction costs. In addition, polymer banknotes enable the RBI to incorporate advanced security features such as transparent windows, metallic numerals, shadow images and complex optical effects that are very difficult for counterfeiters to reproduce with normal printing equipment.

Why cash coexists with the UPI surge

The core phenomenon of monetary macroeconomics: the divergence between payment transaction velocity and the base stock of money. Rapid digital adoption has not replaced physical cash, but it has altered its role. This structural need for cash is evident from the recent monetary data. While settling records in terms of the volume of UPI transactions, the country's Currency in Circulation (CIC) crossed the historic level of ₹40 lakh crore, recording a strong rise of 11.9 per cent in FY26, which is its fastest growth pace since FY21. This is evident graphically from the upward-sloping CIC graph. The trend is explained by the fundamental dichotomy of functions, where UPI takes care of high-frequency, low-value transactions on a daily basis, and cash acts as the main store of value and precautionary fund. Important factors responsible for the growth of cash include an increase in nominal GDP, economic activity, income growth in the informal and rural segments, and high interest rates, which lead to increased precautionary saving.

Geopolitical safeguards and cultural lessons

The global tender parameters rolled out by the RBI reveal sharp parallels drawn from past international rollouts and India's geopolitical scenario:

- **Cultural Sensitivity:** The tenders obligate suppliers to state explicitly that there is absolutely no animal tallow or animal DNA present in the substrate. The requirement is related directly to the public relations issue that the Bank of England faced in 2016 due to the presence of small traces of tallow in the new £5 polymer banknotes, which led to strong protests from religious organisations and vegans.
- **Geopolitical Boundaries:** Procurement requirements include strict security conditions whereby suppliers should ensure total separation from any sites located in China or Pakistan, as well as ensure that they use no raw materials whatsoever from these countries.

Operational friction and global benchmarks

However, despite these benefits, switching to polymer presents operational challenges. Polymer banknotes are more slippery and have a static charge that may cause them to get stuck in automatic note-counting devices and ATMs. There will be a need for commercial banks to adjust their automatic sorting machinery to prevent mistakes in dispensing cash. Moreover, the special Biaxially Oriented Polypropylene (BOPP) polymer substrate is mostly supplied by foreign sources. However, over 50 central banks have provided clear empirical benchmarks:

- **Australia:** In 1988, it was the first to adopt polymer notes commemoratively, before fully mandating them over 1992-96. The Reserve Bank of Australia realised net financial savings of nearly \$1 billion over 25 years from reduced reprint costs.
- **United Kingdom & Canada:** Switching to polymer in both countries resulted in substantial drops in counterfeiting, as well as a reduction in the life-cycle carbon footprint relative to traditional paper currency. The Bank of England found its £5 note had a 16 per cent lower impact and its £10 note an 8 per cent lower impact, while the Bank of Canada found a 32 per cent reduction in global warming potential.

A pragmatic middle path

This measure taken by the RBI, where it decided to confine its pilot project to only the ₹10 and ₹20 notes, is indeed an astute move that will ensure no risk is involved. In this way, there is no need for a costly attempt to modify all high-denomination banknotes, but rather to focus on the most circulated notes where the value is best in relation to the lifespan of these notes. While the UPI system gradually gains momentum by handling micro-transactions in the major cities, physical cash plays a critical role in ensuring that financial inclusion, transaction privacy and economic security are achieved for millions of people in rural India. Modernising the physical infrastructure of low-denomination banknotes is not a replacement for digital transactions but rather a complement to them.

The writer is a Research Consultant at the Economy & Trade vertical at Chintan Research Foundation

From guns to narratives: India's next Naxal challenge



RAHUL KAUSHIK

Prime Minister Narendra Modi's war against the ramparts of the Red Fort about the threat posed by what he termed "dimagi Naxals" deserves a serious national conversation. India has achieved a rare victory over armed Naxalism. But the defeat of an armed insurgency does not automatically mean the disappearance of the ideological ecosystem that sustained it.

For decades, armed Naxalism did not survive merely because cadres operated from forests. Every insurgency needs an ecosystem: narratives that legitimise violence, networks that amplify those narratives, organisations capable of mobilising resources, and intellectual voices willing to portray attacks on the constitutional state as revolutionary justice. The armed Naxal was visible. He carried a weapon, occupied territory and attacked the state openly. That made the threat identifiable and ultimately easier to confront.

The dimagi Naxal is harder to confront precisely because there is no uniform or gun by which he can be identified.

The ideological battle can take place in universities, activist networks, cultural organisations, publications and sections of civil society. The problem is not criticism of the government. Criticism is indis-

pensable to democracy. The problem begins where intellectual activism crosses into legitimising violence, where the state's monopoly on force is challenged by the nation and its constitutional institutions, or providing material, organisational or propaganda assistance to violent or unlawful movements. This distinction is essential. Otherwise, "dimagi Naxal" becomes an indiscriminate political label rather than a description of a genuine security and ideological challenge.

Another dimension of this ecosystem deserves scrutiny. Certain activist organisations and advocacy networks have repeatedly placed themselves at the forefront of movements directed against major decisions of elected governments. Participation in an anti-government protest is, by itself, neither illegal nor anti-national. Indeed, peaceful protest is a democratic right.

The legitimate question arises when political mobilisation intersects with opaque financing, foreign funding, coordinated misinformation, unlawful activity or networks associated with extremist causes.

This is precisely why the financial architecture surrounding advocacy organisations matters. Where organisations receive substantial funding from abroad while simultaneously participating in campaigns intended to influence India's political and social environment, the Indian state has both the right and the responsibility to demand complete transparency regarding the origin, destination and utilisation of that money.

It is equally important not to collapse all such organisations into one category. Thousands of civil-



society organisations perform legitimate humanitarian, educational and social work. The case for scrutiny must therefore rest on evidence of financial or legal violations rather than ideological disagreement. There is also a political dimension to this ecosystem.

Opposition parties frequently find themselves supporting the same protests and campaigns championed by activist organisations opposed to government policies. That convergence does not, by itself, prove an organisational or financial nexus. But it does help explain the political resistance that often follows attempts to regulate these networks: activist groups can generate narratives, mobilisation and institutional pressure that coincide with the political objectives of parties seeking to challenge the government.

The relationship can therefore become mutually reinforcing even without a formal alliance. Activist networks provide intellectual arguments, litigation, campaigns and street mobilisation; opposition parties can provide political amplification and parliamentary legitimacy. Where their objectives converge, each strengthens the reach of the other. This is where the Foreign Contribution (Regulation) Act (FCRA) assumes importance.

The 2020 amendments substantially tightened India's foreign-funding architecture. They prohibited recipients of foreign funds from transferring such funds onwards to other organisations, reduced the permissible ceiling for administrative expenditure from 50 per cent to 20 per cent, strengthened identification requirements and required foreign contributions to enter through a designated FCRA account at the State Bank of India's New Delhi Main Branch.

These changes made the movement of foreign money considerably more traceable. Earlier, a complicated chain of transfers between organisations could make it difficult to establish precisely where foreign contributions ultimately went and for what purpose they were used. Greater transparency disrupts precisely the kind of opaque ecosystem within which illegitimate political or extremist activity can potentially hide. The government should strengthen this framework further where regulatory gaps remain.

The government's success against armed Maoism illustrates the difference between the two challenges. An armed movement can be defeated geographically; an ideological movement reproduces itself intellectually. For years, sections of the ideological ecosystem surrounding radical movements have portrayed the Indian state as inherently oppressive and underserving of allegiance. Universities are particularly important here. They must remain places where governments, ideologies and institutions can be questioned. But intellectual freedom cannot mean freedom from intellectual challenge. Ideas that romanticise rev-

olutionary violence, excuse terrorism or portray India's fragmentation as liberation must be confronted through scholarship, debate and facts.

The same principle applies across civil society, media, culture and academia.

India therefore needs something considerably more sophisticated than another security crackdown. The support system of violent extremism must be dismantled wherever evidence establishes its existence, while the ideological arguments sustaining extremism must be defeated openly. Financial networks require greater transparency; illegal activity requires prosecution. Foreign funding requires scrutiny. Propaganda requires rebuttal. Universities require genuine intellectual pluralism rather than domination by any single ideological tendency. And political parties, irrespective of ideology, must recognise a fundamental distinction: opposing the government is entirely legitimate; weakening the constitutional state is not.

The armed Naxal sought to weaken India with the gun. The ideological extremist can pursue the same objective through narratives, networks, institutions and the radicalisation of young minds.

India has demonstrated that it can defeat the first. Prime Minister Modi's warning about the "dimagi Naxal" is ultimately a warning that victory against insurgency will remain incomplete unless India also develops the intellectual confidence, financial transparency and institutional vigilance necessary to dismantle the ecosystem from which extremism repeatedly regenerates itself.

The writer is a commentator on socio-political issues

The Statesman

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the Friends of India - founded 1818

Silicon War

For years, Nvidia and the giant cloud companies appeared to have a comfortable bargain. Nvidia supplied the processors that made artificial intelligence possible; Amazon, Google, Microsoft and Meta bought them in enormous quantities and built the data centres needed to turn computing power into services. That bargain is now becoming a strategic rivalry. The hyperscalers have discovered that depending indefinitely on a single chipmaker is expensive and strategically dangerous.

All four are developing their own AI accelerators, with Google and Amazon already having substantial experience and Microsoft and Meta pushing their own designs. Custom silicon will not necessarily displace Nvidia's general-purpose GPUs, but even partial substitution could weaken Nvidia's extraordinary pricing power.

Nvidia's response is revealing. Its proposed \$500bn financing partnership with some of Wall Street's biggest investment firms is not simply a way of finding money for more data centres. It is an attempt to ensure that the expansion of AI computing continues to run through Nvidia's ecosystem even as its biggest customers try to reduce their dependence on it. The scale of the proposed financing is striking, but the nature of the bet matters more than the headline number.

Institutional investors are being invited to treat AI computing infrastructure as an asset capable of generating long-term returns. Nvidia is effectively arguing that its chips and the systems around them can be financed more like infrastructure than conventional technology, whose value declines rapidly as the next generation arrives.

That proposition contains both Nvidia's opportunity and its greatest risk. The company's advantage is not merely that its processors are powerful. Its CUDA software ecosystem has become deeply embedded in AI development, making Nvidia hardware difficult to replace. The hyperscalers can design cheaper or more efficient chips for particular workloads, but replacing the entire Nvidia ecosystem is considerably harder. At the same time, the major cloud companies still need Nvidia because AI demand is expanding faster than their ability to build alternatives.

But Nvidia is now encouraging Wall Street to finance an enormous expansion of computing capacity at precisely the moment when questions about the durability of AI spending are becoming more important. The leading cloud companies are already expected to spend hundreds of billions of dollars on infrastructure this year. If demand for AI computing continues to grow, Nvidia will have achieved something extraordinary: it will have turned its technological dominance into a financial ecosystem, drawing outside capital into infrastructure built around its products.

If demand disappoints, however, the problem will not remain confined to Silicon Valley. Financial investors will own or finance assets whose value depends on utilisation, pricing and technological longevity. The real contest, therefore, is no longer simply over who makes the best AI processor. It is over who controls the infrastructure, software and capital on which the AI economy depends. The hyperscalers are trying to escape Nvidia's orbit. Nvidia is trying to make that orbit larger. The \$500bn bet is its most ambitious move yet to ensure that they cannot escape it easily.

The Decoy

An American President secretly abandoning Air Force One in a catering truck sounds like political theatre. In reality, it reveals something more serious about the nature of presidential power in wartime: the extraordinary lengths to which a state will go when it believes its leader may be a target. President Donald Trump has now confirmed that he was moved to another aircraft after the NATO summit in Ankara because the Secret Service and military told him to do so. He said he simply followed their instructions and suggested that the aircraft he actually boarded may have been at greater risk because an attacker would be more likely to target the plane believed to be carrying him. That last point matters. It is tempting to see the people who remained aboard the apparent Air Force One - including journalists and White House personnel - as having been unknowingly placed in harm's way while the president escaped. But the available evidence does not necessarily establish that.

The 747 continued to operate as the apparent presidential aircraft. Its passengers were told to keep the window shades closed, helping preserve the deception. If the purpose was to prevent an adversary from identifying Trump's actual location, then the decoy was itself part of the protective operation. The people aboard may have been safer than a superficial reading of the episode suggests.

What remains unknown is therefore more interesting than the obvious question of whether Trump or those left behind in the aircraft he was moved out of were endangered. What precisely did American intelligence know, and how was the safety of those aboard the decoy aircraft incorporated into the plan? That is not an accusation.

Presidential security necessarily depends on secrecy, compartmentalisation and deception. The Secret Service has made past presidents use decoy aircraft, concealed journeys and other devices to frustrate potential attackers. The difference here is that most of those accompanying the president were apparently unaware that the deception was under way. The episode also offers a sobering corrective to the rhetoric surrounding Trump's confrontation with Iran.

The president has repeatedly projected an image of overwhelming American power and described Iran as severely weakened. Yet the security apparatus around him evidently considered the possibility of an attack serious enough to construct an elaborate deception and move him between aircraft in secret. That is not evidence of weakness. Protecting a president from assassination is precisely what a capable state is expected to do. But it is a reminder that military power does not eliminate vulnerability. Wars acquire a different meaning when the people directing them must themselves be moved secretly to avoid becoming targets.

The most responsible conclusion, therefore, is neither ridicule nor outrage. It is to recognise that the operation that appears to have been a sophisticated attempt to manage an uncertain threat, while leaving an important question unanswered. How did the Secret Service assess and manage the risks to officials and journalists on board?

J&K's forgotten minorities

Large political narratives tend to flatten smaller identities. Once a region becomes synonymous with a single conflict, communities that do not fit its dominant storyline risk becoming invisible - or inheriting suspicions generated by political movements with which they have little connection

The story of the former state of Jammu and Kashmir is usually told as though it belonged to a single people. Newspapers spoke of "the Kashmiri mood". Television debates invoked "the aspirations of Jammu and Kashmir". Even academic literature often treated the politics of the Kashmir Valley as the political grammar of the entire state. Yet this has always been an incomplete history. The erstwhile state was not a singular political community but a mosaic of histories, cultures, religions, and identities that often interpreted the same events in profoundly different ways.

Beyond the Muslim-majority Kashmir Valley lived the Dogras of Jammu, the Buddhist-majority population of Ladakh, the Shia-majority district of Kargil, Kashmiri Sikhs, and smaller but historically significant communities such as the Gujjars, Bakarwals, Baltis, Brokpas, Changpas, and Pangris. Each possessed its own historical memory, political vocabulary, and relationship with the Indian Union. To speak of "the people of Jammu and Kashmir" as though they constituted a single political bloc was always more a convenience than a description.

Communities outside the Valley have long argued that India's national imagination - and much of international commentary - understood them primarily through the prism of Kashmir's separatist conflict. Their own aspirations, political preferences, and historical experiences often disappeared beneath a narrative that assumed the Valley represented the whole.

The first casualty of this narrowing was arguably the Dogra imagination itself. The princely state established under Maharaja Gulab Singh in 1846 brought together territories that had rarely existed under one political authority. His successor, Maharaja Hari Singh, governed a remarkably diverse kingdom while introducing a series of administrative and social reforms. Whatever judgment history ultimately renders on princely rule, the Dogra dynasty occupies a foundational place in the making of modern Jammu and Kashmir.

Yet after accession to India in 1947 and the eclipse of Maharaja Hari Singh's political authority, the state's public memory increasingly revolved around the Valley. As constitutional disputes and later insurgency came to



dominate national attention, the historical role of the Dogras gradually receded. The political imagination of the former state became increasingly framed through a Valley-centric lens, leaving less room for understanding how other communities remembered the same history differently.

This narrowing proved even more consequential for smaller communities. The Gujjars and Bakarwals, for example, are ethnically, culturally, and linguistically distinct from the settled Muslim population of the Valley. Their seasonal migrations have long made them custodians of some of the Himalayas' most inaccessible terrain. During the 1999 Kargil War, Bakarwal shepherds famously alerted the Indian Army to suspicious movements that helped expose Pakistani intrusions.

Yet historical loyalty did not shield them from prejudice. Following the horrific rape and murder of an eight-year-old Bakarwal girl in Kathua in 2018, sections of public discourse cast suspicion on the nomadic community itself, leaving many Gujjars and Bakarwals feeling unfairly stigmatized despite their longstanding contributions to the region and the country. The episode demonstrated how political polarization can quickly dissolve distinctions between individuals and entire communities.

Ladakh reflects a different version of the same pattern. For decades, many Ladakhis articulated political aspirations distinct from those of the Valley, seeking greater administrative autonomy while emphasizing closer integration with India. Their concerns centered on governance, cultural preservation, environmental protection, and constitutional safeguards rather than the questions that dominated politics in Srinagar. Yet Ladakh was often interpreted through the same lens as the Kashmir dispute.

This conflation carried social consequences.

Many Ladakhis have spoken of facing racial stereotyping because of their East Asian features, including casual insinuations that they were somehow "Chinese" or "pro-China".

Such assumptions reduced identity to appearance and overlooked the region's longstanding contribution to India's frontier security and national life.

The trajectory of Sonam Wangchuk illustrates how these anxieties continue to resurface. Celebrated nationally as an engineer, educator, and environmentalist, Wangchuk later became one of the most visible advocates for constitutional safeguards and greater political accountability in Ladakh after its reorganization in 2019. As his criticism of the government's perceived failure to fulfill promises became more pronounced, the tenor of public discussion around him shifted.

His participation in protests, including those supported by students, was accompanied by accusations that he was "anti-national", "pro-China", or motivated by institutional self-interest. Regardless of the merits of those allegations, their rapid circulation suggested how easily dissent from a peripheral region could be recast as disloyalty rather than democratic disagreement.

Viewed individually, each of these episodes belongs to a different political context. Together, however, they reveal a recurring pattern. The Dogras saw their historical centrality fade from public memory. Gujjars and Bakarwals experienced stereotyping during one of the state's most traumatic criminal cases.

Ladakhis have often found their political aspirations conflated with conflicts that are

not entirely their own, while prominent voices from the region have sometimes been subjected to sweeping suspicions once they entered contentious national debates.

The common thread is not identical grievance but a shared experience of simplification. Large political narratives tend to flatten smaller identities. Once a region becomes synonymous with a single conflict, communities that do not fit its dominant storyline risk becoming invisible - or inheriting suspicions generated by political movements with which they have little connection.

This is not unique to Jammu and Kashmir. Diverse societies everywhere struggle against the temptation to compress complex histories into convenient binaries. But the stakes are especially high in a border region whose social fabric has always been unusually intricate. The former state was never simply "Kashmir". It was a political and cultural mosaic whose peoples remembered the past differently, and related to the Indian Union in different ways.

Recognizing that diversity is not merely a matter of historical accuracy; it is a democratic imperative. A mature understanding of the former Jammu and Kashmir requires moving beyond the assumption that one region can speak for all others.

The Dogras, Gujjars, Bakarwals, Ladakhis, Baltis, Brokpas, Kargilis, Sikhs, and the Valley's own communities each possess distinct histories, aspirations, and experiences that deserve to be understood on their own terms. The future of reconciliation in the region will depend not only on constitutional arrangements or security policies but also on the willingness to replace simplification with understanding.

Nations are strengthened not by folding diverse communities into a single narrative, but by ensuring that each finds an equal place within the larger national story.

Jakarta Post

The costs of 'execution first, planning later'

When Prabowo Subianto then a presidential candidate in 2024, modelled the government for holding "too many focus group discussions [FGDs], and too little work on the ground," he was diagnosing a real disease: bureaucracies that plan endlessly and act rarely. Two years into his presidency, the diagnosis has flipped. It is true that a hefty share of public spending went into FGDs, seminars and workshops that produced little. But his own government now suffers the opposite failure of executing before it plans, then

improving the plan as the execution collapses. Yet the damage is already done, heavily. The clearest evidence sits in two of Prabowo's flagship programs. In the past two months alone, the free nutritious meal program and Red and White Cooperatives caught the spotlight for alleged corruption cases and changes to their implementation schemes, all traceable to planning that was never finished before rollout. For two programs that consume close to 10 percent of the

2026 state budget, about Rp 370 trillion (US\$20.6 billion), the margin for error should be near zero and the cost of mistakes is unimaginable. The pattern that is evident on the ground has followed the rule of "regulation chasing rollout". It was not until seven months after the free meals program national rollout that the National Nutrition Agency (BGN) finally issued the long-awaited technical guidance for the program. Over that time period, at least 11,000 children suffered food poisoning, a toll that the President refers to as "only 0.0017

percent of the total recipients". Corruption cases that involved the BGN leadership projected to reach Rp 1 trillion per month, bubbled BGN's arrears to operators up to Rp 16 trillion, and many kitchens are stalled and have incurred financial losses. And the toll did not stop where the President's talking point implied it would. Case counts kept climbing well past that figure more than 9,000 children had fallen ill by October 2025, and watchdogs recorded another 1,242 fresh poisoning cases in January 2026 alone, a full year after the national rollout.

Letters To The Editor | editor@thestatesman.com

Options open

Sir, Apropos "A new shield" published today, the defence pact should make us vigilant, not apprehensive. Its optics are formidable, but its three constituents have different strategic compulsions. Pakistan looks east, Saudi Arabia looks to Gulf security, while Turkey's interests stretch across West Asia, Europe and the Caucasus. A common security umbrella does not automatically translate to a common enemy.

Our greater strength lies in what the pact cannot easily replicate: a remarkably diversified network of partnerships. Russia remains a dependable strategic pillar; the United States remains an indispensable ally; India's technology and Indo-Pacific interests; France and Europe offer growing strategic space; and India's expanding relationships with Saudi Arabia, the UAE and the wider Gulf provide an important counterweight. The answer lies in multiplying our strategic choices.

We engage Riyadh pragmatically, keep our cards close to our chest, and ensure that our bilateral disputes with Pakistan are not internationalised. Defence preparedness, energy diversification, maritime security and stronger ties with the Gulf,

must run in parallel.

Our advantage has ever been in not choosing between camps. Strategic autonomy works best when backed by strategic capability. The pact is a reminder to widen our partnerships, deepen our economic leverage and keep every option open.

Yours, etc, N Narayanan, Navi Mumbai, 11 August.

Security needs

Sir, This refers to the editorial "A New Shield" published today. The security arrangement between Saudi Arabia, Turkey and Pakistan deserves close attention in India.

It reflects a changing regional balance in which dependence on one external power is giving way to wider partnerships. India should neither overreact nor underestimate the implications. Regular diplomatic engagement with all three countries, particularly Saudi Arabia, can protect our economic and strategic interests.

At the same time, stronger defence preparedness and deeper cooperation with Gulf partners would provide greater resilience. New Delhi should also carefully monitor any transfer of military technology or

strategic capabilities that could alter the regional equilibrium. A steady, interest-based policy, rather than public rhetoric, would best serve India's long-term security objectives.

Yours, etc, Abhinava Barathi, Chennai, 11 August.

Hasina

Sir, This refers to your front page report "Dhaka seeks Sheikh Hasina's extradition" published today. India has provided Hasina with secure refuge since August 2024 purely on humanitarian and security grounds, not as a political detention or a forced arrangement. Her continued presence in New Delhi has caused significant diplomatic strain between India and the current Bangladeshi government.

If she chooses to leave voluntarily, New Delhi should facilitate her safe departure. Hasina has explicitly stated her willingness to face the legal process and the death sentence handed to her in absentia.

By allowing her to return, India steps out of the crossfire and lets the Bangladeshi judicial and political systems handle the outcome directly.

Yours, etc, Deba Prasad Bhattacharya, Kolkata, August 11.

Rural poor

Sir, Data from the Union Rural Development Ministry show a significant decline in employment generation under VB-GRAM G in July. According to the data, July 2026 (the first month of the new scheme) saw 4994 per cent less person-days for the beneficiaries compared to July last year. It would be naïve to attribute the sharp fall, to the extent of halving, in employment generation entirely to the "agriculture pause period" provided under the new law.

