

The Indian EXPRESS

FOUNDED BY -
RAMNATH GOENKA
IN 1932

BECAUSE THE TRUTH
INVOLVES US ALL

Beneath camouflage: Questions for HDFC

AN INVESTIGATION in this newspaper has revealed that HDFC Bank, India's largest private-sector bank by assets and market capitalisation, "camouflaged" crores of rupees as marketing spend to pay higher interest to the Maharashtra State Road Development Corporation, a public limited company fully owned by the Government of Maharashtra. The investigation found that on March 12 this year, HDFC's Audit Committee of the Board (ACB) ordered a formal "Internal Vigilance Investigation" into payments totalling Rs 45 crore made to the MSRD during FY2024 and FY2025. This money was meant as "differential interest", that is, interest over and above the specified rate, on the MSRD's deposits in the bank. But instead of being credited directly to the MSRD's account as interest earned, the money was routed through the bank's marketing department, disguised as contributions to a road safety awareness campaign through four local vendors.

Notably, six days after this probe was first ordered within HDFC, its chairman, Atanu Chakraborty, resigned abruptly, citing "certain happenings and practices within the bank" not in "congruence" with his personal values and ethics. At that time, Chakraborty's resignation did not raise alarm bells, with both the interim chairman, Keki Mistry, as well as the RBI saying that there was no evidence of any misconduct. The fact is, the bank's top brass were aware of the Rs 45 crore payment, which according to its own vigilance probe, violates RBI rules and the bank's code of ethics. It is now clear that key management personnel were fully aware of the "differential interest" being routed through the marketing department as payments for a road safety campaign by the MSRD in a bid to attract hefty deposits from the government agency. According to the Banking Regulation Act, banks cannot give a negotiated rate to any one customer.

This episode raises several questions of corporate governance at HDFC Bank. One, why did it promise an interest rate higher than what was permissible? Two, why did it resort to routing the money via its marketing department? While these questions should be probed, the role of the MSRD itself is not beyond suspicion, starting with its alleged demand for an upfront fee of Rs 5 crore from HDFC Bank. More importantly, it is not clear where the Rs 45 crore went. If HDFC gave that money for a road safety campaign to four vendors, what happened to the original promised interest payment? If it came to the MSRD as interest payment through the regular channel, what about the Rs 45 crore that HDFC gave for the road safety campaign?

Exam reform needs patience, preparedness

THE CENTRAL Board of Secondary Education (CBSE) announced implementation of the On-Screen Marking (OSM) system for Class XII a week before the commencement of the final examinations of nearly 18 lakh students in February — a sweeping shift from physical answer-book evaluation to a fully digital framework. The shift was not, in itself, misguided. Large public institutions cannot remain untouched by technological change, and examination systems inevitably require modernisation. Yet the turmoil following the rollout — from blurred scans and missing pages to payment failures, answer sheet mismatches and other concerns — reveals a deeper lacuna: Of ambition outstripping preparedness. It also highlights an administrative shortsightedness that believes digitisation itself is synonymous with progress.

Software systems — especially those handling the futures of millions — require phased implementation, stress testing, repeated trial runs under real conditions, and robust grievance redressal mechanisms. Teachers need training and infrastructure must be reliable across urban and rural centres. For the OSM rollout, as reported in this newspaper, a dry run was conducted in January in five schools, where teachers from central, state and private schools were trained in the system for three days. However, no pilot projects were conducted across the CBSE's regional offices. What makes the episode especially troubling is that it is part of a broader pattern of insufficiently tested reforms introduced in quick succession by the CBSE. These include introduction of a three-language policy for students of Class IX from July, two-board examinations a year for Class X students, as well as competency-based questions, and a revised re-evaluation process. A parliamentary panel has summoned senior officials from the education ministry and the CBSE for a meeting on June 2 to review the OSM fiasco as well as the three-language policy. IIT Madras and Kanpur and four public-sector banks have been brought in to help with the systemic glitch. Fixing accountability is a good place to start but the way forward demands a less breathless imagination of reform. In a country where competition is fierce and opportunities limited, examinations carry disproportionate consequences. A misplaced script or a failed portal can alter futures irreversibly.