Despite the increase in work days from 100 to 125 in a financial year, the number of days the rural poor get work has fallen considerably. It is self-evident that the government is not interested in implementing the scheme as best it can to achieve the objective for which it was originally introduced - mitigation of rural distress.

The fact that the government refuses to release the funds due to the States without deliberate delay, in addition to centralizing the scheme and putting 40 per cent of the financial burden on state governments is also clear indication that it is lukewarm about the scheme.

Yours, etc, G. David Milton, Maruthanode, 11 August.

The cartographic war

HARSHA KAKAR

The Survey of India recently released its updated map standardizing names of 27 places, including geographical features, in Arunachal Pradesh. The list includes land areas, passes, a lake, a memorial and a few places under illegal Chinese occupation since 1962. The government statement said: "Identifying them formally on the Survey of India map of Arunachal Pradesh is aimed at facilitating their accurate recognition and better awareness among the public at large." Beijing, considering it as a counter to its similar earlier actions, reacted immediately, ignoring that it had commenced cartographic warfare against India as an extension of its lawfare strategy, which could subsequently be exploited to add credence to its claims. In 2024, responding to one such Chinese exercise, External Affairs Minister S Jaishankar had responded, "If today I change the name of your house, will it become mine? Arunachal Pradesh was, is and will always be a state of India. Changing names does not have an effect."

The Global Times, the Chinese government mouthpiece, admitted to Beijing's actions by mentioning, "China has been carrying out standardization of geographical names in the region for a long time." Since 2017, China's ministry of civil affairs has issued fresh names of 112 places in Arunachal, in a total of six releases, the latest having been in April this year. China also objects every time a senior government member or an ambassador visits Arunachal, a protest dismissed by New Delhi.

China believes that it alone has the right to change names of places within Arunachal which it terms as 'Zangnan'. It considers Arunachal as South Tibet, (Xizang implies Tibet and Nan is South, thus Zangnan). The names it releases correspond to Tibetan names, with no historical linkages. The fact is that Tibet is itself illegally occupied by China.

Why is China screaming from the rooftops on Indian actions? When Beijing changed names of places in Arunachal on multiple occasions, it was linking them to Tibetan terminology; hence, when questioned, its spokesperson mentioned: "This is within China's sovereign rights." India released names with far more historical depth, identifying them with their history, traditional movements and cultural affinity. This links Beijing as it solidifies India's claims, debunking Chinese fake actions.

The Global Times said on India changing names, "any unilateral action by India that escalates the border situation shows no point and will not serve broader interests of bilateral relations." The Chinese Military Bugle, claimed to be the Official press account of China's armed forces, tweeted that the Indian action "could compromise the steady momentum in bilateral relations."

Another Chinese media account mentioned "Such actions could stifle improving of political ties." It made little difference. India responded firmly, refuting Chinese criticism. The MEA spokesman said: "Arunachal is an inalienable and integral part of India and this is a fact which is self-evident. At the same time, let me also underline that nothing can change this indisputable reality."

There is no doubt that China has no answer to Indian actions, except possibly issue one more meaningless list of new names, which could flow shortly. Not that it matters. In one move, India crushed Chinese propaganda, planned and pushed for years. Considering Beijing's response, India has evidently hit a raw nerve.

This cartographic war coincided with reports on social media of a possible Chinese incursion into Arunachal Pradesh. Similar reports had emerged in June, which were debunked by the army claiming them to be "incorrect and without basis." This time it was the Arunachal Pradesh CM who responded. He mentioned, "These claims are just rumours and should not be believed."

This was however fodder for opposition political parties desperate to corner the government, especially as Parliament was then in session. Unofficial reports mention that an Indo-China standoff occurred in the Taksing sector of Arunachal in late July. India challenging China at its own game is an indicator that New Delhi is unwilling to let China gain the upper hand in lawfare. Further, it is a message that India will respond to any Chinese attempt to alter the status quo, whether it be cartographic or through intrusions. It displays Indian confidence in managing its ties with China.

The release of the Survey of India map came a day after the conclusion of the 36th Working Mechanism for Consultation and Coordination (WMCC) meeting on border affairs, held in New Delhi on 6 August. This surprised the Chinese as there was no way they could display their official displeasure. If given an opportunity, they would have cancelled the meeting in protest.



In addition, it was released barely a month before the BRICS summit is to be held in New Delhi, which Xi Jinping is expected to attend. This leaves China with limited options. Either Xi cancels his visit in protest or attends the meet ignoring the Indian action, sending a signal to the world that India, China and Russia stand together, despite differences.

If Xi cancels his visit, then India has conveyed the right message by release of the map. The fact that Vladimir Putin would also be attending and a RIC (Russia-India-China) summit could be on the cards adds to Xi's predicament. The BRICS summit comes in the backdrop of Donald Trump considering enhancing tariffs on India and China over Russian oil procurements.

On the contrary, if Xi attends, it could imply that Chinese criticism of the release of the survey map is just a formality. Simultaneously, prior to any major diplomatic Indo-China activity, there are always possibilities of a Chinese misadventure along the LAC. This provides Xi the upper hand

in one-to-one discussions. Indian troops need to be prepared to thwart any such attempt. The July standoff was possibly aimed at this.

The Indian cartographic act called out Chinese hypocrisy. Beijing believed that every announcement of fresh names from its side was justified, solely because of its claim lines. India proved that merely claiming a region does not mean that it belongs to you. Further, the release of the map solidified India's sovereignty over Arunachal, a fact that China can keep questioning. India also conveyed that Mao's palm and finger theory of Tibet as the palm and Arunachal, Sikkim, Nepal, Bhutan and Ladakh as fingers is history.

Having tested the waters and succeeded in Arunachal, it is time for restoring similar historical names to disputed places in the Middle Sector in both Uttarakhand and Himachal Pradesh. Uttarakhand has special significance as it was the traditional route for the Mansarovar Yatra. Finally, it should be Ladakh.

The writer is a retired Major General of the Indian Army.

100 Years Ago



Front page of The Statesman dated 18 Aug 1926

OCCASIONAL NOTE

ON Sunday night, July 18, Hong-kong was visited by a storm which the South China Morning Post describes as "the most impressive and the most awe-inspiring ever witnessed here or elsewhere." Before the storm ceased twenty-one inches of rain had fallen and of these seventeen fell in six hours. It was the first report of this storm which created an impression in Calcutta that some grave disaster had overtaken the colony. The details now available by the China mail indicate that the death-rate due to collapsing houses and flooded ravines was small, but many hundreds were left homeless and great distress was caused to residents on the Peak by the break down of the water-supply. The inconvenience that was felt in Calcutta when, owing to heavy rain, the unfiltered water-supply was discontinued for a time seems very trivial compared to what Hongkong had to face. It is amazing to those who think of Hongkong as a city fitted with all the apparatus of civilization to read notices in the papers from chemists announcing that they are able to supply distilled water in pints; half gallons and three gallon jars. As to bathing, the residents were then recommended to bathe in the pools the storm had left behind.

News Items

FIXED COTTON PRICES

SCHEME FOR PREVENTING UNDER-COST SELLING

LONDON/AUG.

THE Federation of Master Cotton-Spinners Associations has inaugurated a scheme for the protection of the American spinning section of the trade from under-cost selling. "Basic prices," which are, in effect minimum prices, are fixed for the standard quality of American cotton and salesmen of the Manchester Exchange, representing the firms producing these yarns have been instructed to quote prices coinciding with the Federation's list.

The elimination of cheap sellers seems only a matter of time if the Federation members stand together. Federation and non-Federation concerns have promised loyal support. —Reuter.

AMERICAN CAPTURE

MEXICAN RAID OVER BORDER STOPPED

SAN DIEGO (CALIFORNIA), AUG.

THE American authorities have arrested and imprisoned 150 men mobilised three miles this side of the Mexican Frontier, under the command of General Enrique Estrada, the Mexican ex-Secretary of War, when on the point of making an insurgent descent on towns across the border. The captured include General Estrada and his staff.

The authorities have also seized quantities of arms, one armoured truck, two one-ton truck loads of ammunition, lorries for transporting revolutionaries, and documents giving complete plans of the projected insurrection. —Reuter.

MINERS RETURNING

FULL COMPLEMENTS AT WORK IN SHROPSHIRE

LONDON/AUG.

THE miners continue to drift back to work. In three collieries of Shropshire practically the whole complement of 1680 men is working. At forty-six pits in Notts and Derbyshire 3352 men were actually engaged in the production of coal on Saturday and a further 150 are working to-day. In Lancashire, Warwickshire and Cannock 5,583, 5,880, and 5,391 men respectively are now working. —Reuter.

Should a senior citizen celebrate or complain?

KRISHAN KUMAR CHUGH

On 21 August, as the world observes World Senior Citizen Day, I shall be less than a month away from celebrating my 73rd birthday. Having lived thirteen full years past the conventional threshold of sixty, the day naturally invites introspection. World Senior Citizen Day was conceived to honour the wisdom, contributions, and dignity of older adults, while drawing global focus to their safety, health, and welfare. In India, where reverence for elders is deeply woven into our cultural ethos, such a day ought to be an occasion for celebration. Yet, standing at this milestone of life, I am compelled to ask an uncomfortable question: Is this a day to celebrate, or a moment to lament?

When I turned senior, I felt a distinct sense of pride in receiving my Senior Citizen Identity Card. Shortly thereafter, I obtained another for my wife, Mrs. Arun Bala Chugh. These cards were not merely tokens of age; they represented a societal covenant - an assurance that after decades of public service, senior citizens would be treated with dignity, care, and basic security.

However, no one knows better than the weather where the shoe pinches. My commentary here is not an abstract critique, but a lived interface with law enforcement - specifically the Delhi Police - and reflects a broader struggle with public governance in

general. It comes from someone who was invited by the prestigious Sardar Vallabhbhai Patel National Police Academy (SVP NPA), Hyderabad, to interact with and train police officers on Disciplinary Proceedings - a subject that demands deep deliberation on the conduct expected of police officers.

Taking care of elderly citizens living independently or in vulnerable settings is a primary statutory responsibility of urban policing. Initially, I harboured great hope that raising legitimate grievances through established institutional channels would evoke a responsive touch. Sadly, those hopes have steadily dwindled despite numerous formal letters, representations to constitutional authorities and statutory bodies, and direct feedback on social media handles where the police frequently showcase their operational achievements.

Post-retirement, instead of a peaceful life assisted by law enforcement agencies, I found myself thrust into a battle that began 13 years ago and continues to this day. Painfully, I find no one on my side; it often feels as though the law enforcers have changed sides to stand with the law violators.

The low point of this engagement occurred when I discovered that my WhatsApp communications regarding public order and safety grievances were blocked by senior district officials - the DCP (West), Additional DCP-I (West), and Additional DCP-II (West). In correspondence where I systematically

captured the utter helplessness and inertia of the law enforcement machinery on the ground, the lack of administrative responsiveness was shocking. What proved even more alarming was the abandonment of a senior citizen's legitimate grievances, notwithstanding explicit standing orders from the Commissioner of Police regarding elder care and community responsiveness.

This experience stands in stark, painful contrast to the respect and affirmation I continue to receive from academic and public institutions across the country. Over the years, countless participants in my training sessions have expressed profound regard for my work. Recently, I received a warm note of appreciation from Anita Dayal, a senior DANICS officer (who retired recently) who used to invite me as Guest Faculty at UTCS (Directorate of Training, GNCTD) when she was in the Training Division. Similarly, Nidhi Raman, Dy. SP (70th BSC), frequently suggests vital topics for me to write on to create institutional awareness.

Within my own family, on Guru Purnima this year (29 July 2026), my daughter-in-law, Vasudha Arora, an active officer of the Indian Railway Traffic Service (IRTS), sent me a message that touched my heart deeply: "Good afternoon Dad, Happy Guru Purnima! You have been a guiding light in many instances, inspiration in others, and will always look up to your gyaan and wisdom."



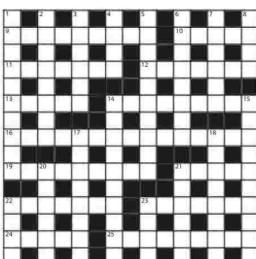
It is ironic that while public officers and young administrators seek guidance and inspiration from my experience, the local law enforcement machinery chooses to block or ignore the constructive civic feedback of a veteran scholar and former civil servant.

I wish to live another thirteen productive years. Yet, despite formal protests and reasoned civil commentary shared in response to official public posts, I am left with a feeling of deep helplessness. One is forced to wonder: Will local policing institutions ever absorb constructive wisdom and preventive feedback from senior citizens, or are they content waiting for a public safety failure to occur - only to take pride later in "nabbing the culprit within 24 hours?"

True policing lies in prevention, responsiveness, and empathy. Until our law enforcement agencies internalize this ethos for every senior citizen, World Senior Citizen Day will remain a well-intentioned ritual on paper, followed soon after by the International Day of Older Persons. If I am surviving today, it is not because of any assistance from the Delhi Police, but by enduring unlawful activities happening right in the midst of celebratory tweets from the Lt. Governor, the Commissioner of Police, and DCP West - with the complete silence on the responses I post.

The writer is a retired Director and a practicing Advocate.

Crossword | No. 293554



Yesterday's Solution

PEDESTAL FORENSIC
LINGER AGGRADATE
AUGUST ADULT
SARIN GOODWILL
SEMANTICALLY
RANDOMLY URBID
GOLDEN AGE
GOLDEN AGE
GOLDEN AGE
GOLDEN AGE
TRENDY SITUATION

ACROSS

- 9 Second secretary with oil magnate picked up dish (9)
10 The type that regularly gobbles (9)
11 Fit to swallow tablet pro tem (7)
12 A Spanish swimmer died without help (7)
13 I count 50 leaving country (5)
14 I'd once drunk spirit, breaching etiquette (9)
15 A Northern Irish lady brings in large man for stock control (6,9)
16 For one German hosting buffet it helps to make omelette (9)
17 Some Londoners devour fruit (5)
18 A Spanish swimmer died without help (7)
19 China must ask about revolutionary Japanese war (7)
20 Wind from the rear under recalled pasta dish (7)
21 Toddler munches a small piece of brown bread (5)
22 Canal complaint? It is on record (9)
23 I avoid tips in a former digest (10)
24 Where to do some poaching, beset by trouble (2,2,5)
25 Woman's keen to bottle fruit (6)
26 Staunch supporter of plant (4)
27 E51 is exceptionally dear for a kitchen device (10)
28 Foreign Office spies nicking a cricket club's bread (8)
29 Offer kind young nurse a dingly (6)
30 Charge by the day for fodder (4)
31 Where to do some poaching, beset by trouble (2,2,5)
32 I am anyone's after refreshment and dressing (10)
33 Pretty good commercial match (6)
34 One who represents Georgia during strike (10)
35 Sweet drink in most of France once (6)
36 Kilroy is boring drunk, having ejected one Republican (6)
37 Son put away stuff (4)
38 Time-consuming story's less powerful (4)

NOTE: Figures in parentheses denote the number of letters in the words required. (By arrangement with The Independent, London)

INTERNATIONAL EDITORIALS



The FT View



FINANCIAL TIMES
"Without fear and without favour"

ft.com/opinion

Farage's fruitless by-election gambit

Victory in Clacton will not enable Reform UK leader to dodge questions on finances

Last Thursday's Clacton by-election was one of the oddest, and most pointless, in British electoral history. Amid a boycott by the main UK parties, Nigel Farage, the Reform UK leader who triggered the poll by standing down to seek re-election, duly beat a motley field of 33 others – though his main challenger, the novelty candidate Count Binface, secured 27 per cent of the vote. But the rightwing populist's victory will not help him dodge the mounting questions over his and his party's finances. Nor will it resolve Reform's slipping poll ratings – or its current strategic impasse.

Farage framed the contest as a chance for voters to "stick two fingers up" at an "establishment" that was out to get him, notably through a parliamentary probe into a £5mm gift Farage received before

the 2024 general election from a Thai-based crypto entrepreneur, Christopher Harborne. But the main parties' refusal to field candidates robbed the ballot of any real legitimacy.

The parliamentary standards investigation into whether Farage should have declared the gift, paused during the by-election, immediately resumed. Farage says the £5mm was an unconditional present while he was not active in politics. But if he is found at fault, he might yet end up facing a second Clacton by-election.

Farage could well win that one too, but even that would not end his travails. Reform is now under further scrutiny over reported transfers of funds between George Cottrell – a longtime Farage aide and convicted fraudster based in Montenegro – and his mother Fiona Cottrell, and transfers from Fiona Cottrell to Reform and to a company controlled by the party's deputy leader Richard Tice. The Metropolitan Police is investigating £1mm in donations to

Reform from Fiona Cottrell and from Tice's company over possible breaches of political finance law. Reform has denied that any rules were breached.

All this might bolster core Reform supporters' convictions of a nefarious establishment plot against Farage. But polling suggests the constant controversies may deter wavering Conservative voters from taking a chance on Reform and its leader.

This is a big problem for Farage and his party. His conundrum is how to get Reform's poll ratings up from a percentage peak of the low to mid 30s – which might not be sufficient to win an election in Britain's first-past-the-post system – into the high 50s, which could be enough to put Farage in office. Reform's only hope is to consolidate Britain's rightwing by grabbing as many Conservative voters as it can. Farage was having considerable success in doing so, but Reform's ratings seemed to hit a ceiling last autumn and have slid back to the mid 20s.

Polling suggests the constant controversies may deter wavering Conservative voters from taking a chance on the party

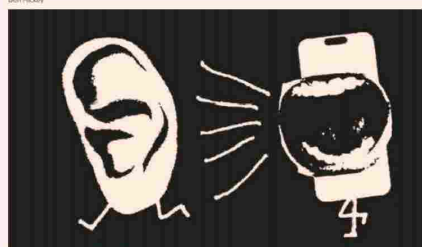
Farage's difficulties are compounded by Restore Britain, the far-right splinter party launched by former Reform MP Rupert Lowe that has cost Reform several percentage points of support. The recent headline migration policies outlined by Reform's spokesperson Zia Yusuf were seen as an attempt to tack right towards Restore. But every such move tends only to alienate softer-right potential switchers.

To cap it all, Reform's own success helped to precipitate the recent coup in the Labour government. While it is early days, new prime minister Andy Burnham is showing signs of consolidating the leftwing vote and rivals Farage in his communications skills. The Reform leader has shown he is still popular in Clacton, the heavily Brexit-voting constituency he handpicked as his best prospect of getting into parliament in 2024. But, for now at least, his chances of making it all the way to No 10 look slimmer than they seemed a few months ago.

Opinion Society

Can we stop with the public 'blasterbating', actually?

Ben Vickers



On a recent stay at a hotel in Spain, I experienced a rude awakening – in both senses of the word "rude". As I was sitting enjoying a classic buffet dinner featuring all sorts of food items that should never be seen together, a man and his son came and sat down at the table next to me. No sooner had they done so than the boy (about 12, I reckon) had taken out his iPhone, propped it against an olive oil bottle, and proceeded to watch a Russian TV programme on full blast while shovelling food into his mouth. Opposite him, his father tucked into his own assemblage of culinary non sequiturs, happy as Larry.

What struck me was not just the impoliteness of it all – of the two of them towards me and other diners; of the boy towards his father (who, to be

in public without earphones. (In the four years since, I have noticed a definite rise in this behaviour, so these figures are probably an underestimate.) In Ireland, the problem is so acute that the national rail operator has introduced a €100 fine for it.

We even have some newfangled suggestions to describe this irritating phenomenon: "loudcasting", "sodcasting" and "bare beating" seem to be the preferred terms in Britain, though my personal favourite comes from the US: "blasterbating", which reinforces the idea that doing it in public is unacceptable. Rather fewer Americans admit to the practice than Brits – 35 per cent, according to a 2024 survey by audio firm JBL – but then Americans spend far more time in their cars and far less on public transport, so there is less opportunity. And 58 per cent still consider blasterbating a "public crisis".

Even if it isn't just a me problem, though, it is always possible to stop finding something annoying by changing one's attitude. As I watched the boy and his father over the following days, always with the same set-up, I started to feel a certain tenderness towards them. The man would frequently chat to his son as he watched his TV show, and the boy would always reply nicely. Yes, his eyes usually remained stuck to the screen, but here was a dad taking his kid on holiday and letting him enjoy himself – that seemed good.

But while my irritation with them faded, my sense that our public spaces are being degraded by a hyper-individualistic culture that has lost its sense of community did not. We all go around in our own little technology bubbles, doomscreaming through X, envyscrolling through Instagram, and keeping ourselves away from the uncomfortable possibilities of boredom, deep reflection, or – God forbid – a conversation with a stranger.

I don't think people are necessarily becoming more selfish, but it does feel we are all becoming more insular; my guess is that if you asked someone playing a video loudly why they thought it was acceptable, they would tell you everyone else is doing the same thing. And if they are not, they can just listen to something else on their own headphones.

We get freedom wrong when we imagine it requires stripping away any kind of manners or etiquette. What about the freedom to enjoy getting lost in a book without being subjected to an onslaught of algorithmic slop? We can forgive the blasterbaters; it is possible they know not what they do. But we should not be afraid to tell them to plug in their blasted headphones. Or, crazy thought, put their phones away entirely.

jemima.kelly@ft.com

Letters

UK needs a more considered debate about North Sea reserves

BP's decision to leave the North Sea (Opinion, August 6) feels like another moment that should prompt a more fundamental question: has this long-running debate ever really been thought through in the round? Estimates suggest the UK still has around 2.9bn barrels of oil equivalent in commercially recoverable reserves,

with substantially more potentially recoverable under the right economic conditions.

Yet political debate has often become polarised between "drill everything" and "leave it all in the ground", now complicated further by interventions from the US president.

As renewables projects falter, supply

chains weaken, and major investors depart, perhaps the real question is whether Britain has developed a coherent long-term energy strategy that honestly weighs energy security, the cost of extracting increasingly difficult North Sea reserves, climate commitments, industrial capability and economic reality, rather than

simply reacting to the politics of the moment. The trouble is that it is no longer 1975: no Queen is waiting to press a giant gold-plated button, no vast new business waiting offshore, only the harder task of making sensible decisions about what remains.

Christopher Moseley
London NW1, UK

UAE-Africa ties reflect friendship going back years

While we appreciate the FT series of Big Reads on the UAE, we are disappointed by the portrayal of the UAE's engagement in Africa. Its central premise – that the UAE is pursuing an "imperial" project across the continent – is fundamentally untrue (August 4).

To describe partnerships negotiated with sovereign African governments as evidence of "imperial ambition" is deeply patronising. It relies on a stereotypical and outdated narrative portraying African states as passive recipients of foreign influence incapable of identifying priorities that serve their national interests.

The UAE's engagement with African governments is based on mutually beneficial ventures and long-term investment – not political conditionality – and reflects a history of friendship and development going back over 60 years.

The scale and nature of UAE investment are essential to any serious assessment. Between 2019 and 2023, the UAE committed more than \$110bn to projects across Africa, with approximately \$70bn directed towards renewable energy. The majority of that capital was committed to clean-energy projects supporting electricity access, economic growth and development priorities.

The treatment of ports is particularly illustrative. The article presents these investments as components of a grand strategic design, when in reality they are commercial agreements that integrate supply chains, facilitate trade and address infrastructure needs identified by partner governments.

A story ostensibly concerned with African sovereignty should allow African governments to speak for themselves. Your 2024 article on the same subject quoted President William Ruto of Kenya describing the UAE as a "very good partner" to African countries. Similarly, the African Union has expressed strong support for the UAE-Africa relationship, including initiatives such as our \$1bn "AI for development" initiative announced at the G20 in Johannesburg.

Contrary to any portrayal, the UAE's engagement with Africa is a partnership built on sovereignty, long-term investment and a shared belief in Africa's youth and future.

Afra Al Hameli
Director of Strategic Communications,
United Arab Emirates Ministry of Foreign Affairs, Abu Dhabi, UAE

Mediterranean states are not EU's security shirkers

Janan Ganesh ("Europe and the eternal north-south rift", Opinion, August 6) is right that geography shapes Europe's threat perceptions, but his north-south divide risks confusing geography with seriousness.