Saxophone colossus, and a seeker

JAZZ GENIUS Sonny Rollins, who died on May 25 in New York, was at the top of his game in 1959 when he disappeared from the music scene. A master saxophone player, he was already celebrated for his technical brilliance and stunning improvisations. But dissatisfied with his own music, Rollins stepped away from the spotlight. For the next two years, come rain or shine, he climbed onto an empty deck on the side of the busy Williamsburg Bridge and wrestled with his mind and his blocks for up to 16 hours a day. The photograph of Rollins, alone above the East River with his saxophone, is the stuff of lore. When he returned in 1961, he called himself "Saxophone Colossus" — uncluttered, long explorations and an airy feel.

Born in Harlem into a musical family, Rollins's mother gave him a second-hand alto saxophone at 11 and he never let go. He became a teen sensation, later going on to play with Miles Davis, Charlie Parker, John Coltrane and Thelonious Monk. Performing well into his 80s, he went on to record 60 studio and live albums, winning a Grammy Lifetime Achievement Award.

Eight years after his "bridge sessions", a restless Rollins, battling drugs and alcohol, disappeared again. He returned, however, in India for a second sabbatical. Jazz enthusiasts and archivists Jahangir Dalal and Niranjan Thaver, central to documenting jazz in India, went looking for him, finding him at Swami Chinmayananda's ashram in Mumbai's Powai. Years later, Rollins would go on to headline Jhaveri's jazz yatra in 1978 in Mumbai. Never fully satisfied with his music, Rollins, the "saxophone colossus", remained a seeker, chasing what seemed just out of reach.



ASHOK LAVASA

THE MUCH-awaited Supreme Court (SC) order on the constitutionality of the Special Intensive Revision (SIR) of electoral rolls (ER) undertaken by the Election Commission of India (ECI) is out, causing excitement and dismay in rival camps. I wonder if it surprised anyone.

The SC first heard this petition on July 10 last year, soon after the ECI initiated the SIR process on June 24, 2025 in Bihar. That the SC allowed the process to be completed in Bihar with an extremely tight deadline in view of the imminent assembly elections, and thereafter in 12 other states/UTs, was a reasonable indication of the way it perceived the legality of the exercise. It tinkered with the process, and raised inconvenient questions during the hearing, gladdening the hearts of the petitioners temporarily. But then it also said it would not allow anyone to obstruct the process. In fact, the SC enabled the ECI to continue the exercise in the face of alleged "non-cooperation" in West Bengal by appointing judicial officers and appellate tribunals to adjudicate and hear appeals. To now expect the SC to negate the exercise by delegitimising it was naïve.

Before we look at the order and its implications, it must be understood that this SC order doesn't consider issues such as logical discrepancies or the inability of the 27 lakh deleted voters in phase two of the SIR to avail of the appellate process. It examines the ECI's

constitutional authority in conducting the SIR, the procedure followed, the documents prescribed for eligibility, and the scope of its enquiry into citizenship. It framed the following issues for consideration.

One, whether the ECI has the power to conduct the impugned SIR. Two, whether the SIR is founded on a legitimate purpose, and whether the measures adopted are proportionate to the object sought to be achieved. Three, whether the procedure adopted is contrary to, or in violation of, the provisions of the Representation of the People Act, 1950 and the Registration of Electors Rules, 1960. Four, whether, in the exercise of its constitutional mandate of preparation and maintenance of ERs, the ECI is empowered to scrutinise the citizenship status of persons seeking inclusion or continuation in the ER.

The SC sees the SIR standing at the "intersection of two constitutional concerns" of including all eligible citizens and that the ER "must reflect the true composition of the political community". It is satisfied that in its object and design, the SIR "bears a direct nexus to the constitutional goal of a free and fair election" as that depends on the "integrity, accuracy and purity" of the ER, which forms the "foundation of the democratic process". The SC is convinced that the "material on record indicates that the scale of the problem" identified by the ECI was "systemic in nature, arising from cumulative inaccuracies over an extended period", needing a comprehensive SIR because "such a problem does not readily admit of piecemeal solutions".