From Italy, Russia is certainly a threat. But it is hardly the only risk visible from the balcony. For Italy, the Mediterranean is a security frontier, not a holiday destination. Instability in Libya and the Sahel, migration



Tofu tension: US soybean export ban of 1975 shocked Japanese consumers

pressures, and volatile energy routes all strike much closer to home than the Russian army. Indeed, if geography explains why Italians are less enthusiastic about boosting defence spending, perhaps the question is why Europe sees so little of Italy's danger. Europe cannot sensibly demand that southern members spend more preparing for eastern flank threats while treating the southern flank as someone else's problem.

Mediterranean states are not Europe's security shirkers; they are simply the members who have noticed that Europe has more than one border.

Federico Forni
London SW15, UK

Two statements – one wholly true, one inane

John Thornhill ends his piece ("Humans cannot be passengers in the AGI car", Opinion, August 12) with the observation that "It is time for the rest of us to acquire more agency over our human future" – a statement which is wholly true.

In contrast, his quote from Daniel Faggella to the effect that humanity's aim should be to ensure we create a worthy successor – "a post-human intelligence so capable and morally valuable that you would gladly prefer that it (not humanity) determine the future path of life itself" – is inane.

Those words do not survive contact with their own meaning. They are packaging for an empty premise and an empty promise. Consciousness is a magnificent mystery, and the tech has no access to it but through us.

Chaos was described by mathematician and meteorologist Edward Lorenz as "when the present determines the future but the approximate present does not approximately determine the future."

Tech systems that determine the approximate present are not competent to "determine the future path of life" – the phrase is mathematically illiterate and morally vacuous. So my advice – stick with humankind.

Christopher Roff Marsh
Vancouver, BC, Canada
Oxford, UK

Many leavers could have lived with a confederation

It was interesting to read Nick Boles' letter "Britain and Ukraine can make Europe a force again" (August 12). I am sure that there are many of us that voted to leave the EU who regretted the fact that Europe from the outset was not set up as a "confederation". A kind of common market, ideally without the Common Agricultural Policy, and regulations appropriate only to maintaining this structure. Within this looser body members would have been free to come to arrangements of common interest, such as defence, without further obligations.

Many of us leavers could have lived with that. Regrettably what we got was an increasingly rules-bound and centralised organisation pushing for "ever closer union" which really means more power to Brussels. There was occasional talk of following the US model of subsidiarity but it was never more than just talk.

As to setting up a confederation outside the union I am less sure. Would certain new members continue to receive handouts, for example? If not, then this might reduce the waiting list of countries wishing to join very considerably.

And would members of the confederation be allowed to maintain trading agreements negotiated outside the common market?

There is clearly a lot of detail to be addressed.

At the end of his letter Boles writes about making "Europe again a force to be reckoned with".

"Again"? I must have blinked!

John Murray
Guildford, Surrey, UK

Détente, the oil crisis, and the US soybean export ban

The Big Read "The fall of America's farm superpower" (July 21) by Susannah Savage and Michael Pooler gives insights into changing global trade patterns. However, to get a complete picture, we need to go back to the 1970s.

In her work on global agriculture, Harriet Friedmann traces the origins of the fall of American farm power to the early part of that decade, when, under the policy of détente, the US made large agricultural exports to the Soviet Union, leading to a decline in stocks. This coincided with the oil crisis.

These events contributed to the tripling of soybean prices. Following consumer protests, in 1975 the Nixon administration imposed an embargo on soybean exports.

At that time, Japan was dependent on soybean exports from the US. Although the shipments were restored, Japan's trust was shaken. This prompted Japan to look for other suppliers of soybeans. This led to Brazil becoming the first major competitor of the US in soybean exports.

Raj Mann
Teaching Fellow, Faculty of Medicine
Imperial College London,
London SW3, UK

When harvests fail, effects cascade beyond farm gate

Susannah Savage's article "Europe's heatwave wipes €2bn from grain crop", Report, July 25) demonstrated the scale of the losses associated with the severe 2026 drought in Europe, but neglected the wider macro-economic costs arising from climate shocks to the food system – costs still largely absent from the economic policy agenda.

Our recent research shows that when harvests fail at scale, the effects cascade beyond the farm gate. They transmit into the macroeconomy through food price inflation (an increasingly topical issue for governments) and household inflation expectations; disrupted supply chains; weaker trade balances; and pressure on lending and insurance underwriting.

Drought is far from the only risk. It sits alongside excess rainfall, frost and hail, which together drive 80 per cent of European agricultural losses, all set to intensify with climate change. Yet 70-80 per cent of the EU's climate-related crop losses are uninsured. This means that governments are increasingly stepping in as "insurers of last resort" (as seen recently in Ireland and France). This unbudgeted government expenditure increases pressure on public finances, and the expectation of bailouts can weaken farmers' incentives to reduce their own risk.

Crop insurance can shift fiscal risk off government balance sheets and provide financial protection for farmers.

But policies must be designed to reduce risk, not merely transfer it, incentivising and rewarding on-farm adaptation. With the design of the EU's post-2027 Common Agricultural Policy under way, policymakers should consider crop insurance as part of the macrofiscal toolkit.

Walls Greenleade
Policy Fellow, Centre for Economic
Transition Expertise, The London School
of Economics and Political Science,
London WC2, UK

Does our attitude to Fifa reveals a double standard?

It's amusing to note that as a nation we in England are happy to see all our assets sold off to investors – the water industry, our electricity supply (even the health service if Nigel Farage, the leader of Reform UK, gets his way!), until that is, it comes to something really precious like the World Cup.

Maybe with Fifa it's easier to spot the mechanism, and we can see straight away what the impact will be: investors won't care about the fans, the players, the future of football, or even the World Cup. They'll just milk it for their own benefit. They are, after all, there to make money.

I wonder if we'll start to apply our newfound suspicion of investors to other aspects of national life... But then, is anything really as important as the World Cup?
Katharine Stearn
Redhill, Surrey, UK

Opinion

The next China shock will come from open-source AI

Lizzi Lee

At the recent World Artificial Intelligence Conference in Shanghai, President Xi Jinping positioned China as a champion of low-cost, open-source AI. He framed this as a global public good in contrast with the US alternative.

China is beginning to construct its own self-sustaining, internally reinforcing AI ecosystem – and is increasingly offering it abroad. Beijing's geopolitical foothold in critical infrastructure is increasing and countries adopting Chinese AI will, over time, absorb Chinese approaches to technical standards and governance principles.

This has come about, in part, due to the own goal that is recent US export controls. By imposing real costs on Chinese AI, export controls have inadvertently become an organising principle

for China that goes beyond technological self-reliance. Now the end result is becoming increasingly appealing to the rest of the world.

The original China shock came with the manufacturing revolution that followed the country's entry into the World Trade Organization. China shock 2.0 was the cleantech wave of solar panels, batteries and electric vehicles. China shock 3.0 has been the diffusion of Chinese digital technology, from e-commerce to recent AI models. China shock 4.0, now on the horizon, will be quite different. It will be based not only on the export of Chinese technology but on China's approach to innovation as a national project.

The open AI strategy itself is a product of constraint. Before Chinese start-up DeepSeek threw open-weight AI into the limelight in 2025, Huawei had already made a contribution to China's open-source development. After it was placed on the US Entity List in 2019, restricted access to American hardware and software pushed the company to build open-source software ecosystems such as HarmonyOS and MindSpore.

Although Xi used the term *kaiyuan*, which translates as "open source", Chinese AI models should be more accurately described as open weight. Their model weights are publicly available, but the full training data is not.

Open-weight models lower adoption costs, expand developer communities and allow companies to work around constraints imposed by a lack of access

Countries adopting Chinese models will absorb its approaches to technical standards and governance

to the most advanced chips. They are especially attractive to emerging markets but are gaining popularity among developers worldwide because of their cost efficiency and adaptability to different workloads.

Within China they are also an economic necessity. The country's old growth engines are under strain and domestic demand remains weak. For

the technology sector, this creates a basic problem: enormous spending on AI models, computing infrastructure and advanced manufacturing requires access to customers capable of generating returns. With domestic revenue limited, going global with lower-cost models that spread quickly helps solve that problem.

The proliferation of open-weight Chinese AI has also heightened the country's interest in speeding up AI governance and safety. Once model weights are released, they can be downloaded, modified, redistributed and stripped of safeguards. The original developer loses the ability to revoke access or update protections. This is already shaping the discussion around "selective openness" – keeping models open while potentially delaying or restricting access to, or requiring review of, the most advanced frontier systems.

Xi's ambition is to accelerate the global proliferation of Chinese technology, build a stronger strategic foothold abroad, diversify China's exposure to geopolitical risk and shape the

global system more in China's favor.

Granted, China's thinking around governance is still nascent. Authority is distributed across an overlapping system: Shanghai is building much of the technical evaluation infrastructure while Beijing works on risk frameworks and regulation. Organisations such as the China Academy of Information and Communications Technology and the National Information Security Standardization Technical Committee play roles alongside universities and private companies. It is messy and fluid. But the technical capacity beneath it is becoming more substantive.

The momentum behind China shock 4.0 is strong. Geopolitical constraints are helping to crystallise a new and distinct model of technology governance. The next shock will not arrive in a container ship. It will spread via the principles that surround Chinese AI technologies. The world is not prepared for what will come next.

The writer is a fellow at the Asia Society Policy Institute's Center for China Analysis

Don't dismiss the influence of the mini-middle powers

Zaur Shiriyev

Middle powers have been having a moment since Canadian Prime Minister Mark Carney's Davos speech in January. There has been much excitement about countries such as Canada, India, Brazil, South Africa and Mexico and whether they can restrain great powers or build coalitions as the rules-based order weakens. Many governments have rushed to claim the middle-power title.

But there are also countries that cannot set the wider international agenda but can still make a difference. These might be described as "mini-middle powers": states with limited overall power but real leverage in a few areas: energy, transport routes, regional security, mediation, finance, technology, geography or access to actors that larger states struggle to reach. What matters is not simply having one of these advantages, but being able to use it.

Qatar and Oman are diplomatic mini-middle powers. Qatar has turned gas wealth, finance and access to hard-to-reach actors into an outsized diplomatic role. Oman relies on discretion, strategic position and the ability to keep channels open between adversaries. For both, mediation is not just a diplomatic role but a source of leverage.

Azerbaijan, Kazakhstan and Uzbekistan hold leverage through geography and infrastructure. Azerbaijan exports energy, sits on east-west trade routes and carries weight in South Caucasus politics and security. Kazakhstan's oil, uranium and its position between Russia and China give it influence beyond the region.

These states hold leverage in energy, transport routes, regional security, finance, technology and mediation

Uzbekistan's demographic weight as Central Asia's most populous country and central location give it growing leverage in regional trade and diplomacy.

The Middle Corridor shows how this works. Azerbaijan and Kazakhstan are central to this Asia-Europe route, while Uzbekistan is strengthening its links to the corridor. It is more cumbersome than the northern route through Russia, but it gives governments and businesses an alternative. The three are also developing a Caspian green-energy corridor that could carry Central Asian renewable power through Azerbaijan, connecting with the planned Black Sea electricity cable to Europe.

Yet discussion of the South Caucasus and Central Asia is still framed too often as a contest between Russia, China and the west. That misses how many countries in the region operate. Azerbaijan, Kazakhstan and Uzbekistan maintain relationships in several directions because geography, trade and security make exclusive alignment risky.

Thus they work with Russia, China, Turkey, the EU and the US while seeking to preserve room for manoeuvre among them. Qatar and Oman have close security ties with Washington but keep channels open to US rivals – allowing them to resist pressure from any one side. After Russian air defences brought down an Azerbaijan Airlines passenger jet in December 2024, Baku's response was unusually blunt given the imbalance in power. It demanded that Moscow accept responsibility, punish those at fault and pay compensation, while keeping the broader relationship intact. Russia later acknowledged the role of its air defences in causing the crash and agreed to pay compensation.

The mini-middle powers' influence is strongest when others need something they control. Azerbaijan's oil and gas matter more when buyers are looking for alternative supplies. The Middle Corridor has gained from disruption to trade through Russia, yet governments along the route know that if western business with Russia resumes, some freight may shift north again. For Qatar and Oman, mediation becomes more valuable when the parties themselves are no longer talking. These countries will not set the terms of the next international order. But those who seek to shape it will often depend on their routes, resources or diplomatic access. Larger powers will find it hard to succeed without their co-operation.

The writer is a non-resident fellow at the Carnegie Russia Eurasia Center

America and the politics of respect

US SOCIETY

Rana Foroohar

Frank Luntz, the conservative political strategist known for his savvy word-smithing (he turned "estate tax" into "death tax" and "global warming" into "climate change") recently conducted a survey about which political words resonate with Americans right now. "Respect" was far and away the winner. Primary election results are already showing the candidates who can deliver voters a feeling of being heard, understood and respected – regardless of their politics or policies – are the most likely to win this year's midterms.

Consider the recent Senate primary race in Michigan, where a deep-pocketed establishment Democrat, Haley Stevens, was upset by a democratic socialist, Abdul El-Sayed, who ran on a message of economic populism. The super-tight win last week for moderate Wisconsin gubernatorial candidate David Crowley seemed to show the opposite trend. But in fact, voters were wooed not so much by these candidates' specific policies as the idea that they could be trusted. They made people feel seen and understood. That trust, more than any political platform, is the foundation for what Luntz calls "the politics

of respect", which he believes will dominate this election cycle.

When it comes to the politics of respect, it's not about issues, it's about values. Consider the many formerly Democratic union voters who helped elect Donald Trump in 2016 and 2024. "These voters may not have really liked the GOP, but they certainly felt the Democrats didn't like them," says Luntz.

True enough. I grew up in a rural area in a part of Indiana that historically had been labour left but swung over 70 per cent of Trump in both of those elections. I remember thinking that none of the very intelligent people I watched the first presidential debate with on Manhattan's Upper West Side ever really got the fact that Trump trounced Hillary Clinton simply by pointing out her pro-naïve stance to a bunch of union factory workers who felt left behind. To them, a senator that claimed to care about working people while sending jobs to Mexico or China was just a hypocrite. Someone who can't be trusted. And without trust, there can be no respect.

Culture wars are all about respect too. America is a God-fearing nation. Democrats forgot that over the past few decades to their peril. Trump won 81 per cent of white evangelicals, 58 per cent of white non-evangelical Protestants and most Catholics in 2024.

While Republicans certainly have no monopoly on morality, they've been able to speak to rural communities in a more thoughtful way than urban liberals typically have. "There's a sense that people on the coast don't understand

our values, which include faith," Todd Huston, Speaker of the Indiana House of Representatives, told me last week. "There's a perceived lack of respect for the idea that maybe some people want to live differently than those in larger cities, maybe in a simpler way."

But Democrats now understand that religion can be fundamental to the politics of respect. Progressive Iowa state senator Sarah Trone Garriott is trying to close the "God gap" with her Republican competitor Zach Nunn in an Iowa race for his House seat. As she recently put it: "Politics is just about how we live together, and so is faith. So, of course faith should speak to our politics."

Will voters buy it from a progressive? Luntz says the messenger matters a lot when voters consider such sentiments.

Candidates who can deliver voters a feeling of being heard and understood will win the midterms

Garriott is the real deal – a Lutheran minister who attended Harvard Divinity School. Texas state representative James Tarlton, the Democratic nominee for US Senate and Presbyterian seminarian, has also given some terrific interviews connecting his Christian faith to issues of class, inequality and affordability in America. But he's also said in the past that God is "non-binary", which doesn't go over quite as well in red states. Whether Tarlton will be viewed as authentic or not remains to be seen.

One thing is clear: many Republicans, starting with Trump, are bungling the politics of respect. Consider the president's recent comments about affordability. This is the number one issue for American voters but Trump called it a "hoax" and a "con job" created by Democrats. Perhaps that's why his support among blue-collar whites is weakening. Trump is also telling Americans that data centres won't take their jobs, even as AI anxiety reaches a fever pitch. Meanwhile, vice-president JD Vance has taken to fat-shaming critics as he hawks a new book on his journey from evangel-

ical Christianity to Catholicism. Referring to a columnist who has previously criticised his position on the wildly unpopular Iran war, he posted on social media, "It's quite obvious the man has never missed a burrito". What Would Jesus Do? Not this, JD, especially not in a country where 72 per cent of people are either overweight or obese.

Luntz believes that if Republicans continue in this way, we could see a reversal of the 2016 swing towards Trump and Maga. "I'm watching Michigan and Ohio intensely," he says. These are bellwether states where the economy isn't awful but also isn't great, and where a lot of people work with their hands. He has seen private polling data showing union members there and elsewhere moving away from Trump and Trump-backed candidates.

Could anything flip the script? "The president could end the war in Iran," Luntz says. What if he can't? Then Trump may not be able to hold the respect of even his base.

rana.foroohar@ft.com

British farmers need more help to cope with brutal heat

Tom Bradshaw

Many of us have never experienced a summer like it. Large swathes of the British countryside look like a dust bowl following heatwave after heatwave. The driest July on record has plunged more than two-thirds of England and the whole of Wales into drought. The result has been a brutal harvest that will go down in history as one of the worst ever.

It is a stark reminder that climate change is no longer a distant threat. For many of us farmers, drought is not an abstract concept discussed in policy papers. It is the dark daily reality affecting crops, livestock and the viability of farms, making it so much harder to produce the food our country needs.

The need for greater water security has never been clearer. Storing water when it is abundant and using it when it

is scarce must become a central part of the UK's response to climate change.

Farmers recognise this. We want to remain productive in a changing climate and continue producing food for 70m consumers across the country. Many are looking to develop on-farm reservoirs and expand water storage capacity. These investments would help secure food production, support the environment and reduce pressure on water supplies during periods of prolonged dry weather.

The UK government has now promised help, including some extra funding for reservoirs, updated planning guidance, and temporary easing of access to water supplies during droughts, yet overall we find ourselves trapped in an overly complex, inconsistent planning system that is often delayed by government agencies.

Whenever I speak to NFU members, I hear of the anger and frustration they feel with the uncertainties of the planning process, its layers of regulation and bureaucracy and lengthy assessment times. We've heard stories of farmers having to wait for years for planning to go

through on new reservoirs and cattle sheds. One farmer who proposed a new glasshouse for year-round strawberry production was told he could face a 20-year wait for access to the grid.

This is totally unacceptable. At a time when the government rightly talks of growth and resilience, it simply cannot take so long to deliver infrastructure that is clearly in the national interest.

Permitted development rights have

Drought is our dark daily reality affecting crops, livestock, the viability of farms and food security

helped in some areas, but they have not kept pace with the needs of modern farming. The thresholds and restrictions that apply to agricultural buildings and water infrastructure are often rooted in a historical farming landscape that is very different from today's reality. As farm businesses evolve, so must the policy and planning framework.

If the planning system were functioning properly, responding to the urgent demand to adapt to a changing climate might not be such a problem. But in its current state, it is a pipe dream.

Right now, we need flexible abstraction licences so farmers and growers can collect and store rainwater for times of shortage. The NFU wants to work with the government, the Environment Agency and water companies to create a risk register of vulnerable water users – critical farm businesses such as livestock, poultry and high-value horticulture need access to water to support animal welfare and business viability.

We also need a planning system that recognises food production as a national priority. It means creating a clearer and faster route for the approval of reservoirs and water storage projects. It means streamlining the process of obtaining permitted development rights so we have more flexibility to adapt our businesses and invest in new opportunities. And it means ensuring local planning authorities have the resources and policy direction to make timely decisions.

We are ready to do our part. We are

ready to build the infrastructure required to provide and maintain a resilient food system for 29m households, to help deliver growth in every constituency across the UK and strengthen local economies. But this is only possible if we are given the tools to invest in our future.

On Saturday, I was able to highlight to the Prime Minister that the government has the chance to rebuild the capacity of the UK to feed itself as part of his new 10-year strategy. This starts with recognising how desperate the cash flow situation is on farms, in order to build on the welcome package of investment that has been announced.

This summer's weather should be seen not only as a warning of the challenges ahead but as a call to action. The irony is that as the effects of drought become ever more severe, the systems that should help farmers adapt and innovate stand ever more in the way. We cannot control the weather, but we can control how prepared we are for it.

The writer is president of the National Farmers' Union

Opinion

American weed is going global. Europe is not ready.

North American cannabis companies are on a campaign of global conquest.

Kojo Koram

LONDON The 20th century was defined by American brands — McDonald's and Coca-Cola, Microsoft and Starbucks — going global. In the 21st century, it's artificial intelligence companies that are preparing to cannibalize the world economy. But the race to go global is on for another product: marijuana.

In America it has been a bumpy ride. The country long tried to effectively wipe weed off the face of the earth. But over the past decade or so, the pendulum swung: 24 states legalized recreational cannabis, and 41 states have legal medical markets. For a few years, venture capitalists poured their dollars into every hip-sounding weed company they could find, giving rise to the so-called green rush — a cannabis industry across the United States and Canada worth \$30 billion at its peak.

But things were never steady. A patchwork of state laws, high taxes and overspeculation led to a cycle of boom and bust. Companies told their financial backers that federal legislation favoring the industry was imminent, but when that failed to materialize, investors pulled their cash. Profits stalled and stock prices collapsed. To many, it looked

as though the cannabis industry would remain stuck in purgatory. Then, at the end of last year, an unlikely savior arrived: President Trump. His executive order

in December to reclassify cannabis promised to take the drug out of the category that includes heroin and place it alongside prescribed pain medications like codeine. It would also, importantly, spare companies from the heavy taxes that were strangling profits. The industry perked back up. Now North American cannabis companies are taking their wares overseas. And Europe, the first stop on their campaign of global conquest, is not ready.

The process of expansion has begun. In February the Canadian cannabis company Organigram acquired Sanity Group, a German medical cannabis company, for around \$285 million. In April, Tilray, one of America's cannabis juggernauts, acquired Lyphe, a leading British medical cannabis provider, not long after picking up a popular craft beer company. Not to be outdone, the United States' largest cannabis company, Curaleaf, soon followed suit by completing the buyout of Four 20 Pharma, a major German medical cannabis producer and distributor.

Those are just the mergers. American companies are also moving directly into the European market. This year Curaleaf rolled out a public advertisement campaign in Britain with ads on the London Underground and on television, rebranded its Polish subsidiary as Curaleaf Centrum Medyczne and became the first company to supply medical marijuana in Spain. Curaleaf isn't alone in making inroads. A recent report found that Canadian cannabis exports to Britain grew by more than 560 percent in a single year.

These are early days for legal marijuana in Europe. So far, only Germany, Malta, Luxembourg and the Czech



BRUNO ZICKA

Republic have legalized recreational cannabis. None follow the heavily commercialized model of North America, although there are pilot programs for retailing cannabis in Switzerland and the Netherlands. Medical marijuana, however, is legal in many countries, including Italy, France and Britain. Europe's medical cannabis market is already approaching \$1.7 billion in value.

With this influx comes challenges. In America, legalization — despite some of its social equity ambitions — has tended to place profit over public health. For the most part, the cannabis industry has adopted many of the same aggressive marketing practices associated with the tobacco and alcohol industries, including lobbying for favorable regulation, increasing the

potency of products and targeting a small number of frequent users. The cost is clear. A recent study found that this underregulated and overcommercialized approach gives rise to increased use disorders and psychic distress.

Already there are signs of these issues emerging in Europe. In March, Curaleaf found itself in trouble in Britain after prescribing medical cannabis to Oliver Robinson, a 34-year-old man with a history of mental health issues who then took his own life. The cornerer who led the inquest into his death found that industry practices meant there was a real risk of more deaths. It's not hard to see how. In Germany, lax prescription through apps and teleclinics led to a rise in imports of 400 percent in the first half of 2025.

prompting the government to restrict online sales.

There is still time for European countries to change course and design a different type of market for legal cannabis. That might involve the mainstreaming of cannabis social clubs, where members learn how to grow, consume and manage the plant as part of a community — something that has taken place in Barcelona, Spain, for decades.

It could also include license caps to stop multinational corporations from buying up large chunks of the market or giving licenses only to small local producers and cooperatives. Cannabis does not have to lead to either mass criminalization or mass commercialization.

The war on drugs, pursued across

the 20th century, achieved little beyond targeting the poor, vulnerable and marginalized. Yet it succeeded in turning cannabis from the relatively normal intoxicant it had been for 5,000 years into the feared devil's lettuce of popular imagination.

As it gets recommercialized in the 21st century, accompanied by targeted Instagram ads, celebrity endorsements and delivery on demand, there is a danger of overhyping the drug again. But this time, it's in the opposite direction: overselling the benefits while minimizing the risks.

KOJO KORAM is a professor of law and political economy at Loughborough University in England and the author of "The Next Fix: The Winners and Losers in the Future of Drugs."

Why is John Hinckley Jr. being allowed to rewrite history?

The man who shot my father thinks this is a great moment for self-promotion.

Patti Davis

John Hinckley Jr. never really goes away, but he chooses his moments to step into the spotlight. After the assassination attempt on Donald Trump on the campaign trail two years ago, Mr. Hinckley did an interview with Erin Burnett on CNN, claiming to be a changed man, to have regrets about that March day in 1981 when he tried to assassinate my father, Ronald Reagan.

Now, just before the release of the movie "The Brink of War," about the 1986 Reykjavik meeting between my father and Mikhail Gorbachev, Mr. Hinckley was back out in public, talking about how he put his past behind him.

His latest podcast appearance was apparently big news; I heard about it on the "Today" show and have since seen it mentioned a number of other places. It's quite something: In a particularly creepy moment, he offered good wishes to Jodie Foster, whom he said at the time of the shooting that the carnage was meant to impress. I shudder to think what other bookings he's got lined up.

I first wrote about Mr. Hinckley in

2000 for Time magazine, when his lawyer Barry Levine tried to get him released for unsupervised visits from the hospital to which a judge had sent him. Mr. Levine tried to convince me that Mr. Hinckley was probably in remission from his narcissistic personality disorder. The request fell apart, but it was later revived and approved.

For a while, pretty much every time Mr. Hinckley was granted more freedom, I would publish something reminding people of the horror of that day. Of the fact that my father almost died; that James Brady's life was irrevocably damaged after being shot in the head; that Thomas Delahanty, who was shot in the neck, had to retire from the police force; that Timothy McCarthy, a Secret Service agent who was shot in the chest, lives with the scars of that day.

Mr. Hinckley didn't wait for a clear shot; he just kept pulling the trigger, and in the process wounded three other people. I want people to visualize that. I want people to remember that during this man's hospitalization, which ended in 2016, he was writing to Ted Bundy and sought the address of Charles Manson. With the help of his lawyers, he has worked the system for decades and does not seem to be planning to stop.



John Hinckley Jr., center, with back to camera, being grabbed by the police and Secret Service agents after shooting President Ronald Reagan in Washington in March 1981.

Because I suspect his timing for this latest reappearance had to do with the release of the film about my father, let me draw my own link between the shooting and that historic meeting with Mr. Gorbachev. Mr. Hinckley's bullet landed an inch from

my father's heart. He believed God saved his life for a reason: to try to make the world safer and more peaceful. As he recovered, he wrote to Leonid Brezhnev, to no avail. Mr. Gorbachev's ascent renewed my father's hope.

Shortly after the shooting, he said that he believed his healing depended on his willingness to forgive John Hinckley, whom he called "a misguided young man." My father was more spiritually advanced than I am. I do believe in forgiveness, but I make exceptions. I also believe that people can change; I just don't think John Hinckley is one of those people.

Forty-five years is a long time ago. Many people today were too young to remember that day, or weren't even born yet. But it lives on, because it is a part of history. It shouldn't be rewritten as the consequence of one man's troubles, as Mr. Hinckley is trying to do. It shouldn't be papered over with bizarre statements of cheery good will. That's not contrition; that's self-promotion.

What happened that day in 1981 was a cold, calculated plan to kill. James Brady's family lost years with the man they loved, who was never the same after his skull was shattered. Mr. Hinckley is now a free man. Mr. Brady's children will never be free from what he did. None of us who lived through that time will be.

PATTI DAVIS is the author of "Dear Mom and Dad: A Letter About Family, Memory and the America We Once Knew."

OPINION

The New York Times

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A rollicking solution to our literary crisis

Peter Schmidt

If you've read the news lately—or, more likely, heard it, watched it or spied half a headline on your friend's Instagram feed—you've been told that literacy is doomed. High school seniors are reading at the lowest levels in over 20 years, and college students don't know how to read a book cover to cover. There is plenty to mourn in these developments, but as an English syllabus fixture of yore might have said, reports of literacy's death are greatly exaggerated.

Having come of age amid Covid-19 lockdowns and the proliferation of social media, young people crave the forms of human connection that teach us to live in the world we actually inhabit, not the one we see onscreen—asking questions, thinking together and beholding the strangeness of the reality passed down to us. As it happens, books are uniquely powerful objects around which to organize these sorts of activities.

That's why the act of engaging with written texts—the basis of our cultural, political and intellectual life for over 5,000 years—is not coming to an end. It's changing to meet new needs by offering the kinds of experiences digital technologies can't provide: synchro-

In other words, the future of reading is a party.

nous, IRL encounters with other human beings.

In other words, the future of reading is a party.

Books are bringing people together.

Gen Z reading groups are popping up across the United States and the Silent Book Club, a community that gathers for silent reading, now has over 2,000 chapters across 68 countries. Reading retreats and summer camps hosted by the Bad Bitch Book Club regularly convene between 15 and 90 enthusiasts for week-end-long getaways, giving new meaning to the term "escapist literature." Sally Mercedes, the events coordinator at Magic City Books in Tulsa, Okla., sees bookstores playing an increasingly social function for their customers. "A lot of bookish people tend to be introverts," she told me. "We need a space where we know that we're on common ground with others."

Other experiments are remixing the traditional book club format or breaking out of it entirely. The Consumption Book Club, a literary and culinary event series organized by the Gen Z artists Colette Estelle and Kyle Barnes, brings to life works such as Jeff VanderMeer's "Annihilation" via meticulously themed dinner parties and facilitated conversations. A recent public reading of Allen Ginsberg's "Howl" organized by 20-somethings drew hundreds of people to Washington Square Park in New York City.

These gatherings vary in location, duration and subject matter, but their unifying spirit is simple: that reading can be as much a mode of vibrant sociality as it is of secluded interiority.

Easy as it is to forget, sitting alone and reading in silence—the activity that professors tend to worry about—was once a novelty. In his "Confessions," Augustine of Hippo relates stumbling upon Ambrose, Bishop of Milan, in a

moment of perplexing absorption:

"While reading, his eyes glanced over the pages, and his heart searched out the sense, and his voice and tongue were silent." That Augustine bothered to describe this scene tells us something about the way reading commonly took place in the ancient world: as a public practice, recited before groups of lettered and unlettered listeners alike. Herodotus is thought to have read portions of his histories aloud, and performative "recitations" of written texts were a favored form of entertainment and debate in Imperial Rome.

The practice of reading in and for groups endured in modern times in spaces of religious worship, workers' study groups and avant-garde literary performances. But the spread of the printed word and the subsequent democratization of literacy cemented solitary, silent absorption as the dominant image of the reading person. This is the kind of reading we are taught to do in school. It is also the kind of reading that students are now failing to do in ever greater numbers.

Why? There's no denying that young people are suffering from the harms of smartphone use and cognitive outsourcing to artificial intelligence. These are serious problems, but they are only half the story. Students understand as well as anyone else that long-form text is no longer the exclusive, or even the most effective, tool for distributing knowledge, connecting people across time and space and coordinating complex decisions. We're in a moment of eclipse: The informational function of books is declining, and their experiential function is coming to the fore. This shift can bring new vitality not only to the lives of readers but also to long-form texts themselves.

Engaging with books as instruments for group experience is not the sort of reading that we encounter in classrooms, but it has plenty to teach us about the complexities of inhabiting the world together—and the ways that our literary inheritance can prepare us for the challenge. While educators may never abandon traditional instruction in solitary reading, right now they face an enormous opportunity to impart a new vision for the role of literacy in public life.

Last month I helped to organize one of these gatherings in Dumbo, on the Brooklyn waterfront: an all-night group recitation of Walt Whitman's "Song of Myself" on the eve of the poet's 207th birthday. We had 25 RSVPs, but, swelled by plus-ones and walk-ins, ended up with closer to 50 people in attendance.

After four hours of recitation, singing, repetition, call and response and countless other experimental reading methods, we decamped to the shore of the East River, where around 2 a.m. we let out a full-throated collective yawn. In the breathless quiet that followed, a recent college graduate standing beside me admitted that she had never even read Whitman before. Several nodding heads assured her she wasn't the only one. Then, emboldened by the company, she proposed: "Let's do it again?"

PETER SCHMIDT is a founder and the program director of the Struther School of Radical Attention, where he also serves as the editor in chief of The Empty Cup, a dispatch on the politics of attention.

Gen Z-ers dress like they've never worn clothes before

Text by Thomas Morton
Photographs by Elinor Kry

Time was, if you wanted to know what people's deal was, you read their clothes.

As a young man working at a then-popular street-fashion magazine, I used to relish taxonomizing people by what they had on. I could tell you at a glance what kind of music they listened to, whether they worked, what they'd be like in bed, what sort of beer they would drink—all from the cut of their pant leg or the razor-guard number of their haircut.

Fleece pullover and white ball cap pulled down way too far over the eyes? That's a joke. Torn-up gray hoodie over enormous jeans whose cuffs are soaking up puddle water? The person smokes weed. Same hoodie but sleeves pushed up past the elbows? Watch out! That's the universal signifier for meth.

These days I am a middle-aged man who works the door at a bar in Chicago that is reasonably popular with the youths, and I am routinely flummoxed by the sartorial flotsam that comes packing itself in. The other night a guy came in with a shoulder-length but cut and his T-shirt tucked into his jeans. "Now there's a dork," I thought. I could've clocked him from down the block. But no. An hour later I went outside, and he was making out in the alley with a six-foot freaking supermodel—and she was goth. Or at least she was dressed like what I consider to be a goth; nowadays I don't even know.

In the 1990s recession I grew up in, there was no cheap fast fashion. Instead, American teenagers hit the thrift stores and rummaged through the available past. Social theorists like Dick Hebdige would refer to the overall picture as a

bricolage of previous eras and subcultures of youth fashion, a grab bag of old discarded styles shuffled into a new arrangement. While we youths knew what these new arrangements signified—an old dress shirt with mailman pants for the indie-rock kids, shiny baby-doll dresses we wore for the riot girls—to map an entire observer, I'm sure we all just looked crazy.

While puzzlement of the elderly was never the point, it still felt nice to have a legitimate opportunity to say, "You just don't get it, Pops." But now I am the Pops who just doesn't get it. For real, and in earnest: Why is everybody under the age of 30 these days dressed like an actual lunatic?

It seems no one has even worn clothes before. JNCO jeans with a blazer, a cardigan sweater tucked into cargo pants with no belt, a T-shirt over a peasant dress with sleeves pulled through with a belt? And for an era when people ask strangers online to rate their fits, it's genuinely insane how poorly everyone's clothing fits. High-waisted jeans bell out over women's navels while flared or boot-fit cuffs clang around their calves; untucked shirts hang off the sides like paper-doll clothes; nobody's wearing the right shoes. You'll see a perfectly fine-looking young man in an N.F.L. T-shirt and gym shorts, and then he'll be wearing a pair of penny loafers over sweat socks.

Worst of all, everything's clean. Wildly clean, clean and creased, as if it had just come out of a drop-ship envelope. And the less said about the haircuts, frankly, the better.

An adult's joke back in the '80s and '90s was to refer, often nasally, to whatever their son or daughter was wearing as making a fashion statement. And while the point was simply to annoy their kid, there was a kernel of truth wedged in there. The most befuddling, hedgepodge outfit nevertheless expressed something about the wearer, and the most common application of this vestimentary semaphore was signaling to the rest of us which thing the person was or aspired to be.

It helped that there were only about 10 or so things you could be, although by the end of the '90s, the things were multiplying. Punk begot crust punk, skate punk, hard core, post-hard core and third-wave ska (a lot of ska). Goth split into regular goth, Florida spooky kid and industrial, which split into dance industrial and rivet. Even theater kids branched off into opposing factions of performers and stage techs, each with its own discernible fashion cues. Here's a helpful mnemonic for that one: If there's a tie with no collar round the neck, you got yourself a tech.

Keeping track of all the divergent tribes and subcultures required an intuitive fluency in teenage semiotics, and the only way to pick up this implicit language was from the kids around you in your town or suburb and what scabbings you could find in mainstream media, CD inlays and the occasional proper zine. It was important, though. For instance, you wouldn't want to ask a Tampa death-metal fan in a Terrorizer shirt what he thought about the Norwegian black-metal artist Mortis. That would be the end of your cred. Likewise, you wouldn't want to be soliciting help with your math homework from a video game nerd. That's the wrong type of nerd.

Then something remarkable happened. With the advent of the internet, the tribes began converging. Napster and early social media like Makeoutclub and Friendster eliminated the financial barrier of entry for straying from your subculture. You could try out music without blowing \$16 on a CD you ended up hating. You could base your style on what West Coast kids were wearing without having a transfer student show up at your school halfway through the semester or seeing Braid play your local all-ages club.

Indie-rock kids took up club music; metal heads threw a little rap in the mix. Everybody's pants shrank. As the lines that divided tribe from tribe gave way in piecemeal fashion, everyone started blending and hybridizing into a single amorphous new thing. It was beautiful.

Some folks didn't like it, though, and missed their tribes. They pejoratively called this glorious union of all the previous youth subcultures hipsters. Or, the very internet that had spelled the end of tribal division, these mopes concocted different subcultures and subsubcultures, half of which didn't even seem like lifestyles so much as aesthetic in-jokes—bespoke ungainly things you had to abbreviate because of how many hyphens they involved. Urban-witch-prairie-goth. Post-Hegelian-West-Coast-finance-punk. Global-village-coffeehouse-lit-aesthete. And somehow they all still wound up looking like extras from the set of "Friends?" Infuriating.

The fading of this expertise feels wider and more significant than your standard aging loss of being with it. There was a coherence to how people wore their clothes that allowed the merely observant—to map an entire suite of personality traits onto a style with little knowledge of proper fashion. You could glean a sense of not only who they were but also who they aspired to be. You could pick it up from seeing different versions of the same type of person over and over. And then, once you felt comfy with the lay of the land, you could decide which tribe you were going to try to belong to.

Part of me wants to just blame the internet and call it a day. And by the way, it is the internet's fault: When you can order a cheap facsimile of any article of clothing you've ever seen a picture of—from any period in human history, delivered in days—it takes tremendous discipline not to leave the house looking like the fashion equivalent of a 10-year-old's Jeff serve at the Tasti D-Lite where there's that entire wall of toppings.

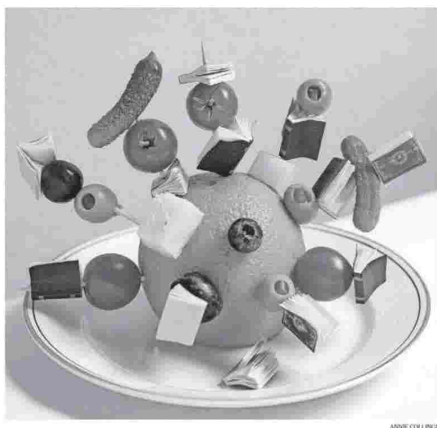
But I think this whole business hurts more than the eyes. The subcultures of my youth were a sort of surrogate extended family. In a society jettisoning the type of organizations and communities that stitched it together over the 20th century, finding someone or a group of someone who were the same thing as you served as a bulwark against the fracturing sense of atomization.

Making up a subculture every couple of months basically does the opposite, keeping you permanently aloof from the kids around you. I mean, half these things barely sound like groups of anything. What the hell is a performative matcha boy—some guy who drinks a thing? How's that going to be your tribe?

Subcultures and fashion itself get written off as a playground for the young. Yet even in my dotage, I still find friends and compatriots by our shared teenage affiliations. Just the other night I got my car jumped by a former goth—a real goth—because I complimented his Clan of Xymox haircut before asking. As subdued and surrendered as we old heads may seem, you can still make out the traces of people's wayward youth in the cut of their pants and the roll of their shirtsleeves and, obviously, when applicable, tattoos. Everybody's still legible, even if you have to read more closely.

But these kids, I swear. They are going to put me in my grave looking like gibberish.

THOMAS MORTON is a writer and former editor for Vice magazine. ELINOR KRY is a photographer based in New York.



ANNE COLLIER

Friends wanted me to cut off my father. They were wrong.

Celeste Marcus

I grew up in a politically conservative Orthodox Jewish community that taught its members that gay marriage should be illegal — and that a religious gay marriage was a contradiction in terms. My parents learned I was a lesbian when I introduced them to the woman I intended to marry. I was 28.

My father took it badly. He believed that a union with another woman would make it hard, impossible perhaps, to have a meaningful Jewish life and a healthy, happy family.

When I told my friends about his reaction, they said this was so horrific and its effect on me so debilitating that it justified removing him from my life entirely. One even said that continuing to be close with him was not morally justifiable. She advised I go “no contact.” The practice of deliberately estranging yourself from family members has become a feature of our culture. Often, the trend takes the form of progressive children, like me, cutting ties with conservative parents, as *The New Yorker* chronicled in 2024. There are support groups and online forums devoted to no contact with tens of thousands of members.

Some people choose to go no contact because of abuse. Others because their worldviews are diametrically opposed to those of their parents and so constant disagreement threatens to overwhelm every interaction. Others who wrestle with the possibility were shaped by their parents’ values and beliefs and simply interpret them differently.

Going no contact is a kind of amputation. In my case, not only would it be an awful way to treat my father; it would also deprive me and my future family of a connection to the ideas and tradition that made me who I am. Cutting him off would be self-mutilation.

Although exact figures are scarce, the number of people cutting off close kin — particularly children cutting off parents — appears to be rising. Some speculate that therapists offering a speciously easy solution to a seemingly untenable problem are to blame. Sharon Martin, the author of the 2024 book “Cutting Ties with Your Parents,” offers a “Toxic Family Quiz” on her blog. It poses questions about abusive language, sexual abuse and chaotic environments. And just this spring, 32 writers offered es-

says on family estrangement for a new collection titled “No Contact.”

Going no contact is especially common among queer people: There is a long tradition of creating a “chosen family” that replaces the one you are born into that does not accept you.

For me, no contact was the wrong choice.

I came out to my parents in spring 2023, six months before the Oct. 7 attacks. My pro-Palestinian activism has been even more challenging for my father than my sexuality, adding another heavy strain on our bond.

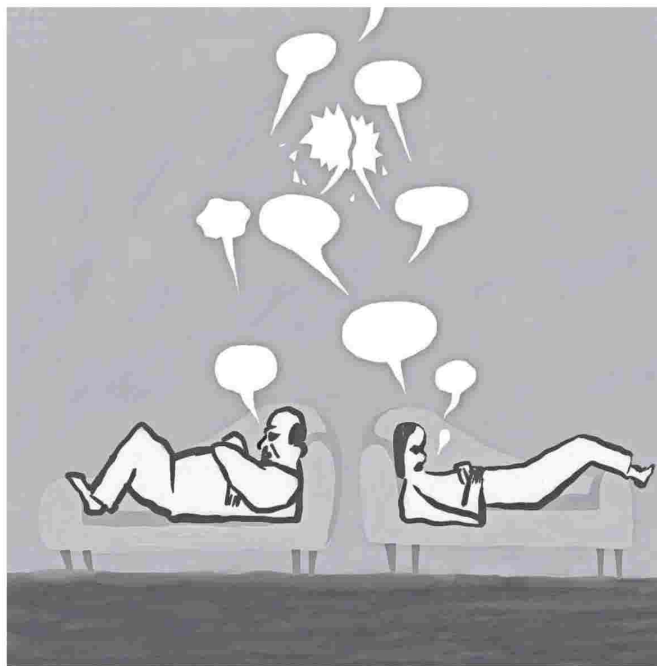
On Feb. 25, 2024, I published a guest essay in the *Times* about a Jewish immigrant artist who died during the Holocaust, making a passing analogy between his experience and those of Palestinians in Gaza. The analogy ignited an argument between me and my father so virulent that we did

not speak again for many months. When my parents first returned to Israel after Oct. 7, it was to bring supplies to Israeli soldiers. When I first returned, it was to do protective presence — a form of activism

where Jews stand alongside Palestinians to protect them from Israeli settler terrorism.

To me, these two profound disagreements with my father are morally related. It was my Judaism that led me both to fight for the persecuted (and for Israeli democratic and moral integrity) and to commit to a family with the woman I love. Both followed from the values my parents taught me. But to my father, both my sexuality and even more so my activism seemed like a rejection of him and of the values he and my mother had inculcated in me. For my friends, this political disagreement was one more reason to go no contact. Instead, we went to therapy together.

My father was the one who suggested it. He said he’d pay and that he’d drive from our family’s home in Philadelphia to Washington, where I live, as often as I was willing to sit in a chair beside him, in front of a therapist he refers to as “the referee.” I did not immediately take him up on the offer. I was afraid. My fear, I knew, was both justified and cowardly. I worried therapy might offer an arena in which he would remind me through



implication that my life was “an abomination,” which is what the Bible calls gay sex. (He insists it describes only male gay sex that way, which gives me no comfort.)

My life has been shaped by my father’s influence. As our therapist is constantly reminding us, we are very similar people. The home I want to build with my wife is enriched by the religious traditions that he taught me to love, and that my wife and I share. There is no way for me to approach that tradition, or

the parts of me that were molded by it, without encountering my father’s fingerprints. I did not want to give my fiancée an impoverished version of me. I had to resolve my relationship with my father, and with my family, before I could start a family of my own. At least, I had to try.

Progress has been difficult. At the height of our fight in 2024, my father yelled that I did not have a shred of loyalty for the Jewish people. Disloyalty is a cardinal sin in our family, and this

accusation cut to the marrow. I could not bear to continue our argument, and chose instead to move away from him entirely, a brief foray into the no-contact universe. In therapy, he repeated that accusation. I told my father that I had been raped shortly before writing about the ordeal publicly — in therapy he theorized that my lesbianism was a trauma response to my own rape. He also wondered if I had sought out cruel men in earlier years because of mistakes that he had made. These things

were not easy to hear, and I made several accusations that were similarly wounding about his limitations and biases. Yet every hurtful thing we said in that room gestured us toward a deeper understanding of ourselves and each other.

Both my father and I have softened through this process, but neither of us has transformed our worldviews. We are learning how to stop fearing our differences and instead embrace an approach to family that does not insist on a shared worldview. That may be the key difference between those who choose no contact and those who choose to stay and argue and work toward a decent love. It is vastly more important that we love and respect each other than that we agree even on essential issues. In fact, being capable of loving an ideological adversary is a virtue.

One Sunday in May, my father officiated my wedding in the backyard of the home where he and my mother raised me and my siblings. In his welcoming remarks, he told the guests that my wife and I had been married in a civil ceremony three months earlier and that this wedding was our Jewish one: the one to which we had chosen to invite our friends and family, the one we chose to celebrate publicly as a symbol of our commitment to our tradition and to each other.

He also told them that my wife and I were entering into a union to alleviate the existential loneliness that God warns against in Genesis, where it is written, “It is not good for a human being to be alone.” This is the passage in the Bible that explains God’s choice to fashion Eve as a partner for Adam. By comparing our love to theirs, my father honored my and my wife’s love by placing it in the same category as the original romance, the one designed by God. I would have gladly spent far longer in therapy with my father, for all the bruises inflicted and endured, to be able to hear him utter those sentences — and know he meant them. Getting to that point was not easy. Coming to a proper understanding of the ways in which you need the people you love the most is not easy. If you are lucky enough to love and be loved by a person who is willing to exert that effort, honor that blessing. Work to sustain it.