The ECI now owes it to the people to share this "material on record" that prompted the exercise, and present a complete report card

on the health of the ERs following the SIR on the parameters of "integrity, accuracy and purity" and in comparison with the ERs prepared under its own supervision earlier.

The SC finds the process and methodology followed by the ECI for the SIR "optimal" and observes that it is "not open to this Court to supplant its own judgment in matters that concern the implementation of an exercise" for which the ECI is endowed with "institutional expertise". At the same time, it finds that "the process, as initially designed, did raise legitimate concerns regarding documentation, transparency, and access". The SC puts itself on the back for addressing these concerns through "a series of judicial interventions, which progressively infused the process with safeguards", such as asking the ECI to treat the Aadhaar card as an additional 12th document of identity, and directing to publish the list of 65 lakh electors excluded from Bihar's draft roll, along with the reasons for such exclusion. In paragraph 95, the SC says, "The post-exercise data placed on record does not disclose a level of disenfranchisement so widespread or systemic as to indicate a constitutional infirmity in the design of the exercise". I wonder if the SC took into account the more than 27 lakh electors excluded in West Bengal.

The SC gives a clean chit to the ECI on all counts, holding the SIR not to be in "direct conflict with the RP Act and the 1960 Rules". Instead, it states that the exercise is "undertaken to advance the very objective which Part XV of the Constitution is designed to protect". It finds that the exercise "satisfies the requirements of proportionality" with "sufficient procedural safeguards to prevent arbitrary exclusion". The SC holds that inclusion in the

electoral roll may have "a presumption of validity, such presumption is rebuttable" and doesn't impose an embargo on the powers of the Commission to undertake the SIR, and finds that "erroneous deletions not contrary to the 1960 Rules".

Even though the SC suggested the inclusion of Aadhaar, it validates the ECI's documentation regime without commenting on whether those documents were sufficient for the ECI to be satisfied about the citizenship of electors. Even on the question of citizenship, which was the most contentious part of the SIR, the SC states that the ECI is "empowered, in the exercise of its constitutional mandate, to undertake a limited enquiry into citizenship for the purpose of satisfying itself as to eligibility for inclusion in the electoral roll". However, it holds that "such an enquiry does not amount to a determination of citizenship in the strict sense". While it affects the individual's entitlement to be included in the electoral roll, it doesn't "divest the individual of claims of citizenship, nor does it foreclose a determination of that question by the Competent Authority under the Citizenship Act".

While excluding such persons from the ER, it is incumbent upon the ECI to refer them to the competent authority under the Citizenship Act, 1955 "for adjudication in accordance with law". It becomes essential for the ECI to now disclose the number of such "ineligible" persons discovered through the SIR and refer them within four weeks to the competent authority for adjudicating their citizenship "before the next Parliamentary, Assembly, Local Body elections, whichever is earlier".

The SC order delivers a knockout punch that favours the ECI.

The writer is a former election commissioner

When night falls, and temperature doesn't



RAJIB DASGUPTA

DELHI HAS recorded the hottest May in 14 years, with the minimum temperature 5°C above normal. The occurrence of daytime-only heatwaves is increasingly shifting to nighttime, and day-night compound heatwaves, and the conventional "hot day and cool night" is no longer the case.

A recent analysis reveals that warm nights in northeast, northwest and peninsular India increased by two-eight days/decade and are projected to increase by 10-13 days/decade from 2015-2100. The forecast for the far future (2080-2100) scenario: Warm nights (and days) are expected to rise sevenfold.

High night temperatures have a bearing on both sleep quantity and quality, and the nocturnal recovery of the body from diurnal heat stress. Body temperature falls after sleep onset, and the set point for thermoregulation is adjusted to a lower level. Humid heat exposure (during sleep time) suppresses the sleep-evoked core body temperature, raises the thermal load, and increases wakefulness.

Accounting for two thermal indices — hot night excess and hot night duration — a recent study has established strong evidence of an increased mortality risk associated with hot-night indices in most regions across the world. This was found to be independent of any association with daytime temperature. The "hot night excess" has been associated with increased hospital admission and mortality risks from conditions like stroke, cardiovascular conditions and dementia.

Even a night's lack of sleep has negative implications for cognitive ability, immune system, mood changes, quality of life and social activity. Indoor overheating is critical in bedrooms and is a key determinant of restorative sleep. The intersection of urban heat exposure and housing vulnerability is gaining attention. Recent observations in Chennai revealed that indoor temperatures remained in the 32°-35.5°C range, and even exceeded 35°C. Prevailing relative humidity adds another layer of heat stress. Reports indicate the IMD is considering revising its criteria for declaring heatwave conditions

in coastal regions.

Several factors contribute to high indoor temperatures. External shades, a traditional consideration for residential housing designs, are increasingly less so. Awnings, solar screens and blinds can help with indoor cooling. Cross-ventilation helps, but modern apartment buildings are often deficient on this count; opening windows during high-heat diurnal hours is not advisable. Rooms in low-income settlements typically have low ceilings without enough space for "stratification" (warmer air near the ceiling and cooler air closer to the floor). Indoor electrical gadgets radiate heat, and switching to low-energy/thermally efficient equipment reduces it to some extent.

Permanent indoor alterations are costly, difficult to make and not suitable for tenants. Measures to improve shading include installing moveable/removable shading above, around, or on windows and doors, and shades for open spaces like verandas. Installing blinds and placing leafy green indoor plants by windows improve internal shading in rooms exposed to direct sunlight. Ceiling fans certainly improve ventilation, but tend to spread the heat around if the temperature is above 35°C.

It is generally difficult and expensive to cool the entire home. One or two rooms are best kept cool, and as little time as possible is spent in rooms that receive direct sunlight or kitchens. A shower before bed reduces body temperature slowly and avoids the risk of overheating. A glass of cold water before bed and loose clothing also help.

While heat-related mortality risk and advisories focus on peak daytime temperatures or exposure across the entire day, it is difficult to adapt to the consequences of nighttime exposure and high indoor heat. India needs to respond to this challenge, taking into account both climatic and socioeconomic contexts.

The writer is chairperson, Centre of Social Medicine and Community Health, JNU, and a collaborator in the Wellcome Trust-supported "Economic and Health Impact Assessment of Heat Adaptation Action: Case studies from India". Views are personal

The 'long haul' is a luxury the planet cannot afford



AREEFA TEHSIN

THIS REFERS to the editorial, "Together & apart, animals in a human world" (IE, May 23). First off, thank you for the information about this important research. GPS collars, camera traps, drone surveys... we have people and animals in need, even as we watch steadily recede. We have learnt to follow every moment but not step back. The editorial tells us, quite sensibly, that nature is complex, that animals respond differently to human presence and that conservation requires long-term, painstaking effort, not slogans like "nature is healing" that went viral alongside the coronavirus. I agree. Nature is not healing. It is negotiating. And not from a position of strength.

DEAR EDITOR
I disagree
A fortnightly column in which we invite readers to tell us why, when they differ with the editorial positions or news coverage of 'The Indian Express'

Where I must disagree is with the comfort embedded in your phrase, "long-haul work". "Long haul" is, after all, a profoundly human luxury. It assumes there is enough time to conduct long studies, refine them, design policy, convene conferences, organise debates, publish papers, and not to forget, plan a symbolic sapling during a dignitary's foreign visit. The rest of the living world does not operate on such indulgent timelines. The ancient forest in Nicobar will not survive a land policy to come somewhere in 2040. A tiger displaced with cubs cannot wait for "granular approaches" that arrive a decade too late. The current rate of species extinctions rivals that of the K-Pg event — the mass extinction that wiped out the dinosaurs — with no asteroid to blame this time.

The editorial cautions against "glib formulations" like the idea that "humans are the virus". Fair enough. What we are not admitting is a far more persistent belief: That human material expansion — not balance or well-being, but accumulation — must remain the accepted principle of our species' time on Earth. We speak of coexistence. We practise displacement. We expand, they adjust. We extract, they retreat. We debate ethics, they become data points in our "paleontological accumulation of knowledge".