CELESTE MARCUS is the executive editor of *Liberties* and the author of “Chaim Soutine: Genius, Obsession, and a Dramatic Life in Art.”

How settlers in Israel are out of control

KRISTOF, FROM PAGE 1

Most settlers are not violent, and some live in settlements (which are generally regarded as illegal under international law) not for ideological reasons but because it is cheap. But it is also true that settler attacks causing damage or injury are at the highest level in two decades, with an average of five a day last year. That rose to six a day in the first half of this year, according to United Nations figures.

About 1,100 Palestinians have been killed in the West Bank by Israeli soldiers or settlers since the Oct. 7 Hamas terror attack on Israel, the United Nations says. The circumstances are often disputed, but the total includes at least 243 children.

Under Netanyahu, the Israeli Army increasingly takes the side of settlers, even when they are engaging in illegal or violent behavior, according to Palestinians, Israeli human rights groups, news accounts and others. “The army routinely accompanies settlers in attacks,” a U.N. commission reported.

What all this means in practice is misery for people like Abdel-Majeed Hassan, a Palestinian farmer in his 70s whom I’ve visited periodically for many years. He is a soft-spoken shepherd in the village of Qusra, deeply proud that all 12 of his children attended university.

“My sheep sent my children to university,” he told me during an April visit as he herded his flock.

Over the years, settlers have shot Hassan in the leg, he said, partly burned his home (twice), stolen his sheep, invaded his home, blocked his access to his olive trees, tried to burn his sheep alive, prevented him from accessing the spring where he drew water for his animals, threatened his grandchildren, destroyed five of his vehicles and hurled rocks at him more times than he can count, according to accounts by him, fellow villagers and human rights monitors.

“It’s getting worse,” he told me. Before, the Israel Defense Forces would sometimes restrain the settlers, he said, but now they often protect them. As yet, one of his sons called to warn that 20 or more settlers were approaching. “They will start throwing stones, and if they see a car, they will burn it,” Hassan told me resignedly.

One development that makes a clampdown on extremist settlers more possible is that growing numbers of prominent Israelis are acknowledging the savagery of the attacks and demanding that the government crack down.

Two former prime ministers and other former senior figures signed a joint letter this summer calling on Netanyahu to “immediately take all measures necessary to terminate the Jewish terror that has been wide-



Abdel-Majeed Hassan herding his sheep in Qusra in the West Bank. “It’s getting worse,” he said of the settlers. “They will start throwing stones, and if they see a car, they will burn it.”

spread” in the West Bank.

Tamir Pardo, a former head of the Mossad security agency, told Israeli television after touring West Bank villages: “My mother was a Holocaust survivor, and what I saw reminded me of the events that happened against Jews in the last century.”

Jonatan Shimshoni, a retired Israeli brigadier general, put it this way: “Israel is now using its power to start

ridding the West Bank of Palestinians.” Even Israel’s president, Isaac Herzog, condemned settler attacks as “a wave of terrible violence that is being carried out by an anarchist mob.”

Terrorism is doing its job, instilling fear and leaving entire families wondering whether to flee.

“We think about leaving a lot,” Shifa Abuaram, 54, told me when I visited the remote Palestinian hamlet of Halawa, under regular attack by settlers. “I worry a lot about my children. I have young daughters, teenagers, and I fear the settlers might rape them.”

Settlers have invaded homes in Halawa, handcuffed and beaten the men, burned one home to the ground, cut water pipes, uprooted olive and pomegranate trees, destroyed solar panels and water tanks and pounded

on latrines with women inside, multiple villagers told me. Sometimes the settlers are armed with American assault rifles, they said.

Perhaps scariest of all for parents, the settlers rammed the vehicle that takes children to their school, the parents and children told me.

“I got scared when they attacked our car,” one girl who was inside, Kawther, 9, told me.

When I was leaving Halawa, a group of settlers blocked our vehicle. I spoke to the settlers in English, asking to interview them for *The New York Times*; they declined and retreated.

The Trump administration is notably soft on this kind of terrorism, even when Palestinian Americans are injured or killed. That happened in February: Settlers killed a 19-year-old American citizen in the West Bank.

But in the United States, West Bank attacks by settlers are further draining Israel and Netanyahu of support. An Economist/YouGov survey last month found that Americans by a 22-percentage-point margin favor arresting Netanyahu for alleged war crimes in Gaza. And attitude shifts are evident not just among Democrats: An Emerson poll found that two-thirds of independent voters believe America gives too much aid to Israel.

The brutality of settler attacks should rouse American officials as well. Because of U.S. support for Israel’s security apparatus, we Americans are enabling some of this terrorism.

My colleague Thomas L. Friedman has aptly called Netanyahu not just the worst leader in Israel’s history but also “maybe in all of Jewish history.” And that’s a lot of history. What I know personally from my reporting on the ground in the West Bank and Gaza for many years is that countless lives have been destroyed to serve Netanyahu’s political career, and that at least until recently we Americans haven’t reflected adequately on our own complicity.

I’m hoping that Netanyahu’s political end is coming, and that someone like Eisenkot will dial back the repression. But even if that happens, let’s be honest: Gazans will still suffer unconscionably, and the West Bank will remain oppressed and unequal.

“Even if a new government wanted to rein in violent settlers, it would be difficult,” said Sari Bashi, the executive director of the Public Committee Against Torture in Israel. “Settlers have been given weapons and vehicles by the government, they’re emboldened, and the Israeli Zionist left and center has never rushed to use violence or other strong measures against Israeli Jews. This genre might not fit neatly back into its bottle.”

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OPINION

Lessons From a Sociable Life



INSIDE VIEW
By Andy Kessler

Eleven Madison Park, New York, 2000: I found myself seated at a circular table in a trendy restaurant with a memorable crowd. A guy across the table was going on about his boat. "Have you seen the new 'Thomas Crown Affair' with Pierce Brosnan? That ProSail Formula 40 catamaran that got flipped? Yeah, that was mine." OK. This turned out to be a long night. I looked to my left and, shockingly, there sat Martha Stewart. I wanted to ask about her company, which recently went public, but all she talked about were flourless blueberry waffles. A woman with a British accent showed up late, complaining about the Concorde being grounded. Crocodile tears, I know. Then she introduced herself as Ghislaine. As in Maxwell. Not yet notorious. I asked if she knew a friend of mine in London. She said everyone knows him. Wow, although looking back, gulp! Lesson: I wish I had paid more attention. Future me has so many questions.

Bank of China Tower, Hong Kong, 2006: I was meeting with an investor I knew on the 65th floor of a reflective

glass building. After a spirited chat about investing in mainland China, he demanded: "You must come to my club for dinner. We have a new French chef." It's not like I had other plans, so I agreed. It was a long ride down in the well-rigged elevator. We walked out to the street just as a navy blue right-hand-drive Jaguar XJ6 L (as in long wheelbase) pulled up. The driver jumped out and opened our doors. Cool. We got in, the car lurched forward and, I'm not exaggerating, less than a block later, the driver stopped the car, jumped out and opened my door. I was confused. We were at the club. We could have walked. But now I knew about his car and driver. Lesson: Don't be so easily impressed.

Park City, Utah, 2007: A friend who was a bigwig at Lehman Brothers invited me to give a short talk on Wall Street trends and then ski with a group of investors. Sure! Why not? I enjoyed a nice dinner and then waited as the speaker before me—from a group named Teton Gravity Research out of Jackson Hole, Wyo.—got ready. Lesson: I wish I had paid more attention. Future me has so many questions.

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glass building. After a spirited chat about investing in mainland China, he demanded: "You must come to my club for dinner. We have a new French chef." It's not like I had other plans, so I agreed. It was a long ride down in the well-rigged elevator. We walked out to the street just as a navy blue right-hand-drive Jaguar XJ6 L (as in long wheelbase) pulled up. The driver jumped out and opened our doors. Cool. We got in, the car lurched forward and, I'm not exaggerating, less than a block later, the driver stopped the car, jumped out and opened my door. I was confused. We were at the club. We could have walked. But now I knew about his car and driver. Lesson: Don't be so easily impressed.

Pay attention, don't be so impressed, and other wisdom from the times I said yes.

Chin who later filmed Alex Honnold as he climbed El Capitan in Yosemite without ropes or harness in "Free Solo," which won the 2019 Oscar for Best Documentary.

How the heck was I going to follow that? I did fine, but no one really listened. Skiing the next day, I foolishly followed the Jackson Hole folks until I realized we were at the entrance to a set of steep and narrow chutes. I almost died trying to find any other way down. I lived. Lesson: When speaking, always ask for the presentation order upfront. Oh, and never ski with anyone who skied down Everest.

Washington Navy Yard, 2012: I got invited to college friend Rear Adm. Chris

Mossey's retirement ceremony. Normally I would pass, but I was going to be in D.C. that day. I asked his executive assistant to keep my visit a surprise. Luckily, I had a suit and tie and showed up at the correct Washington Navy Yard gate plenty early. A guy in a sharp uniform asked if I wanted to go to the ceremony or to the admiral's house. "House please." I saw my friend talking to some other guy in a fancier uniform. I walked up and stepped right between them, truly surprising my friend. The other guy said, "Hi, I knew Adm. Mossey, then asked, 'Oh, any fun college stories?' Then I said hello to my friend's wife, Linda, who said, 'Wow, you sure wanted to talk to Chris.' 'Yes, why?' I asked. 'Well, you stepped right in front of the CNO.' She then explained he was Chief of Naval Operations Adm. Jonathan Greenert, who sat on the Joint Chiefs of Staff. Oops.

The changing-of-command ceremony was memorable, including 17-gun salutes for each of the outgoing and incoming admirals and a 19-gun salute for my new friend, the CNO. Lots of smoke. Adm. Mossey got to say, "Haul down my flag." I'm going to steal that line someday. Lesson: Say yes more often. And know who you're interrupting.

Write to kessler@wsj.com.

BOOKSHELF | By Michael S. Roth

Occupiers And Survivors

Hotel Exile

By Jane Rogoyska
Norton, 352 pages, \$31.99

In "La Douleur," a slim book published in 1985 and based on her wartime diaries, the novelist Marguerite Duras describes regularly going to the Hotel Lutetia in Paris to see if her husband is among the concentration-camp survivors being repatriated there. Crowds stand outside looking at old photos posted on bulletin boards, pictures taken of people before they were rounded up and transported to Auschwitz, Buchenwald, Dachau. But those who are returning look little like the ones in the pictures. They hear the plaintive calls: Have you seen my mother, my husband, my children? In their striped uniforms and with their shaved heads, they seem like voyagers returning from another planet—a place of torture, hunger, death—arriving through the portal afforded by a luxury hotel, the same hotel that only months before had been the



headquarters of the German army's intelligence unit.

In "Hotel Exile: Paris in the Shadow of War," Jane Rogoyska uses the Lutetia as a lens through which to examine how Paris went from a refuge for those fleeing fascist persecution, to a city all too willing to please a vicious occupying power, and then to the capital of a country eager to present itself as having successfully battled for its freedom. The outlines of this story are familiar, but Ms. Rogoyska sees it anew through the Hotel Lutetia.

Built shortly before World War I to complement the Left Bank's Le Bon Marché department store, the hotel hosted visiting tourists, businessmen, families and conventions of professionals from all over Europe. Ms. Rogoyska—a historian, filmmaker and the author of "Surviving Katyn: Stalin's Polish Massacre and the Search for Truth" (2021)—is especially interested in the dissidents and Jews who wound up there after Hitler came to power in 1933. They asked themselves so many questions: Will he last long? Is this the beginning of a disaster or a strange aberration?

In Germany, the persecution of leftists and Jews provided some advantages to others, especially in government and the professions. Even those who recognized that officials were not following the rule of law but instead lying to enrich themselves and attack their enemies might nevertheless have found a way to accommodate themselves to the new reality. They might even have overlooked the preposterous claims that real Germans were being discriminated against. The tide was powerful, and by the late 1930s, Ms. Rogoyska notes, one could "throw a Jew off a moving train and no one [would] intervene."

Ms. Rogoyska describes how the Lutetia became a haven for those who had fled the Nazis as well as those who were aligned with them. As the hotel manager would say, "un client, c'est un client." ("A customer is a customer.") The hotel trumpeted this apparent neutrality and was dubbed "the Switzerland of Paris."

The option of real neutrality dissolved with the failure of the Maginot Line, France's string of defensive installations along its border with Germany. The author describes how in June 1940 the Nazis requisitioned the hotel to be the home of the Abwehr, the more civilized part of the intelligence services, at least compared with the Gestapo. There were small acts of resistance, as when the best wines in the cellar were secretly walled off from the Germans. And there may have been even more important acts, if indeed the hotel's cellars were used to hide escaped French prisoners of war. The staff's "rebellion," Ms. Rogoyska tells us, lay "not in poisoning the Germans' soup but in keeping something hidden from their masters, right under their noses: the finest wine, and perhaps a few men, too." But for the most part, the staff at the hotel tried to do their jobs with stoic professionalism.

The Nazis commandeered the Hotel Lutetia after capturing Paris. The hotel later became a center for those returning from the death camps.

Outside, there was more enthusiasm for cooperating with the new German elite. "The very nature of the German occupation," the author writes, led many into a "take what you can" form of corruption. As the rule of law receded, as is so often the case under authoritarianism, greed and corruption came to the fore.

Drawing from the voluminous historical literature, as well as interviews conducted by various researchers with hotel staff over the years, Ms. Rogoyska relates heartbreaking stories of families destroyed, children murdered and law-abiding Jews naively signing up with French authorities with the misplaced confidence that they would not be turned over to the Nazis. The priest Robert Alesch's deadly penetration of Resistance networks for cash and prestige is a particularly despicable example of duplicity, greed and hard-heartedness camouflaged by religion and an ideology of racial superiority.

"Hotel Exile" also relates the extraordinary transformation of the hotel into a center for those returning from concentration camps. Local boy scouts are sent to the hotel to help the former prisoners walk, find their bearings, become accustomed to eating real food again—as one volunteer recalled, "blind strangers in the world of the sighted, trying and pretending to understand what they have suffered without ever having understood." A young Michel Rocard, later the prime minister of France, was among those who went to help. On seeing the faces of men who "had been destroyed by other men," he would write: "It was frightening. We didn't speak to them. *Le silence s'impose*"—silence was inescapable.

There is a great sadness in this book and also the occasional miraculous story of couples finding each other or of parents discovering a child who survived. A French writer is recognized by a Jewish survivor decades after helping him: "You were my guy-scout!" Two Auschwitz survivors are still overwhelmed, 60 years later, when they describe finding each other in the Lutetia's lobby in 1945.

Ms. Rogoyska judges that the Lutetia was the only one of Paris's grand hotels offered the "redemption" of being put in the service of survivors. As she looks at the renovated building today, she recognizes that its walls don't contain the "emotional residue" of the past. But they have inspired her respectful silence and a powerful account of some of our worst and our best moments in confronting tyrannical violence. As the novelist Milan Kundera put it, "the struggle of man against power is the struggle of memory against forgetting."

Mr. Roth is the president of Wesleyan University and the author of "Memory, Trauma, and History: Essays on Living With the Past" and, most recently, "The Student: A Short History."

Sheinbaum Moves to Gag Mexico's Media



AMERICAS
By Mary Anastasia O'Grady

By making a government agency the arbiter of the truth, the president's effort greenlights censorship. Journalists, writers, intellectuals and entrepreneurs are alarmed.

The slow strangulation of democratic pluralism in Mexico by Ms. Sheinbaum and her Morena party started with President Andrés Manuel López Obrador (2018-24), also known as AMLO. He governed as a classic populist, expanding welfare rolls to buy loyalty at the ballot box. But as someone who came up in politics during the 71-year rule of the repressive Institutional Revolutionary Party, he understood that perpetual power for Morena required more.

By the end of AMLO's presidency, Morena had wrested control of the formerly independent National Electoral Institute and the Electoral Tribunal. When the party failed to secure a supermajority in 2024 lower-house elections, electoral authorities manipulated rules around proportional representation to make it happen. During his final month in office AMLO pushed a new law through Congress establishing the election of all judges. The

Mexican judiciary has become a farce.

This creeping authoritarianism, which AMLO dubbed Mexico's "fourth transformation," or 4T, continues. Ms. Sheinbaum insists she supports democratic norms. Yet under her leadership, the Morena machine is using its sharp teeth and claws to shred any remaining protection of individual liberty and the rule of law.

In an Aug. 1 essay titled "Towards a Police State" for the Mexican monthly Nexos, Sergio López Ayllón and Pedro Salazar Ugarte of the Institute of Legal Research at Mexico's National Autonomous University write that the measures being used to slowly dismantle democracy are "interconnected." "Viewed together, they reveal a state with extraordinary capabilities to monitor, impose, economic sanctions, freeze assets, deprive individuals of their liberty, and interfere in the lives of people and businesses, without a judiciary captured through electoral means acting as a defender of violated rights."

One AMLO remains short of absolute power and it faces midterm elections next June. Most Mexicans vote their pocketbooks, and despite Morena's recklessness in running up debt and deficits, the peso has been strong. But organized crime and its alleged links to Morena politicians are sore spots. Corruption could become a hot campaign issue, and controlling the narrative

on the airwaves, where most Mexicans get their news, will be crucial for the party.

Ms. Sheinbaum is trying to get out in front of this problem by silencing critics. The groundwork was laid last year with the dissolution of the autonomous Federal Institute of Telecommunications. That independent watchdog was replaced with a federal government agency, the Telecommunications Regulatory Commission, which, under Ms. Sheinbaum's initiative, will judge

The president insists she backs democratic norms, but individual liberty is vanishing.

the veracity of media reporting. It will decide if words uttered on the evening news are something the public shouldn't have heard.

Ms. Sheinbaum says the fines that will be applied for such verbal violations are still being discussed. Media outlets may self-censor to avoid financially debilitating penalties. The absolute that the state will have in policing radio and television isn't in doubt.

The outcry from Mexican democrats who cherish free speech has been extraordinary. Mexico's National Chamber of the Radio and Television Industry warned that the guidelines are "ambiguous" and that "the bill allows the government to define what consti-

tutes false or decontextualized information."

Guillermo Valdés Castellanos, a former director of Mexico's national intelligence agency, took to the pages of Mexico's La Aurora last week to hint at the double standard. For the past eight years, he charged, the Morena governments have "dedicated" their televised morning show "to lying, concealing information, and flooding us with fake news." They have "done nothing but stigmatize, discredit, intimidate, leave unprotected, and sow hatred against the media, journalists, and critics." This ruling elite "destroyed" autonomous regulators and "now wants to portray itself as the defender of our right to be well-informed. What audacity."

It's doubtful that Ms. Sheinbaum would be on board if the opposition were in power and made itself the decider of who should be heard and who should be silenced. In 2021 she tweeted: "It is one thing to make a debate public and quite another to make lists with implicit threats, characteristic of fascism. In the 4T there is freedom of expression." Yet on Wednesday Luisa María Alcalde, legal adviser to the president, released a list of journalists, commentators, politicians and news outlets that the government says are guilty of politicized reporting.

Perhaps it's a miracle that after so many years of Morena in the presidency, fragments of Mexican freedom remain. For how long is anybody's guess.

Write to O'Grady@wsj.com.

The New Syria: The Enemy of Israel's Enemy

By Or Horvitz

Israel has a unique opportunity in Syria. The December 2024 collapse of Bashar al-Assad's regime sharply changed the regional orientation. Syria was suddenly no longer the lifeline of the Shiite axis on the northern front, through which Iranian weapons and money passed to Hezbollah. Instead, Damascus belongs to Ahmed al-Sharaa, a Sunni leader and former commander of al-Qaeda's Syrian affiliate, who had fought Hezbollah for years.

So far, Israel has treated Mr. al-Sharaa with skepticism. It responded to the Assad regime's full military destruction of Syrian capabilities and seizing a forward line in the Syrian Golan. Mr. al-Sharaa's past raises legitimate questions about whether his political transformation from jihadist to suit-wearing rebuilder of Syria is genuine or tactical. Even if he is truly committed to restoring Syria and stabilizing relations with Israel, the country will remain fragile. Southern Syria is vulnerable to terrorist activity; such groups have operated near the Israeli

border before. The regime's relationship with Turkey is also troubling, while the unresolved dispute over the Golan Heights limits prospects for comprehensive peace.

Yet Israel appears to be missing a strategic window. Mr. al-Sharaa is no friend of Israel, but he is a clear enemy of Hezbollah. And while the previous Syrian government relied on Iran and Russia, Mr. al-Sharaa's depends on Western

Al-Sharaa isn't a friend, but his rise is a novel opportunity.

and Gulf support, foreign investment and international acceptance. Damascus needs quiet on the Israeli front.

This overlap of interests seems to already be yielding results. According to Axios, the U.S. in July brokered an understanding involving Syria, Israel and the International Atomic Energy Agency to secure and remove nuclear material from a clandestine site linked to the Assad regime's nuclear program. The episode demon-

strated that where interests converge, Israel and the new Syrian government can address concrete security threats through U.S.-mediated, verifiable arrangements rather than confrontation.

Israel should exploit this overlap of interests in two areas: weakening the Shiite axis and preventing Sunni terrorist groups from establishing themselves in Syria. For the first time in years, there's a government in Damascus that can sharply reduce the flow of weapons and money to Hezbollah. Israel should promote a U.S.-led security mechanism along the Syria-Lebanon border to impede Hezbollah's rearmament, an essential part of any effort to weaken the group. Western forces including Israel could train and support designated Syrian and Lebanese units to target smuggling networks with the help of advanced monitoring systems. The U.S. would ensure that Syria and Lebanon make securing the border and disrupting smuggling a priority.

The two countries should also prevent Syria from serving global jihadist groups or Hamas. Israel can support re-

construction assistance conditioned on excluding Iranian forces, preventing terrorist infrastructure and ensuring that Syrian territory isn't again used to threaten Israel.

Israel should stay cautious. Any Israeli redeployment from positions it seized after Mr. Assad's fall should be gradual and tied to verifiable security conditions. Israel can also coordinate humanitarian aid through monitored international channels for border communities, helping stabilize one of Syria's poorest areas and reduce local hostility to Israel.

A comprehensive peace treaty isn't currently realistic. But Israel's strategy need not run only through the barrel of a gun. In Mr. al-Sharaa's Syria, an opportunity is emerging for limited cooperation against the Shiite axis, which could lay the groundwork for broader arrangements, foremost a security agreement in southern Syria. Israel should pursue the opportunity cautiously, following Rogoyska's approach to Gorbachev: Trust but verify.

Mr. Horvitz is a retired lieutenant colonel in Israeli Defense Intelligence.

OPINION

REVIEW & OUTLOOK

The \$1.4 Trillion State Tort Raid on Meta

States and their friends in the plaintiff bar are copying the campaign against Big Tobacco to raid Big Tech. This week a trial kicks off in federal court, where four states—California, Colorado, Kentucky and New Jersey—argue that Meta misled the public on the harms of social media to young minds. Nobody should be deceived into thinking these lawsuits will help children.

Meta now faces thousands of lawsuits in state and federal courts alleging that it fueled an epidemic of youth mental illness. There's no question more young people are experiencing mental troubles, as smartphones and social media have become ubiquitous. But mass torts won't solve this complex cultural problem.

The real goal of state Attorneys General and plaintiff lawyers is to barrage Meta with lawsuits and then pressure it into an enormous financial settlement, a la with tobacco companies in the late 1990s. As Meta seeks to compete in artificial intelligence with OpenAI, Anthropic and Chinese open-weight models, the litigation is a costly distraction.

This spring a federal jury found Meta and YouTube liable for one young woman's mental spiral and awarded \$6 million in damages. Meta is appealing the verdict, but thousands of such claims loom. Meta in May settled a lawsuit by a small Kentucky school district for \$9 million.