When human activity slowed during the pandemic, the world did not descend into ecological disorder. Wild animals appeared where they had long been absent. Soundscapes shifted. Air cleared.

When human activity slowed during the pandemic, the world did not descend into ecological disorder. Wild animals appeared where they had long been absent. Soundscapes shifted. Air cleared. All for a brief moment. We dismissed it as romanticism. Perhaps it was. But it also revealed something deeply inconvenient: The scale of human presence matters.

This is not a call for a human-free planet. It is a call to question the assumption that more — more roads, more extraction, more consumption — is inherently justified. The editorial urges patience. I urge urgency. In the long run, as John Maynard Keynes once negotiated, "we are all dead" (though I suspect cockroaches may negotiate an extension). We must continue the research, refine the models, embrace complexity and give it the deserved space in editorials. But we must not let complexity become an excuse for delay. Or let our quest for nuance dilute the clarity of the crisis. The time to act is not in the long haul. It is in the vanishing present. While we debate how nature responds to us, in this tragedy of the commons, the commons itself is quietly slipping from tragedy into memory.

Tehsin's latest book is The Great Indian Safari

40 YEARS AGO

May 28, 1986



Punjab Speaker resigns

RAVI INDER SINGH resigned as Speaker of the Punjab Vidhan Saba, saying he did not desire the office to be "undetermined unnecessarily" and would not like "to leave behind a legacy of controversy". Elected Speaker twice in the past decade, Singh was to face a no-confidence motion on June 2. He flew to Kulu after forwarding his resignation to Governor Siddharth Shankar Ray.

Homage paid to Nehru

THE NATION paid homage to the country's first prime minister, Jawaharlal Nehru, on his 52nd death anniversary. In the capital, President Zail Singh, Vice President K Ven-

katarman and PM Rajiv Gandhi were among a large number of people who offered floral tributes at Nehru's Samadhi in Shaantvan. Later, speaking at a photographic exhibition, Venkatarman called on the people to rededicate themselves to Nehru's path of democratic socialism. Recalling Nehru's contribution to the building of modern India, Venkatarman said he was the architect who transformed a medieval India into a modern state.

Dissidents ask priests to quit

THE DISSIDENT Akali Dal leaders demanded the resignation of the five Sikh high priests from their posts for having pardoned the Punjab Chief Minister, Surjit Singh Barnala.

for the police action in the Golden Temple complex on April 30. The demand was contained in a resolution passed with a show of hands at a district conference of the group at Sangrur, the home district of Barnala. The conference was attended by about 10,000 people.

Arun Nehru stable

ARUN NEHRU, Union Minister of State for Internal Security, suffered a mild heart attack. He was admitted to Shree-E-Kashmir Institute of Medical Sciences. A team of doctors headed by Dr. Jajal-Ud-Din, head of the cardiology department, is attending him. According to the dean of the hospital, Nehru's condition was "stable".

On India-US, symptoms are being managed, not underlying MAGA unpredictability



THAROORTHINK
BY SHASHI THAROOR

WHEN Prime Minister Narendra Modi met President Donald Trump at the White House in February 2025, the air was thick with the celebratory rhetoric of a geopolitical romance destined to define the 21st century. For 25 years — a golden quarter-century bookended by Bill Clinton's transformative visit to New Delhi in 2000 and that February encounter — the India-US relationship operated on a seemingly unassailable, ascendant trajectory.

This historic warming rested on several foundational assumptions throughout the first quarter of the century. There was a widespread conviction that no fundamental strategic or systemic incompatibilities existed between the two nations and their geopolitical interests, broadly defined. As vibrant democracies, it was believed that Washington and New Delhi had far more in common than their evident, mostly material and cultural, differences. The principal threat to both countries was unmistakably the same — a rising, increasingly assertive, and revisionist China. Furthermore, the United States appeared to have outgrown its Cold War-era hypenation of India with Pakistan, clearly seeing the former's rise as invaluable to world order and the latter as an unreliable, terrorist-enabling disruptor. Finally, emerging global trends in technology, supply chains, world trade, and investment all found India and the US on the same side as countries whose intrinsic strengths were mutually compatible. Driven by these certainties, New Delhi gradually shed its non-aligned reticence to warmly embrace a comprehensive global strategic partnership with Washington.