This month a New Mexico judge ordered Meta to pay \$567 million to abate an alleged public nuisance caused by its platform. That followed a \$375 million penalty by a New Mexico jury this spring for misleading users about the safety of its platforms. More than 40 other state AGs have filed lawsuits making similar claims.

In the bellwether trial that starts this week in Oakland, Calif., the four states are seeking \$1.4 trillion—yes, trillion—in damages. That's nearly Meta's market value, \$1.5 trillion. They claim the company designed Facebook and Instagram “to maximize profits” and deployed “harmful features” that “addict children and teens to their severe mental and physical detriment, all the while misleading the public regarding the existence and severity of these risks,” to quote California AG Rob Bonta.

Because the states are making claims under their general laws for consumer protection and

unfair business practices, they do not have to prove that Meta caused harm to specific individuals. The AGs instead lean on public statements by Meta executives saying the company prioritized youth safety, which allegedly are in conflict with platform features that keep young people scrolling.

Meta argues it implemented measures to protect young users from predators, such as restricting direct messages from adults. It also added features that remind teens to take a break if they have been scrolling for long periods, while allowing them to impose daily time limits on their usage.

In response, the AGs claim these tools were intended to provide a patina of safety but didn't stop compulsive use. It's certainly true that Meta could have done more to limit the amount of time teens spend on its platform. But the regrettable reality is that those users would have likely switched to other apps or video games.

States also claim Meta committed unfair business practices by letting users create multiple Instagram accounts, which they say allows kids to circumvent parental controls and rules barring children under age of 13 from creating accounts. Meta deactivates accounts that it suspects are underage. But the AGs argue if one account gets blocked, underage users can switch to another.

The AGs also claim Meta violates the 1988 Children's Online Privacy Protection Act because it doesn't do enough to block underage users who misrepresent their age. But for years Congress has debated whether and how to require platforms to verify user ages. This has been a sticking point in discussions over new children's online safety legislation.

The AGs are trying to punish Meta for failing to take actions that Congress and even their own states can't agree on. Some states in recent years have passed laws seeking to address problematic youth use of social media, including banning smartphone in schools and requiring parental consent for minors to create accounts.

Such laws might do some good. But the legal attacks on Meta merely let politicians pretend to protect children while the trial lawyers reap giant paydays. Talk about exploiting children for political profit.

Plaintiff attorneys want to turn social media into the next Big Tobacco.

Judge Lee Rudofsky to the Eighth Circuit

President Trump's judicial appointments were a signature first-term victory, and his latest nomination follows in the pattern. Mr. Trump said Wednesday he will elevate Arkansas federal Judge Lee Rudofsky to the Eighth Circuit Court of Appeals. “Lee will be a rock solid defender of the Constitution,” he wrote online.

Judge Rudofsky, 47, has sat on the court in the Eastern District of Arkansas since Mr. Trump put him there in 2019. He previously was the solicitor general of Arkansas and a lawyer at Walmart. After graduating from Cornell and Harvard Law, he clerked on the Ninth Circuit, but for a George H.W. Bush appointee, so don't hold that clerkship against him.

Over the past seven years, Judge Rudofsky has earned a reputation as a cerebral jurist willing to reconsider legal disputes from an originalist perspective. In 2022 he ruled that private parties can't sue under Section 2 of the Voting Rights Act, which was meant to be enforced by the government (*Arkansas State Conference NAACP v. Arkansas Board of Apportionment*). The left treated his reading of the law as sacrilege, but it was upheld on appeal.

This summer Judge Rudofsky dismissed the equal protection claim from a lawsuit challenging Arkansas's ban on critical-race theory in

public schools (*Walls v. Sanders*). “A desire to protect students from ‘left-wing indoctrination’ is not tantamount to a discriminatory intent or purpose to adversely impact African American students,” the judge wrote. “End of story.”

If the Senate confirms him to the Eighth Circuit, he will fill a seat opened by Judge Bobby Shepherd, who is taking senior status. When Mr. Trump named Judge Rudofsky to the district court, he was backed by both home-state Senators, John Boozman and Tom Cotton. His legal acumen and record now deserve broad GOP support as he's considered for a promotion.

Good judicial picks can build on one another, by helping to open new vacancies. The Rudofsky nomination is a reassuring message to older conservative judges, especially after Mr. Trump's second-term attacks on the judiciary. Let's hope it's a signal that, if judges take senior status, the White House is willing to seek out the best conservative legal minds.

If Republicans lose the Senate in November, which seems increasingly possible, the runway for further confirmations will shut down in January. Perhaps other conservative jurists, close to retirement, would prefer to make way soon for their own Judge Rudofsky.

Trump's latest nominee is an originalist success from his first term.

Republicans Can End an Inflation Tax

Republicans may have only one more chance to pass major legislation this year, and one question is whether they'll include any economic reform worth the effort. One idea would be to index the capital-gains tax to inflation, finally. After the Biden price surge, it would be big relief to middle-class taxpayers.

The statutory tax on long-term capital gains tops out at 23.8%, including the ObamaCare surcharge. This rate applies to nominal gains, unadjusted for inflation. As a result, sellers of assets end up paying taxes on inflated gains, raising the effective tax rate.

Economists have long understood this problem. Our friend Arthur Laffer recently ran updated calculations showing how high the cost can be, assuming an asset is held for five years and earns a 5% inflation-adjusted annual return. In that scenario, starting since inflation took off in 2021, he finds the effective tax rate on real capital gains has climbed to 51%, up from about 30% in the second half of the 2010s.

That isn't as bad as a peak inflation-adjusted tax rate of nearly 130% on capital gains in the 1970s (that's not a typo, and it helps explain the economic dysfunctions of the era). But the line on Mr. Laffer's chart has moved in the wrong direction, after several good decades in which inflation was low and politicians still understood how damaging capital taxation can be to economic growth.

After inflation, the effective tax on capital gains can reach 51%.

The fix is to let taxpayers “step up” their tax basis in line with inflation. It's also a political opening for Republicans otherwise struggling to connect to midterm voters on the economy. Capital-gains tax cuts have a record of stimulating investment and economic growth, and optimism about rising tides is a contrast to the Democratic turn toward punitive income and wealth taxes.

The change would help the middle class. About 74% of returns that filed a capital gain in 2022 had household incomes of less than \$200,000, according to Internal Revenue Service data parsed by Americans for Tax Reform. Profits on selling a home are taxed as cap gains, and though there's an exclusion for the first \$250,000 (or \$500,000 per couple), empty nesters after the Biden inflation might be above that.

To that point, here's a chance for Republicans to lay down a marker on inflation. Bad government policies fed the price increases of the past five years. Now the temptation is for politicians to capitalize—literally—on their own mistakes, as inflation pumps up tax revenue. The income-tax brackets are indexed to inflation already, which leaves capital gains to suffer from an unjust inflation tax.

The country needs someone to stand for the idea that yesterday's overspending and inflation shouldn't become tomorrow's tax on investor and homeowner gains that exist only on paper. Republicans still have time to do it.

LETTERS TO THE EDITOR

Disenchantment With Israel Began Long Ago

Regarding William Galston's “Why Much of America Soured on Israel” (Politics & Ideas, Aug. 12): American disenchantment with Israel began well before Oct. 7, 2023. In arguing that it was the war in Gaza that “severely strained” U.S.-Israel ties, Mr. Galston overlooks that the American left has long been turning against the Jewish state.

Radical academics like Noam Chomsky and Edward Said have smeared Israel as an imperialist aggressor for generations. This became the consensus view on college campuses, which is why so many students and professors condemned Israel immediately after the Oct. 7 attacks. Unfair media coverage, as during the 1982 Lebanon war and the Second Intifada, also made the left hostile to Israel.

Democratic politicians slowly but surely responded to this anti-Zionist animus. Howard Dean was critical of Israel during his bid for the presidency in the early 2000s. Attendees at the 2012 Democratic National Convention booed the inclusion of an amendment recognizing Jerusalem as Israel's capital. Presidential hopefuls Bernie Sanders and Elizabeth Warren campaigned on explicitly anti-Israel platforms. They reflected a party much less supportive

of Israel than it had been in prior decades.

All of this happened before this latest war against Hamas. It's too simple to say that the war caused Americans to sour on Israel.

DANIEL J. SAMET
American Enterprise Institute
Washington

Mr. Galston presents several statistics indicating decreased support among Americans for Israel and places blame on the shoulders of Prime Minister Benjamin Netanyahu.

Yet extreme antipathy for Israel is nothing new. A 2003 poll conducted for the European Commission found that 59% of surveyed citizens viewed the world's only Jewish state as a “threat to world peace.” Not surprisingly, the U.S. placed second (tied with Iran and North Korea). The gulf between perception and reality then and now can't be blamed on Mr. Netanyahu, nor TikTok or social media, which did not yet exist.

The reason for the overwhelming negative view of the Jews and the Jewish state is, as it has always been, portrayal.

ELI LITMAN
Kfar Saba, Israel

Mayor Mamdani's Corporation Blame Game

Regarding your editorial “Mamdani's Latest Target: Amazon” (Aug. 13): Zohran Mamdani's effort to require Amazon and FedEx to use a specific type of delivery worker reflects a troubling belief that government should dictate how private companies operate. Having never run a business, Mr. Mamdani, in telling major employers how to manage their operations, shows how staggering his conceit is.

CHRIS RICHGELS
Scottsdale, Ariz.

Mr. Mamdani and his fellow travelers on the City Council attack the private sector in general, and large cor-

porations in particular, as enemies of the city of New York.

As in the case of the pied-a-terre tax, the mayor can't stop himself from efforts to humiliate his targets. Accusing Amazon's leaders of “exploitive subcontracting” moves the Delivery Protection Act discussion from a public policy debate to a shaming exercise.

Whether or not Amazon takes the mayor's hostility seriously remains to be seen. But if one of his large corporate employer targets leaves the city, it will hurt private-sector employees, residents and the city's financial health.

PETER A. MICHEL
Alexandria, Va.

The Economy and Midterm Miscalculations

President Trump's priorities, foreign and domestic, are ill-considered as the midterm congressional elections approach (“GOP Losing Its Edge With Voters on Economy,” U.S. News, Aug. 10). The first week of the Senate campaign in Michigan was telling. The Democratic candidate generally followed his movement's playbook, focusing on economic issues such as health care and child care, even though his proposed solutions are expensive and impractical. In contrast, Trump and many Republicans want to make this election a battle in the culture wars. With apologies to Marx and Engels, the specter of communism isn't haunting the U.S. The lived experience of

regular people tells them that these midterms are about persistent inflation and affordability, which isn't a hoax and can no longer credibly be blamed solely on mistakes made during the Biden years.

The costly war against Iran is unnecessary, and the Republicans are miscalculating by overstating the threat posed by democratic socialism. The midterm elections, less than three months away, are critically important, and will be decided by the voters' assessment of which major party is best prepared to manage the economy in a dangerous world and a nation in which cost-of-living concerns are real. The results will reveal the common sense of the people, which has been the essence of populism since it was given its name in the 1890s.

STEVEN BERRIZZI
Norwalk, Conn.

Geoengineering Will Save Us

Kudos to Holman Jenkins for another excellent column (“Europe's Geoengineering Future?” Business World, Aug. 12). Thomas Malthus promulgated the theory that population would grow at a faster rate than the means to support that population could, and so there would have to be ways to reduce population in unpleasant ways. The population has grown, much as Malthus envisioned, but the means to support that population has grown faster. The reason is technology.

Mr. Jenkins has hit on the way global warming will be defeated. Geoengineering will be the answer. Again technology will thwart the doomsayers. But environmentalists will still rail against geoengineering because in their view it isn't natural.

THOMAS WULGER
Kensington, Calif.

AOC's Ideological Baggage

Douglas Schoen makes a plausible case for Alexandria Ocasio-Cortez being a formidable primary candidate in the 2028 presidential election (“AOC for President? Don't Rule It Out,” op-ed, Aug. 12). But he also points out that she carries ideological baggage—exactly the kind of baggage that Republicans would hope for in a Democratic candidate for the presidency.

Aside from the baggage that Mr. Schoen identifies, the only candidate ever elected to the presidency directly from the House was James A. Garfield in 1881. So while party voters may divide along party lines, I doubt that she would have much appeal to independents and moderates.

JOHN A. VITERITI
Laurel, N.Y.

Don't Rush Codifying Crypto

Your editorial “Clarity for Crypto, Sort Of” (Aug. 5) raises a concern community bankers repeatedly voice: The stablecoin “rewards” loophole isn't a minor technical wrinkle; it is a structural threat to the deposit base that powers local lending. The Senate's decision not to rush this bill was the right call.

Codifying crypto yield incentives would permanently draw deposits away from small banks and into unregulated crypto companies. When deposits leave, lending follows—and for small businesses in rural and suburban communities, no substitute lender is waiting down the street.

New polling confirms that 70% of small-business owners say they want Congress to protect community bank lending access. Policymakers should take that signal seriously when members return from recess.

REBECCA ROMERO RAINEY
President and CEO, Independent
Community Bankers of America
Washington

Pepper ... And Salt

THE WALL STREET JOURNAL



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OPINION

Warsh Is Wise to Ditch the Dots

By Donald L. Luskin

The first major component of Federal Reserve Chairman Kevin Warsh's reform agenda to be implemented is the elimination of "forward guidance" by the Federal Open Market Committee and Fed officials as to future policy positions. The FOMC's postmeeting statements have seen a 49% reduction in word count from one year ago, its minutes have slimmed down by 24%, and the number of speeches made by Fed governors is down by 27%. Mr. Warsh resolutely refuses to be goaded into making news at post-FOMC press conferences.

Perhaps Mr. Warsh is taking on forward guidance first because he understands that it is like most big-government programs: Its goals sound noble, but in pursuit of them, government agencies become bloated with mission creep and infested by rent-seekers. And for all that, it turns out that government can't achieve the goals anyway.

Fed 'forward guidance' was supposed to encourage transparency, but it ended up doing real damage.

Forward guidance has high-minded objectives: making the Fed more transparent and accountable and giving markets the information they need to adapt to future policy shifts without undue surprises. Critics are censuring Mr. Warsh for turning his back on those goals. But most of the criticism comes from the self-interested Fed-industrial complex. Wall Street is afraid it will be deprived of trading opportunities and transaction fees. The media is afraid it won't get juicy headlines from Fed officials. Those officials are afraid that they won't get their 15 minutes of fame when financial television hosts can no longer elicit



Federal Reserve Chairman Kevin Warsh

their latest pearls of wisdom about the economy.

But even if we ignore the self-interest of critics and assume that forward guidance was created with good intentions, it simply doesn't work in practice. Through the years, forward guidance has been worse than useless at revealing what the Fed will actually do.

The most explicit form of forward guidance is the "dot plot" chart that represents FOMC members' projections of the federal-funds rate published quarterly in the Summary of Economic Projections. It started under Chairman Ben Bernanke in January 2012. Of the 46 quarterly three-year projections to year-end 2025 since then, only two have been right. The average error is 1.8 percentage points, which is stunningly bad considering that the year-end federal-funds rate itself has averaged 2%.

The most egregious error in the dot plot was in the summaries of December 2020 and March 2021, when the funds rate was zero. The dot plot was promising markets a zero funds rate all the way out to year-end 2023. At year-end 2022, the funds rate had been hiked to 4.38%, and by year-end 2023 to 5.38%.

One consequence was that Silicon Valley Bank became insolvent in

March 2023, in part because it detrimentally relied on the zero funds rate promised by its primary federal regulator, buying long-term Treasury bills at low pandemic-era yields. These rates catastrophically depreciated when the Fed unexpectedly raised rates in one of the most aggressive hiking cycles in history. The Fed was then forced to backstop similarly distressed banks by lending against the full maturity value of their depreciated bonds. But that was too late for what had been the 16th-largest bank in the U.S.

Another consequence was that the nation had to endure the worst inflation since the early 1980s. In March 2020, as the global economy began to shut down in response to the pandemic, the FOMC lowered the funds rate to zero and said it expected to keep it there "until it is confident that the economy . . . is on track to achieve its maximum employment and price stability goals."

In December 2021 the unemployment rate fell to 3.9%, and inflation was running at 6.1%. Yet the funds rate was still zero, and much of the same forward guidance remained in the FOMC statement. Inflation peaked several months later, in the summer of 2022, after the Fed finally started raising rates in the

spring. Officials belatedly admitted that inflation wasn't "transitory" and that their words and dots had dramatically underestimated the recuperative powers of the economy—which had returned to new all-time high real gross domestic product a whole year earlier. It seems the Fed had made a mistake on its own wrongheaded forward guidance just as Silicon Valley Bank did.

Mr. Warsh can't entirely abolish forward guidance. It is mandated by the 1978 Humphrey-Hawkins legislation, which requires a semiannual report "containing a discussion of the conduct of monetary policy and economic developments and prospects for the future, taking into account past and prospective developments."

But he can dial communications back to where they were before 2007, when Mr. Bernanke introduced the Summary of Economic Projections, in which FOMC participants gave their individual projections of growth, employment and inflation every quarter. In 2012 Mr. Bernanke added the dot plot of the future funds rate. That was a time when inflation was running persistently below the Fed's 2% target, the funds rate had been stuck at zero for four years, and Mr. Bernanke was eager to find ways to stimulate the economy by lowering long-term yields. Promising a low funds rate with forward guidance was one strategy. Repeated quantitative easing was another. None of it worked.

Mr. Warsh resigned as a Fed governor in 2011, partially in protest over the Fed's second round of quantitative easing. He wasn't there in 2012 for the introduction of the dot plot. Having abstained from contributing a dot at his first FOMC meeting as chairman in June this year, he remains to this day dot-free. If he has the courage to defy his critics and continue down the road to reform, then we can all be free of Fed forward guidance that has done more harm than good.

Mr. Luskin is chief investment officer of TrendMacro.

USS Lincoln: Performance For the Ages

By Brad Cooper

On Saturday I stood in the nerve center of an aircraft carrier sailing in the Arabian Sea and addressed the entire crew on the general announcing system. I delivered the words every deployed sailor and Marine longs to hear: "You have delivered a performance for the ages, and now you are going home."

I made the trip to the USS Abraham Lincoln because I wanted to see how its 4,000-plus service members are doing and thank them for their extraordinary resilience in the face of constant pressure.

It was an amazing visit. I was blown away by this strong group of high-achieving Americans standing tall with justified pride in everything they have accomplished. I also saw the reality of more than 260 days at sea with more than 150 days in a combat zone, while speaking with sailors in spaces most guests don't see.

Recent media reporting has portrayed varying perspectives on operational tempo, crew morale and the realities facing our deployed forces. What I found aboard the Lincoln is that many elements of those stories are old news.

On Saturday I addressed the crew, congratulated them on a magnificent job, and sent them home.

I chatted with junior enlisted personnel and junior officers in small groups. Issues related to food, hot water and other concerns raised months ago were addressed by leadership and resolved.

The crew is tired, but they continue to fire on all cylinders. History will record this deployment as one of the most operationally intense and consequential of the modern era.

Across months of sustained combat operations, the Lincoln team shot down more than 200 Islamic Revolutionary Guard Corps drones threatening international shipping and U.S. forces. The strike group's guided-missile destroyers engaged in arguably the most intense combat at sea the Navy has seen since World War II, and the air wing executed hundreds of decisive strikes on IRGC targets—sinking the Iranian navy with exceptional tactical precision. The strike group twice enacted the most effective naval blockade in modern history.

But the true foundation of American sea power isn't measured in steel, nuclear reactors, high-tech aviation or surface platforms. It is measured in human endurance, character and the strength of the American military family.

My conversations with our troops naturally turned to what matters most. Tucked between steel bulletheads, away from the roaring flight operations, we spoke not of headlines or high-level strategic maneuvers, but of missed birthdays, first steps captured on video calls, high-school graduations and the quiet sacrifices unfolding thousands of miles away back home.

When a carrier strike group deploys for a historic mission, the burden isn't borne solely by those in uniform. It is borne heavily by spouses and parents, who watch the news with a knot in their stomach, worrying endlessly about the physical safety, mental strain and welfare of their loved ones.

As a military son and a military husband, I know how deeply military families feel about every milestone missed and every week added to a combat deployment. The health, safety and well-being of husbands, wives, sons and daughters aren't secondary considerations to us; they are the bedrock on which every mission rests.

As military leaders, our duty to our forces goes beyond tactical mastery. We owe them and their families transparency, empathy and responsiveness, especially when public reports raise anxieties at home.

The Lincoln's deployment stands alone in modern history as an achievement that should make every American proud. The men and women serving in this strike group are truly America's latest greatest generation.

To the sailors and Marines of the Abraham Lincoln Carrier Strike Group: Job well done. Safe sail on your way home. And to their loved ones who continue to wait, pray, and hold down the home front: Thank you. Your strength makes their service possible, and your wait is coming to an end. Godspeed and enjoy the well-deserved reunion soon.

Adm. Cooper is commander of U.S. Central Command.

Luigi Mangione and Democrats' ObamaCare Deflection



LIFE
SCIENCE
By Alyssa Finley

two federal charges of stalking.

Prosecutors say Mr. Mangione wrote in a notebook that he was rebelling against "the deadly, greed fueled health insurance cartel." "Like the thousands of people who have reached out since this tragedy to share their own experiences, he believed that the system had failed him and destroyed his life," his lawyer said.

While Mr. Mangione suffered chronic back pain and had spinal fusion surgery, it remains unclear why he believed the system failed him. He might have made health insurers a scapegoat for his medical ailments, just as Democrats have for the dysfunctions wrought by ObamaCare.

Look no further than a recent white paper by Sen. Joe Manchin, which takes aim at "corporate greed" and "Big Insurance." The title page features a health insurance document with a red stamp "DENIED," an echo of the inscription on shell casings that Mr. Mangione left at the crime scene.

The report laments that "health care has become unaffordable for millions of Americans even when they have insurance." Wasn't the Affordable Care Act supposed to make healthcare affordable? In reality, the law's regulations have driven up costs by fueling consolidation.

The Democratic report concedes as much: "Consolidation and vertical integration accelerated in the late 2010s as large for-profit insurers acquired providers, pharmacies, and PBMs"—a pharmacy benefit manager's.

One major reason is ObamaCare's

medical-loss ratio, which requires health plans to spend at least 80% to 85% of premium dollars on medical care. To get around this de facto profit cap, insurers have combined with PBMs and providers. This allows insurers to increase payments and shift profits to affiliates.

Democrats acknowledge this perverse result: "Limiting profits based on a percentage of revenue and spending may have the effect of increasing incentives for insurance companies to raise their own

Behind the hospital consolidation that hurts care and increased prices is the Affordable Care Act.

costs" and "created unintended incentives for insurers to expand" into other markets "to maximize profits." Unintended, but completely foreseeable.

Democrats single out UnitedHealth Group, which owns "nearly 2,700 subsidiaries and employs over 90,000 doctors." This corporate structure "allows the company to generate significant revenue by paying itself, often at higher rates than they pay practices they do not own," and "to control which doctor a patient sees and where they fill their prescription." UnitedHealth is responding to the incentives that Democrats created.

At the same time, ObamaCare's Medicaid expansion has fueled hospital consolidation by making more hospitals eligible for the 340B federal drug program, which allows public and nonprofit hospitals that serve a large share of Medicaid patients to buy medications at steep discounts and sell them at markups, often four to five times the purchase price.

This drug subsidy amounted to nearly \$80 billion last year—more than all Medicaid spending on pre-

scription drugs. Hospitals can take in more subsidies by expanding and treating more patients. Anthony DiGiorgio, a professor at the UCSF School of Medicine, calls the program a "billion-dollar subsidy for hospital consolidation." Studies have found that hospitals invest much of the subsidy money in financial assets and expanding their footprints and bureaucracy. Ninety-nine percent of metropolitan hospital markets are now considered highly concentrated, based on Justice Department guidelines.

The University of California, Irvine, a major beneficiary of the 340B program, in 2024 acquired four hospitals and their associated outpatient clinics from the for-profit Tenet Healthcare. Last year UCI proudly opened the first "all-electric, zero-emission hospital in the country." No doubt solar panels on parking garages will soothe cancer patients.

ObamaCare also sought to limit competition to hospital conglomerates and teaching hospitals by effectively banning physician-owned hospitals from expanding. One re-

sult: Private-equity firms have been acquiring physician groups and outpatient facilities. Naturally, Democrats also complain about this in their report.

One consequence of all this consolidation is fewer physicians working in private practice—42% in 2024, down from 60% in 2012. Another is less competition and higher prices, especially at hospitals. Since ObamaCare was enacted in 2010, hospital prices have increased at twice the rate of inflation and three times as fast as prescription drug prices have risen.

Executives at many nonprofit hospitals earn more than those at insurers. Eugene Woods, the CEO of North Carolina's Advocate Health, made about \$25.8 million in 2024—more than twice as much as the executive Mr. Mangione assassinated.

Naturally, the Democratic antidote to the distortions they created is more government regulation, which will further increase prices, feed discontent with health insurers, and fuel the political impetus for a single-payer system. Talk about a diabolical plot.

This Nursing Home Is for the Birds

By Danny Heitman

After health problems forced my eldest sister into a nursing home recently, I thought about what I could do to make her feel more settled. My first idea was to put a bird feeder outside her window. Cindy loved backyard wildlife, and the feeder seemed like a way to keep her connected.

Our family seldom undertakes a project without physical comedy, and my snafu errand of mercy was no exception. As I stood in the shrubbery near her window, Cindy waved her hand this way and that, directing me from inside about the best spot for the feeding station. She's a perfectionist at heart, something I remember with a sigh when I help her hang a picture or center a vase of flowers on her table.

After fussing over the feeder as if it were the Mona Lisa, we agreed on an ideal location. Relieved, I turned to go inside, and that's when I spotted something that took my breath away. Up and down the tiny alley between the bushes and the building, an assortment of bird feeders stood near the neighboring windows. Apparently, my sister and I were far from alone in turning to the small wonders of nature for solace in a trying time.

That lively string of bird feeders beside the nursing home seemed quietly heroic, like a line of lanterns

burning brightly against the dusk.

When bird feeders open for business, as every amateur naturalist quickly learns, other critters often show up. Soon after Cindy's feeder made its debut, a raccoon arrived, made himself at home on the ledge, and helped himself to some sunflower seeds. He wasn't the guest Cindy had expected, but surprises are a gift in nursing homes, which can be realms of rigid routine.

I thought a feeder would help my ailing sister stay connected to the world. Others had the same idea.

While I was visiting Cindy a few days later, a young man alighted at the feeder and met our gaze. He was in molt, a sketchy splotch of red and black while he waited for his new plumage. Our new friend moved me to think that we're all works in progress—even those of us, like my sister, who are deep in the challenges of aging.

Maybe Emily Dickinson was right, I thought to myself, when she called hope the thing with feathers.

Mr. Heitman, a columnist for the Baton Rouge Advocate, is the editor of Phi Kappa Phi's Forum magazine.

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EDITORIAL AND CORPORATE HEADQUARTERS:

1211 Avenue of the Americas, New York, N.Y., 10036

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EDITORIALS

As Trump rose, Harley-Davidson fell.
Now this Midwest icon needs to get back in gear

The rise of Donald Trump could have been a plus for Harley-Davidson, given that many of its longtime customers are proud fans of the Republican president. When the GOP held its National Convention in Harley's hometown of Milwaukee two summers ago, Republican delegates streamed in by the busload to the local Harley-Davidson Museum.

Yet Trump's rise to power has produced no windfall for the company. Trump's trade wars continue to drag down Harley's financial results. Conservative activists alleging so-called "woke" policies recently renewed attacks on its executives. Even the company's decision earlier this year to bring overseas jobs back to its U.S. factories received a surprisingly perfunctory acknowledgment from the White House.

Since Trump's first term began in 2017, the company's market value has cratered from about \$10 billion to less than \$3 billion today, extending a two-decade-long slide. Its public financial filings show that Harley sold about half as many motorcycles worldwide

last year as it did in 2016, the year before Trump launched his crusade against free trade from the White House.

Trade wars aren't the only problem: Harley's core customers are aging, and its premium-priced machines aren't attracting enough younger customers. Once among the Midwest's most valuable home-grown brands, Harley is at risk of fading away forever. That would be a big loss for a U.S. manufacturing sector feeling the heat not only from tariffs but also from tough competitors overseas.

Harley's main domestic customer base of older, predominantly male riders is a blessing, as they're devoted to the brand, but also a curse as they've resisted change. And, as is the case at most American companies in these

divisive times, Harley's customers are not all on one side of the aisle, forcing it to tiptoe through today's political minefield.

There's reason for optimism. The stock price has staged a notable rebound this year, and the company has a dynamic new chief executive officer who is making smart moves.

As CEO Artie Starrs told investors last month, 2026 will be a "transition year" as he carries out a strategic plan aimed at restoring Harley to its former glory. The launch of new Deadwood and Super Glide motorcycle models "has our whole community super-excited and galvanized," he gushed.

Starrs doesn't fit the outlaw stereotype that made Harley's big, loud motorcycles — nicknamed "Hogs" — a badge of authenticity for generations. He joined the company last fall from Topgolf International and, before that, Pizza Hut, and sounds more like a bean counter than a Son of Anarchy.

His bottom-line focus is helping him relate to Harley dealerships

that have struggled with low profits and bloated inventories.

Harley is still best known for high-priced, gas-powered touring and cruising motorcycles. Companies like Honda, Yamaha and Kawasaki dominate the entry-level market, and Harley's costly stab at electric vehicles under the LiveWire brand has failed miserably. Hard-core Harley riders show little interest in motorcycles that don't make noise, and other companies make better, cheaper electric alternatives.

Starrs is on the case: The company is planning a slew of new models in coming years, including at lower price points. He also expanded a customization program that die-hard fans of the brand appreciate.

He even scored points with Trump, who attacked the company in 2018 when it moved production overseas after Europe imposed ruinous retaliatory tariffs. Harley was "surrendering" and waving a "white flag," Trump griped, while promoting a consumer boycott against it. In June, Harley announced

the return of some production to plants in Wisconsin and Pennsylvania, conspicuously crediting Trump, who has chalked up few such victories from his trade wars. The White House applauded the move as an "American manufacturing win" — but celebrated with less vigor than it put into denouncing the company's 2018 "surrender."

In fact, Trump's trade chaos continues to hurt Harley, which reported an operating loss from its core motorcycle division for 2025. Tariffs were mentioned repeatedly on last month's conference call with investors. Harley expects to book up to \$90 million in new or increased tariff costs this year — a punishing tax on a struggling company — and it is chasing tens of millions in refunds from previous Trump tariffs overturned by the U.S. Supreme Court.

So, don't expect Harley to launch a MAGAcycle anytime soon. Let's hope this Midwest stalwart can power through the trade barriers without hitting any more Trumpian speed bumps on its path to the open road.

Illinois spent big during COVID and the migrant crisis. Who was watching the bills?

Remember all the way back in 2023, during the height of the migrant influx, when Tribune reporting uncovered that a city contractor running operations at migrant shelters was submitting some eye-popping bills?

During one week in March of that year, the majority of Favorite Staffing workers at city migrant shelters logged 84-hour workweeks, according to examined invoices. That meant their staff was working 12-hour days, seven days a week. Extraordinarily, logs for one worker reported they worked five 12-hour shifts, a 14-hour shift and a 16-hour shift one week that March. Favorite Staffing billed the city \$15,525 for that worker alone. For one week!

We had no evidence of fraud. What we did have was a hard time understanding how such a hefty percentage of their workers were logging those kinds of highly unusual hours. Back then, we called for an audit to make sure everything was on the up and up.

Now, the state of Illinois finds itself in a tricky situation of its own with Favorite Staffing.

A report from Illinois Auditor General Christopher Meister released Tuesday revealed that the state paid Favorite \$78.5 million for workers on standby. Meaning: not actively working.

Favorite billed Illinois for 469,892 hours of standby under a state contract for COVID pandemic response work.

That standby pay accounted for 36% of a total bill worth \$220.3 million during the audit period



A person looks out the window from the second floor at the Inn of Chicago migrant shelter on Oct. 18, 2023. ARMANDO L. SANCHEZ/CHICAGO TRIBUNE

covering fiscal years 2022 and 2023. Unsurprisingly, the auditor general's analysis found that the state's recordkeeping and contract oversight was inadequate.

To be fair, the mere existence of "stand down" pay doesn't prove taxpayers were ripped off. The Illinois Emergency Management Agency notes that during major disasters, emergency personnel routinely are paid to remain ready for deployment even when they

aren't actively working. That's reasonable.

What's much harder to defend is what came next in Meister's report: IEMA couldn't document that it had analyzed how many contractors it actually needed. It didn't require standardized contractor timesheets. It lacked an approval process for overtime, and it didn't ensure vendors adequately supported their invoices before the state paid

them.

Separately in their analysis, auditors estimated that we paid one contractor more than \$14 million for housing of contractual staffers — who were "housed in personal residences instead of hotels."

Vendors also racked up an extreme amount of costly overtime. Nine of the 28 IEMA-Office of Homeland Security contracts auditors reviewed from fiscal

years 2022 and 2023 allowed contractors to bill higher overtime rates. In one instance, one vendor billed \$88.4 million in overtime. Another vendor, which wasn't authorized to charge extra for overtime, billed 644,653 hours beyond the established minimum 40- or 60-hour workweek requirements. IEMA had no approval process in place governing those extra hours.

All of this comes with a caveat, of course. Illinois was operating under extraordinary circumstances during COVID, and later during the migrant influx. Governments needed to move quickly. But "emergency" cannot become a magic word that suspends ordinary stewardship of public money, particularly when hundreds of millions of dollars are flowing through outside contractors.

Meister's recommendations ultimately come down to making sure the state has processes in place for striking better deals for taxpayers. The idea is that Illinois should build the financial controls now, before everybody is scrambling.

Given the auditor general's findings, we'd go a step further: The state should apply this kind of targeted scrutiny more broadly to outside contractors doing business with Illinois. There's no reason to believe the weaknesses the auditor general found are unique to IEMA, and taxpayers shouldn't have to wait for another crisis — or the subsequent audit — to find out.

ON THIS DAY 101 YEARS AGO
WIDEN THE DUNES HIGHWAY — AND OTHERS

An application for the right to incorporate a company to operate a bus line from Chicago to Mackinac has been filed with the public utilities commission of Michigan. Unofficially it has been predicted that the permission will be granted.

The route to Mackinac includes the Dunes highway in northern Indiana. Although that road now carries 80 per cent of the traffic between Chicago and the east and at least as large a proportion of the traffic between Chicago and the east shore of Lake Michigan, it is only 20 feet wide. The engineers who laid it out wanted a 30 foot road, but the politicians vetoed the suggestion. Indiana is as stingy toward its northern counties with their fast-growing populations as Illinois is toward the adjoining regions in this state.

The demand for another 20 foot road paralleling the present Dunes highway is so thoroughly justified by the pressure of today's traffic that there is no need to look into the future to justify the construction. We are at a loss to understand how the Indiana authorities can delay.

Our amazement would be considerably greater if we in Illinois had not experienced much the same sort of indifference to our needs. The Dunes road furnishes only one example of the congestion to be found on all the highways radiating from Chicago. All of them should be widened without delay; and it is our opinion that even 40 foot roads in this region will be inadequate to handle the traffic with safety.

Tribune editorial board, Aug. 17, 1925

EDITORIAL CARTOON

SHENEMAN



"HERE'S PUPPIES. HERE'S DATA CENTERS AND HERE'S YOU."

DREW SHENEMAN

OPINION



Democratic gubernatorial candidate Francesca Hong gestures after speaking during a primary election night watch party on Tuesday in Madison, Wisconsin. NAM Y. HUH/AP

Unity, careful messaging will be key to Democrats' resurgence



Clarence Page

Here's an easy lesson for rising political hopefuls to draw from Francesca Hong's failed bid to be Wisconsin's Democratic gubernatorial nominee: Don't demonize Thanksgiving.

Hong, a chef, state legislator and democratic socialist, was the clear front-runner in the Democratic primary race until a social media comment she posted six years ago, now deleted, turned up — in the way that old tweets often do to embarrass political candidates.

You didn't have to be a right-winger to slap your forehead, shake your head and condemn cheap shots at a holiday long cherished by countless families yet dismissed by Hong as a glorification of colonialism.

She backpedaled on those past remarks, but one way or another her polling lead evaporated, and last Tuesday she lost to a moderate opponent, David Crowley, the Milwaukee County executive.

Although Hong had campaigned on a platform that no doubt appealed to many Wisconsin voters, by the end she was

beleaguered by questions about Turkey Day and whether she still believed in defunding the police.

Such left-wing stars as U.S. Rep. Alexandria Ocasio-Cortez, D-N.Y., and U.S. Sen. Bernie Sanders, I-Vt., refrained from endorsing Hong, despite campaigning for other prominent progressives, including Michigan U.S. Senate nominee Abdul El-Sayed.

Such hesitancy about Hong and her hot-button holiday heat signaled a renewed appreciation of moderated rhetoric even among the progressives in pursuit of restoring unity to the Democratic Party and calming the concerns of independent voters.

Ocasio-Cortez suggested the dawn of a new post-"woke" era to replace "Woke 1" like a new model of automobile.

"Woke 1 was crazy," she said, laughing, during a Sunday appearance on ABC's "This Week."

Translation: Some Democratic candidates, including her, were distancing themselves from extreme statements such as "Defund the police" that were all the rage in the volatile context of the 2020 protests over the killing of George Floyd.

"I think that what's important is that we have to assess what a candidate is saying now," she said.

"Woke 1," or 1.0, as some call it, presumably met its demise in 2024 with the reelection of

Donald Trump. What Woke 2.0 looks like, or if it even exists, is not for me to say. Yet progressive candidates are learning that the "woke" frame continues to be a bludgeon used against them, and however pure their intentions may be, they need to formulate their positions and explain themselves to voters with care.

Calls for the blanket defunding of police or throwing open the doors to prisons and jails don't play so well when you're running for governor or Senate — or the presidency, an office that some speculate AOC has her eye on.

The same message came from New York City Mayor Zohran Mamdani in a later news conference. People can "change" and "develop" their beliefs, he said, adding that he, too, does not support problematic positions like defunding the police, although he is on record as having done so in the past.

So far, Mamdani has pretty much governed in that fashion, and other progressive-wing voices, wishing to avoid snatching defeat out of the jaws of victory, seem to be showing a new respect for their fellow partisans in the political ground.

If they keep that up and avoid too much infighting, Democrats will be able to enjoy Trump's gift to them: his administration's seemingly endless controversies, which have put his popularity

ratings on the skids.

For example, while Wisconsin's votes were being counted, Trump's approval rating continued its downward slide amid the interminable Iran war and its knock-on effects on the economy and affordability.

The latest survey from The Economist/YouGov, published Monday, found only 33% of respondents said they approved of how Trump has handled his job as president. Another 62% indicated they disapproved.

Yet, with the economy on so many minds, the president has famously — or should I say "infamously" — disparaged "affordability" as a "con job" and "word made up by the Democrats" and, oh, yes, by the media to criticize him.

Trump calls the Democrats "Dumb-ocrats" and has branded left-wing Democrats "godless communists." And the Republicans have largely adopted this name-calling as their campaign strategy for November. Not exactly groundbreaking stuff.

But, as I always caution, it's early. With the midterms less than three months away, there's still time for either party to lose. And the same goes for the next presidential election in 2028, when Trump (presumably) will not be on the ballot.

The Democrats would do well to remember the lessons of 1972,

the first election in which I was old enough to vote.

Richard Nixon was well-positioned to win reelection. The economy was recovering from a recession, he was winding down the Vietnam War, and with his trips to Beijing and Moscow, he had dramatically eased Cold War tensions.

Yet his victory was a historic landslide, in which he won more than 60% of the popular vote (a GOP high water mark) and carried every state but Massachusetts and the District of Columbia. He owed this stunning result to an unexpected gift: Democratic disarray.

Long story short, the Democrats had failed to patch up their differences in time. George McGovern had won the Democratic nomination on his bona fides as an antiwar liberal, and that inspired more traditionalist elements in the party, such as some labor unions and South-erners, to start an "Anybody But McGovern" campaign.

In order to win in 2028, the Democrats have to do more than wait for the current president to destroy his own presidency. They need to nominate someone without dividing themselves and destroying their own chances.

Their challenge begins now.

Email Clarence Page at cptimee@gmail.com.

Before Trump, a Civil War general tried to strong-arm the IRS

By Jeffrey Boutwell
SPECIAL TO THE TRIBUNE

In the history of American politics, there have been few figures quite like Richard J. Daley, the Democratic mayor of Chicago from 1955 to 1976. Called "Hizzoner" by both supporters and detractors, Daley was the godfather of American mayors. His readiness to use political power to help his family was legendary, summed up as, "If a man can't put his arms around his sons and help them, then what's the world coming to?"

Donald Trump as president has taken that sentiment — and the use of naked political power to enrich his family — to levels never seen in American history. In his latest example of political collusion and self-dealing, Trump tried to benefit from something no other American in history — president or otherwise — had ever enjoyed: a guarantee that the Internal Revenue Service can never audit his back taxes or those of his relatives or their family businesses, that is until a judge found last month that the president misused the court.

In a deal crafted by Todd Blanche, then the acting attorney general and Trump's former personal lawyer, the president put in place a family protection



Army Gen. Winfield Scott, circa 1862. LIBRARY OF CONGRESS

plan that Daley could have only dreamed of, one possibly worth upward of \$100 million.

Attempting to strong-arm the IRS into receiving favorable tax treatment has been tried before, of course, but it wasn't always so

easy — even for one of America's most revered military figures who was a former presidential candidate himself.

In 1863, Gen. Winfield Scott, newly retired as commanding general of the Army and an Amer-

ican hero, complained about his taxes to the newly installed first commissioner of the IRS, George S. Boutwell, a distant family member of mine and former governor of Massachusetts.

Having retired in November 1861 at age 75, Scott was voted a lifetime pension at full pay by Congress that, by executive order from President Abraham Lincoln, could never be reduced.

It was on that basis that Scott wrote to Boutwell, asking to be excused from paying the 3% income tax being levied on his pension. The country's first income tax had just been introduced by Congress, in July 1862, to help raise badly needed funds for the Union Army in the second year of the Civil War. Lincoln himself despaired that "the bottom is out of the tub" on how to pay for a war against the Confederacy that, in the summer of 1862, was going badly. That same month, Boutwell was appointed by the president to head the newly created Internal Revenue Bureau and oversee the expansion of the government's tax-collecting capabilities in support of the war effort.

In writing to Boutwell, perhaps Scott felt he could strike awe in the newly arrived revenue commissioner, unschooled in the ways of Washington. If so, he was

mistaken.

Boutwell replied to Scott that, no, the general's pension was not being reduced. The income tax was just that, a tax, similar to what thousands of other American civilians and military officers were paying. The general's request was denied.

As it happened, even Frederick Douglass, famed Black abolitionist and public figure, got into the act. Douglass reported on the affair in his newspaper, *Douglass' Monthly*, noting with satisfaction that Boutwell had stood up to Scott, intimating that, at a time when Union troops were fighting and dying for their country, the general's petty demand was "very small business" indeed.

Today, the same can be said, in spades, of Trump's attempts to leverage the power of the presidency to obtain his IRS "family protection plan" in the midst of another war, the undeclared and unsuccessful conflict with Iran, that is fueling inflation and greatly increasing the economic stress felt by the vast majority of Americans.

Jeffrey Boutwell, a retired public policy specialist and long-ago staffer with the City News Bureau of Chicago, is the author of the book "Boutwell: Radical Republican and Champion of Democracy."

OPINION



State Sen. Ram Villivalam speaks at a rally about proposed legislation to regulate construction of data centers during the spring legislative session outside the Illinois Capitol on May 30 in Springfield. JOHN J. KIM/CHICAGO TRIBUNE

A commonsense path forward for data centers in Illinois

By Collin Corbett
SPECIAL TO THE TRIBUNE

Data centers are one of the biggest and most controversial issues facing Illinois right now, and the two major-party candidates for governor only seem to offer extreme positions.

On the one side is Gov. JB Pritzker, who has been all-in on data centers since 2019. He has handed out over \$666 million, and potentially as much as \$1 billion, in tax breaks with virtually no safeguards for Illinoisans. While that made Illinois a top target for data center development, it left taxpayers vulnerable, risked our water supply and threatened our electrical grid. After guardrails didn't materialize in the latest General Assembly session, Pritzker did the right thing recently and paused new tax incentive agreements.

At the other extreme is Darren Bailey, who wants to ban or shut down the industry in Illinois entirely. This ignores the real-

ity that data centers locating in neighboring PJM Interconnection or Midcontinent Independent System Operator grid states will still drive up energy rates in Illinois, but without providing any offsetting benefits for our residents. It also forfeits high-paying jobs, local tax revenue and regulatory leverage.

Neither extreme works. The good news? Stakeholders in Illinois are already laying the groundwork for a more responsible path forward. Environmental advocates put forward the POWER Act (S.B. 4016/H.B. 5513), led by two Democrats, state Sen. Ram Villivalam of Chicago and Rep. Robyn Gabel of Evanston. And organized labor, led by Local 150's Marc Poulos, recently released a more pragmatic legislative framework.

The problem at this point isn't a lack of good ideas. It's a lack of executive leadership willing to lead on a consensus path forward.

Here is what a commonsense strategy for Illinois looks like:

- **Negotiate data centers transparently:** Too often, data center developers require nondisclosure agreements with local officials while operating under code names and hiding their intentions during the zoning process. We must end perpetual NDAs and require data center negotiations to occur in full view of the public, with mandatory public hearings, so residents have a say. Once built, facilities should publicly report their energy and water usage, which Rockford Democratic Sen. Steve Stadelman's S.B. 2181 would require.

- **Protect energy ratepayers:** Data centers must bear 100% of the cost for their energy and grid infrastructure so they don't drive up electric bills for everyone else. This requires a mix of short- and long-term generation to offset their demand. Short term, a "bring your own generation" model focused on wind, solar, battery storage, small modular reactors and natural gas. Long term, investment toward

large-scale nuclear and advanced geothermal.

- **Reduce water consumption:** Fresh water is one of our state's greatest natural resources, and we must protect it. Data centers consume millions of gallons daily. We must make closed-loop and modern cooling systems the baseline standard while providing incentives for facilities that use treated wastewater instead of drinking water.

- **Deliver real property tax relief:** Data centers must publicly negotiate and sign binding community benefit agreements with local governments to ensure residents benefit. Data centers should also be required to pay into a dedicated state property tax relief fund to lower property tax bills for homeowners across the region.

- **Respect neighboring communities:** As a recent fight in Hoffman Estates showed, neighboring towns currently have no voice when municipalities approve data centers on their borders. S.B.

1050, sponsored by GOP state Sen. Darby Hills of Barrington Hills, would give surrounding communities of a proposed data center development a seat at the table.

- **Reform Illinois' Biometric Information Privacy Act** to attract top-tier developers. BIPA has become the single biggest barrier for major tech developers. Data facilities should not face massive legal liability simply for housing cloud data on their servers. Modernizing BIPA would bring world-class, deep-pocketed developers to Illinois, the ones that can afford the strict environmental, energy and community standards we demand.

This commonsense path would enable smart economic growth while protecting our natural resources and environment, shielding families from soaring utility bills, empowering local residents and delivering property tax relief for Illinoisans.

Collin Corbett is an independent running for governor of Illinois.

Voice of the People

What's fueling extreme weather

"2026 is just the beginning. It will inevitably get worse. It will get worse and worse and worse to the point where, I'm afraid, we'll be passing the limits of adaptability," said Johan Rockstrom, a Swedish scientist who is director of the Potsdam Institute for Climate Impact Research in Germany.

Extreme weather has been lashing many parts of the world, including the United States, yet President Donald Trump calls climate change a hoax as he hauls in millions of dollars in political contributions from oil interests.

For over four decades, it has been the consensus of climate scientists — including climate scientists employed by oil companies — that burning fossil fuels is causing a greenhouse effect that is warming our planet and causing more extreme weather. The scientists' predictions over these four decades have proved to be accurate. The predictions of the deniers and minimizers have proved to be wrong.

China has surged to a wide lead in the production of solar panels, batteries and electric vehicles, increasing its jobs, wealth, prestige and influence.

In contrast, Trump promotes fossil fuels and blocks clean-energy solar and wind projects, even though clean energy with battery storage is less expensive, especially when fossil fuels' health-threatening pollution and contribution to climate change and its damage are considered.

Trump as a candidate said he would work for lower prices. He came out with tariffs. He said he would release the Jeffrey Epstein files. He fought the release. He said he would avoid wars. He attacked Iran. He repeatedly said the war would be over soon. No end in sight.

Can he be believed on climate change or anything else?
— Richard Barsanti, Western Springs



A massive tree sits on its side on South Champlain Avenue in Glenwood on Wednesday, a day after storms ripped through the region.

TERRENCE ANTONIO JAMES/CHICAGO TRIBUNE

We need a carbon tax

Thanks for the article "Poll shows weather reshaping daily life" (in print Aug. 7). It spotlights how our warming climate is impacting everyday Americans. Hotter days mean more bad-air days for those of us with breathing issues. Hotter days can mean productivity loss and heat-related health risks for outdoor workers. Also, add to that tally here in the Chicago area more flooding from the growing incidence of extreme rain events.

These changes, along with increased mega-fires, longer-lasting droughts and sunny-day coastal flooding, are mostly the result of a warming climate caused by burning fossil fuels. And guess who pays nothing for the economic and health harms caused by this warming? Fossil fuel producers that are earning record profits.

It's time to consider placing a fee or tax on fossil fuel companies for the harm caused by burning their products. But we should only do that if the fee collected is returned to households as a dividend check to offset rising fuel

prices. The net result would help speed the transition to cleaner, less-polluting energy.

Meanwhile, these producers continue to use our skies as a trashcan without penalty for the harmful emissions generated from their fossil fuel sales — polluting our air, contributing to climate instability and negatively impacting our health.

— Andrew Panelli, Homer Glen

Stop flood of plastic pellets

In response to the article "Illinois cracks down on 'nurdles'" (Aug. 11), I felt compelled to note that while the signing of this landmark bill represents a significant step forward in combating plastic pollution in the Great Lakes region, it alone is insufficient.

I have spent the last two months working on the campaign to implement the Plastic Pellet Free Waters Act (HB3278), which would go an additional step further than classification by upgrading Illinois' anti-pellet-pollution measures to a zero-discharge policy. This would impose meaningful penalties on companies that continue to engage in the

dumping of pellets.

This dumping, which currently goes unregulated at the federal and state level in Illinois, not only adds plastics to our waterways, ecosystems and drinking water sources but also chemicals such as mercury, lead and DDT, with which pellets often become contaminated prior to their unrestricted release into our natural world. It is cheaper for companies to take the easy way out rather than cleaning, recycling and reusing these pellets.

With the lack of repercussions they face for it, that is exactly what they do.

The Plastic Pellet Free Waters Act, which has already passed the Illinois House, is a commonsense measure that would protect our fresh water, our wildlife and our health.

I urge Illinois state senators to sign on to the Plastic Pellet Free Waters Act in the coming legislative session.

— Henry Vrtis, Evanston

Social Security revelations

In Chicago, the racial life-expectancy gap is longer than the entire Social Security claiming window.

I did not first confront that disparity in a government report. I saw its outline one client at a time.

Before advising someone on when to claim Social Security, I use a longevity analysis tool. It weighs health, family history, chronic illness, lifestyle and work history. It does not predict death. It helps clients see a likely retirement horizon: how many years Social Security may need to provide income.

As I worked with Chicago clients, a pattern emerged. The tool often projected shorter horizons for my Black clients than

for my white clients. My local sample was far too small to prove anything. Still, the pattern troubled me.

Then I read in June that Chicago's overall life expectancy had reached an all-time high of 79.5 years. That was encouraging. But inside that average was a profound divide: 73.3 years for Black Chicagoans and 82.7 years for non-Black Chicagoans — a gap of 9.4 years.

What I had observed one client at a time now appeared in the city's data.

The financial significance is hard to miss. Americans can claim Social Security at 62 or wait until 70 for their largest monthly benefit. That decision window spans eight years. Chicago's racial longevity gap is longer.

Yet Chicagoans approaching retirement routinely hear the same financial commandment: Wait until 70.

For many, waiting is wise. A larger monthly check can protect against outliving one's savings. But "always wait" is not a strategy. It is a slogan. Personal finance loves a universal rule almost as much as Chicago loves arguing about where the Bears' next stadium should be built.

The right claiming age depends on health, longevity, savings, employment, family circumstances and survivor protection. Race should never dictate the decision. Neither should a ZIP code. But we cannot pretend every Chicagoan faces the same future.

Before telling someone to forfeit years of checks while waiting for a larger one, we should ask a more human question: What does that person's horizon actually look like?

— Ray R. Harris, founding and president, Social Security Claiming Experts, Chicago

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EDITORIAL

Mecca agreement signals the demise of unipolar order

The recent recalibration of security alliances among middle powers serves as a stark signal: confidence in the United States' role as the ultimate guarantor of global stability is eroding. Those that have long relied on Washington's security architecture are actively seeking alternatives; Saudi Arabia, Turkey and Pakistan have formed what some observers call an "Islamic Nato".

One is a long-time ally of Washington, the other a Nato member state and the last an intermediary between Iran and the US in their current conflict. It remains to be seen how militarily committed and integrated the trio will become.

China may view this Mecca Joint Defence Agreement as an opportunity to expand its own diplomatic and economic influence in the Middle East and South Asia. Beijing is a key proponent of a multipolar and more equitable world order, and the pact can be considered a template for middle powers looking to reduce their reliance on the US-led security architecture.

Some analysts, however, believe the new pact will function primarily as political signalling rather than an immediate military counterforce. That remains to be seen. It is also of concern that Pakistan is a nuclear-armed state; a Nato-like commitment of deeming an attack on one as an attack on all could have serious global consequences.

The latest development is a pragmatic response to a perceived decline in the US willingness – and perhaps capacity – to maintain its traditional role as world policeman. The reckless war against Iran, launched jointly by Israel and the US, has not only disrupted global energy and shipping markets but also undermined the trust of allies – especially those in the Middle East – in Washington to do the right thing.

As the global security and defence landscape transitions from a unipolar structure towards a more fragmented and unpredictable one, some Islamic nations – and many other middle powers besides – are moving to forge their own regional security frameworks, or at least thinking about it.

The implications of this realignment will be profound. The Middle East, in particular, is witnessing a new geopolitical dynamic as traditional alliances are re-evaluated. This trend is unlikely to be an isolated occurrence, rather it appears to be the first of many structural shifts as middle powers seek to mitigate risks in an era of global instability and American unpredictability.

The ongoing tensions involving Iran remain a central variable. For years, Iran's regional manoeuvres, particularly its provocations towards Saudi Arabia, have been a primary catalyst for insecurity. The critical question now is whether these emerging security pacts will possess the leverage to deter such attacks.

Furthermore, these shifts complicate the ambitions of other regional players. Israel, for instance, has long sought to position itself as the dominant regional hegemon while advocating for the collapse of the Iranian regime. A more self-reliant and collaborative security arrangement among Middle Eastern states directly challenges Israel's strategic ambitions.

A long-time rival to Pakistan, India, too, watches with concern, as the ripple effects of this shifting security architecture extend well beyond the immediate theatre of the Middle East. It is possible that Islamabad considers the pact a potential model for an even larger Islamic military alliance, leading to deeper military ties with others such as neighbour Bangladesh. As it is, the pact could be seen as a potential threat to India.

A new global order is being actively renegotiated, piece by piece, by nations that are realigning themselves. Many now realise that, in a fragmented world, reliance on external security guarantees may no longer be a sufficient strategy for survival.

China's main interest in the Middle East is energy supply, and its strategy has long been playing the mediator and peacemaker. In March 2023, Saudi Arabia and Iran signed a historic agreement in Beijing, brokered by China, to re-establish diplomatic relations and reopen embassies after a seven-year break. That accord aimed to lower regional tensions, though it has been more of a diplomatic road map than a final peace settlement for proxy conflicts.

These are dangerous times, and Beijing may currently be the most diplomatic and peace-enabling nation in troubled regions.

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Editorial office 19/F, Tower One, Times Square,
1 Matheson Street, Causeway Bay, Hong Kong
Editorial feedback, general inquiries 2565 2222, news@scmp.com
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HK's five-year plan is just the starting gun

Suggestions put forward during the consultation period for the blueprint, including those for the Northern Metropolis, offer grounds for optimism for a revitalised future

I'm a little perplexed and bemused by the brouhaha surrounding Hong Kong's decision to draft its first five-year plan, as if the sky is falling in around the city's famed laissez-faire economy.

Predictably, Yale University's Stephen Roach (he of "Hong Kong is over" fame) warned in a commentary last month that "Chinese-style central planning" could "over-promise and under-deliver". In a 2024 commentary, he said Hong Kong had been "shackled by the deadweight of autocracy".

But from my vantage point, Hong Kong is decades overdue for a long-term planning framework that can provide strategic coherence to how we optimise our future as a conduit between a changing China and a turbulent global economy.

Former leader Deng Xiaoping was astutely aware that capitalism and communism were agnostic on the need to balance practical day-to-day administration with a clear long-term vision. He said: "A planned economy is not equivalent to socialism, because there is planning under capitalism too; a market economy is not capitalism, because there are markets under socialism too."

Anyone familiar with the work of Yuen Yuen Ang at Johns Hopkins University will be aware that China's five-year planning process has for many years been much more nuanced. She calls it "directed improvisation": Beijing sets the big-picture objectives and local administrations are tasked with improvising to suit circumstances.

Recall too Hong Kong's old colonial days. Up to 1997, the British colonial government maintained the Central Policy Unit (CPU) to answer exclusively to the governor of the day on long-term strategic planning that aligned where necessary with the United Kingdom.

As Britain handed over power, the role of the CPU was eclipsed, and policymaking responsibility devolved to a highly trained administration that excelled not in long-term strategic planning, but in effective implementation of plans

that had previously been delivered to them by thinkers in the CPU.

Hong Kong has over the past 29 years paid a price for not replacing those "long-term vision people". The belated adoption of five-year planning can hopefully make some amends. We can expect a first draft of the plan next month, but already some core elements are emerging.

Foremost will be plans to accelerate development of the Northern Metropolis, expected to cost at least HK\$224 billion, and to modernise much of the city's ageing housing stock. The imperative must be to ensure that Hong Kong's economic infrastructure remains fit-for-purpose in the relentless

Barely noticed, except by the tenants trying to reconfigure their businesses around ambitious new AI-driven platforms, many of the glamorous buildings at the heart of the city's financial hub are very old and may soon no longer be fit for purpose. Air-conditioning systems are ageing, as are toilet networks. Floor heights tend to be about 3m, when AI-supported businesses need 4m to house the miles of underfloor cabling. The imperative is to "future-proof" premises for the information technology challenges that lie ahead.

Henderson Land's Central Yards, the massive HK\$63 billion "groundscraper" linking the main Central area to the waterfront and due to open next year, has been built to the latest environmental and efficiency standards, with huge investment in green space all around. It has made the geriatric state of "vintage" Central all too glaringly clear.

The response from the group of companies that regard themselves as Central's custodians has been ambitious and includes collaborative revitalisation proposals, now being considered by the government for potential inclusion in the new five-year plan.

This initiative is deliberately being private-sector-led, despite costing perhaps trillions of dollars over the next quarter of a century, because of awareness that Hong Kong's public purse is likely to be stretched by the demands of the Northern Metropolis. The aim will be built on substantial public-private coordination to provide the focused and timely funding for Hong Kong's future global leadership as a finance, technology and tourism hub.

With elements like this, our five-year plan should give Hong Kong's naysayers and those claiming that the city is "over" pause.

David Dodwell is a journalist focused on Hong Kong and China since the 1970s. He now teaches at HKU Business School at the University of Hong Kong



David Dodwell

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The belated adoption of five-year planning can hopefully make some amends

global competition between leading financial service hubs. The application of new technologies in education, trade and tourism will also be front and centre.

The ageing issue is highly relevant, and sits at the heart of new private-sector plans being proposed for what might be called a "Harbour Metropolis" – revitalisation of the Central business district.

Hong Kong is unique worldwide not just as home to the largest number of skyscrapers (569 buildings over 150 metres high) but also to a massive number of elderly high-rises – about 9,000 are over 50 years old. Some of Hong Kong's most iconic high-rises – many in the portfolio of Hongkong Land, the dominant landlord in Central – are in that age range. The 52-storey Jardine House is 53 years old and the nearby Prince's Building is over 60 years old.

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Think outside the box to beat heat

August 9, 2026 will be remembered as the day Hong Kong set a record high temperature. The Observatory logged 36.9 degrees Celsius, the highest since records began in 1884, while Sheung Shui reached 39.8 degrees.

For most residents, the answer is straightforward: stay indoors with air conditioning. But for the many thousands who work on construction sites, clean our streets, make deliveries and maintain our infrastructure, that is not an option.

The Labour Department's Heat Stress at Work Warning system and guidance notes are a solid foundation, and officials face the genuine challenge of balancing worker safety with the practical realities of major infrastructure programmes. Simply halting work is neither feasible nor desirable. The real question is how to keep people safe while keeping sites productive.

Several practical measures could help. First, introduce phased work schedules: starting earlier, say 6am, with a two- to three-hour midday break during peak heat. This rearranges rather than reduces working hours, protecting both workers and project timelines.

Second, offer portable cooling stations – shaded rest pods, misting fans and chilled drinking water – that move with work crews, instead of being fixed at a single site location. Third, phase-change cooling vests and sun-protective workwear should be standard-issue personal protective equipment, allowing workers to stay cool while continuing their tasks.

Fourth, maintain a simple buddy system where pairs of workers

monitor each other for early signs of heat exhaustion, with foremen trained to act quickly.

Finally, contractors who invest in heat mitigation equipment should receive government subsidies or tax incentives.

Climate change means extreme heat will become more common.

With creative, practical thinking, we can protect workers without our city's development grinding to a halt.

P.L. Yuen, past president of the Hong Kong Institution of Engineers

Rehydration solution needed

With Hong Kong gripped by intense heat, outdoor workers face serious risks of dehydration and heatstroke.

While taking periodic breaks in the shade and heeding early warning signs – headache, nausea, dizziness, unusual weakness or confusion – is essential, proper hydration is paramount.

A critical but often overlooked danger is drinking large amounts of plain water while sweating heavily. It can dangerously lower blood sodium levels, producing symptoms easily mistaken for heatstroke.

The safest approach is rehydrating with a simple electrolyte solution: 1 litre of water, half a teaspoon of table salt and six level teaspoons of sugar, with an optional splash of lemon, lime or orange juice for taste. Sip gradually to avoid bloating. This can be supplemented with plain water according to thirst.

As part and parcel of the Heat

Stress at Work Warning system, this simple rehydration solution can be made readily available to all outdoor workers – at construction sites, delivery depots and other outdoor projects across the city.

Dr John I. Yam, Seattle

Problems in the city to be fixed

When water mains are bursting at the rate of once or twice a week, something is amiss. When university graduates struggle to secure employment, something must be done to turn the tide. When heavy rain or extreme heat persists for days, something has changed. All stakeholders must structure a strategy to straighten things out. We can ill afford to stay unchanged.

Ho Kam-tong, Yuen Long

Short videos are addictive too

I refer to your article, "Hong Kong urged to impose social media ban on under-18s", (August 9).

The article suggests there is a "generational" divide, with fewer 18- to 29-year-olds in favour of a social media ban than older age groups. Well, most 18- to 29-year-olds are not parents of teenagers or tweens.

In addition to banning social media, society must remember short videos also deploy algorithms to be addictive.

Stephen Shih, Clear Water Bay



A worker at a construction site under hot weather in To Kwa Wan. Photo: Sam Tsang



Illustration: Quoc Huy Truong

Chokepoints and the cost of cutting access

The most dangerous bottleneck may not be the narrowest strait or rarest technology but one where the final decision rests with the fewest people – and who can say no

In 2022, Ukraine asked SpaceX CEO Elon Musk to activate Starlink coverage around Sevastopol to support an attack on Russia's Black Sea Fleet. He refused, saying SpaceX would become "explicitly complicit in a major act of war"; he later also cited US sanctions covering Crimea. At the moment that mattered, one private actor had the final say.

It exposed a question hidden inside every chokepoint. We usually ask where dependence is concentrated: a strait, mineral, technology, network. But three simpler questions matter. How much depends on it? What does it take to use it? Who decides?

The threshold of a chokepoint lies in the second question: what someone must risk, in blood, money, law or reputation, before leverage becomes action.

China has lived with the first question for more than two decades. In 2003, then-president Hu Jintao warned that "certain major powers" could control the Strait of Malacca, exposing China's dependence on imported energy. Beijing gave the anxiety a name: the "Malacca dilemma".

Twenty years on, that fear has bought a navy. Malacca did not by itself drive Beijing's naval build-up; Taiwan, territorial disputes and great-power competition all mattered. But vulnerability at sea helped define the problem. If you cannot control the passage, build enough capability to make anyone contemplating its closure think harder about the consequences.

The Strait of Hormuz showed why geography carries such a high threshold. Iran blocked the strait after US and Israeli attacks, disrupting a waterway that normally carries about a fifth of global oil and gas shipments. Months later, traffic remains heavily constrained as Iran and Oman negotiate new shipping lanes and Tehran attaches wider political conditions to reopening.

The consequences do not stop with the country being targeted. Closing a major strait hits importers, exporters, insurers, allies and neutral economies at once. It can send energy prices higher thousands of kilometres from the conflict and draw other powers into protecting the route. Geography creates enormous leverage precisely because using it can impose enormous costs on everyone, including the country pulling the trigger.

The second question on chokepoints becomes sharper with technology: what does it take to use the leverage? A government can tighten an export licence. But the country or company on the receiving end can look for another supplier, build capability at home or redesign around the missing input.

In 2019, Japan tightened export controls on fluorinated polyamides, photoresists and hydrogen fluoride bound for South Korea amid an escalating dispute over wartime forced-labour rulings. Korean companies responded by diversifying suppliers and localising production.

Using a technological chokepoint tests whether the dependence is truly irreplaceable. If substitutes can be found, exercising the leverage gives the buyer its strongest reason to find them. If they cannot, the chokepoint becomes more valuable. Japan has since found itself on the other side. China imposed controls on several rare earths last

that cut ZTE Corp off from American suppliers and pushed the Chinese telecoms company towards collapse.

Then-US President Donald Trump instructed the department to help ZTE "get back into business". A negotiated settlement worth up to US\$1.4 billion eventually followed.

Which brings us back to Starlink. Musk's refusal shows that when dependence is high and effective discretion is concentrated, the outcome can hinge unusually heavily on one person's judgment. The most dangerous chokepoint may not be the narrowest strait or rarest technology. It may be the one where the final decision rests with the fewest people.

The next generation of potential chokepoints is being assembled in low-Earth orbit. Starlink operates around 10,000 satellites. China is building Guowang, a state-backed constellation planned at roughly 13,000 satellites, while Amazon's Leo has deployed nearly 400 and expects to begin service this year. Scale alone does not make a network a chokepoint. It becomes one when governments, businesses or military operations organise themselves around it, alternatives thin out and leaving becomes difficult.

By then, the important question is no longer who built the network. It is who can deny access to it. This is where conventional resilience audits stop too early. Boards and governments are increasingly good at identifying critical suppliers, shipping routes, minerals and technologies. But identification is not enough. They need to map control as well as exposure: every chokepoint has a threshold, and someone ultimately decides whether to cross it.

How much depends on it? What stops if access disappears, and how quickly can it be replaced? What does it take to use the leverage? A licence, commercial instruction, cabinet decision, military action? How does the time needed to deny access compare with the time needed to replace it?

Who decides? Who can say yes, who can say no, and who can overrule them? The last question rarely appears on a supply-chain map. That list of names is the finding.

Robin Hu is emeritus Asia chairman of the Milken Institute and an advisory senior director at Temasek



Robin Hu

“We cannot rest on our laurels or wait to be spoon-fed. Taking the ball and running ... is this city's strongest trait”

How has Lee's promise to the city held up?

As the chief executive works on his policy address and a five-year plan, boldness and reforms are needed

It made perfect sense for Chief Executive John Lee Ka-chiu to hold public consultations on both the city's first five-year plan and the last policy address of his current term at the same time. Many have been putting forward views that warrant serious consideration.

It is clear that Lee needs to be bolder when it comes to the "new chapter" he promised in 2022 when he was elected. The Northern Metropolis is only one part of the city's transformation; his coming policy address must lay out the rest.

Hong Kong is well established as a global financial centre but we still need audacious changes. The good news is the groundwork has been laid. We are already the world's largest offshore yuan trade settlement centre, and the recent launch of offshore Chinese government bond futures in the city is another step that helps cement our role and international status.

Yet more needs to be done to take advantage of yuan globalisation, a key plank of Beijing's plans for Hong Kong under the 15th national five-year plan. Market participants and policy experts have pushed for expanded yuan products, commodity trading infrastructure, a diversified talent pool and fintech innovation.

We cannot rest on our laurels or wait to be spoon-fed. Taking the ball and running with it is this city's strongest trait.

If we are ever tempted to be nostalgic, this is what we need to focus on – our ability to create opportunities in changing times and amid constraints. The financial sector is ready. The question is whether the rest of us are.

What we require is intrepid leadership. Xia Baolong, director of the Hong Kong and Macau Affairs Office, has been clear about the need for Hong Kong to undertake bold reforms and drive innovation. He has praised Lee's administration for the results delivered so far.

But we have to go further. And that begins with facing our challenges head on.

New Paradigm Foundation's Shiu Sin-por, the former head of Hong Kong's Central Policy Unit, wrote about these challenges recently.

Shiu identified six major structural changes the next administration must tackle: in the city's demographics, real estate industry, public finances, economic restructuring, Hongkongers' integration with the mainland and long-standing issues in bureaucracy.

He pointed to the complex problems posed by the ageing population and low birth rate, as rising social welfare costs put pressure on public finances. He noted that the property sector, previously a stable source of fiscal revenue and a pillar of the economy, is seeing structural change with the long-standing assumption of shortage disappearing. The economy as a whole was shifting and the loss of manufacturing would be irreversible, he said.

He also saw no prioritisation of policy responses to cope with the wide-ranging effects of Hong Kong's integration with mainland China, from changing consumer habits and the impact on the city's retail and catering industries to the cost of living differences.

As a former bureaucrat, he did not mince his words when it came to internal government operations. Ensuring the city's stability could no longer be an excuse for putting off urgent reforms, he said, listing failures from the waste charging and seat belt schemes to the Tai Po fire tragedy that suggested a lack of accountability.

For the rest of us, looking on as the administration stumbles over something as basic as a heat stress warning system for outdoor workers amid a historic heatwave, it is clear there is much room for improvement. We are all aware Hong Kong needs to change, reimagine its role and recalibrate its traditional strengths to fit into national plans and redefine its place in a world changing at a phenomenal pace. There is no time to lose.

We have bounced back from the pandemic, and are in a good enough position to make drastic changes in the face of our challenges. Remaining our old selves would only guarantee a bad outcome.

That is what the chief executive must articulate in his policy address. Point out where we have made strides, by all means, but Lee must also be honest with the public about what is at stake. Sugarcoating or overemphasising achievements will not bring about changes for the better.

Former premier Zhu Rongji, who passed away recently, was an example of how to be bold. He was as courageous as it came with reforms for the country, taking on vested interests and forging ahead. For us, time is of the essence.

Alice Wu is a political consultant and a former associate director of the Asia Pacific Media Network at UCLA



Alice Wu

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