Then, abruptly, came the Trump wrecking ball. Over the past year, the Trump administration has systematically trashed these long-held assumptions, leaving Indian policymakers deeply shaken and confused about the basic premises of their foreign policy. Rather than treating India as an indis-

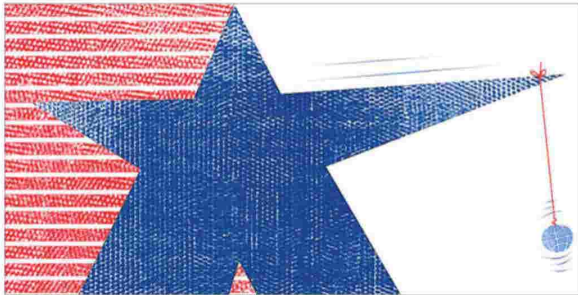


ILLUSTRATION: CR SASKINAR

pensable strategic counterweight in the Indo-Pacific, Washington's transactional "America First" doctrine has treated New Delhi as an economic adversary and a geopolitical afterthought.

The most visceral shock has been economic, shattering the illusion of seamless trade convergence. Trump's aggressive re-tilt of trade balances resulted in the sudden imposition of sweeping universal tariffs on Indian steel, aluminum, and textiles, accompanied by a public branding of India as the "tariff king". For an Indian economy banking on "friend-shoring" (the intentional redirection of global supply chains away from China), this blunt protectionism has been a rude awakening, proving that Washington is less interested in building resilient economic partnerships than in closing its borders to most imports, friendly or otherwise.

Simultaneously, the assumption of strategic compatibility crumbled under the weight of Washington's transactional approach to global conflicts. As India maintained its pragmatic oil imports from Russia and sustained its historical defence ties with Moscow, the White House aggressively brandished the threat of CAATSA sanctions, erasing the diplomatic space New Delhi previously enjoyed to navigate its complex Eurasian dependencies and replacing it with a rigid demand for compliance. In parallel, blithe talk of a "G2" raised questions about the US's basic pos-

ture towards China. The pattern of disruption extended to the human sphere, where the administration's drastic tightening of H-1B visa caps and increased scrutiny of tech-worker renewals targeted the human bridge connecting Silicon Valley with Bengaluru, severely disrupting the high-tech trust underlying their joint technology initiatives. Perhaps most alarmingly, the post-Cold War de-hyphenation of the Subcontinent began to blur as Washington, in its haste to pressure Iran and secure transactional regional exits, re-engaged with Islamabad on mediation and intelligence-sharing, forging investment partnerships in crypto and minerals, hailing Asim Munir as the US President's "favourite field marshal", and sending shivers through our security establishment.

It was against this backdrop of structural fraying and mounting mistrust that US Secretary of State Marco Rubio arrived. Widely viewed as a much-needed damage-control exercise, Rubio's visit sought to inject a dose of traditional geopolitics back into a relationship on the verge of transactional derailment.

Widely viewed as a much-needed damage-control exercise, Rubio's visit sought to inject a dose of traditional geopolitics back into a relationship on the verge of transactional derailment

As an institutional hawk on China, Rubio represents the faction within Washington that still views the Indo-Pacific through a structural lens rather than a balance-of-payments ledger. To some extent, he succeeded in limiting the immediate bleeding. Rubio was effective at separating the noisy trade rhetoric of the Oval Office from the quiet, institutional mechanics of bi-

lateral security cooperation. By utilising this time in New Delhi to reaffirm American commitment to the Quad, fast-track pending defence transfers like the co-production of jet engines, sign an agreement on strategic minerals cooperation and frame India's security as an absolute requirement for American dominance in the Indian Ocean, Rubio offered India a comforting echo of the pre-2025 consensus. By returning to the familiar language of anti-hegemonic balancing against China, he temporarily restored a sense of shared purpose.

However, a single successful diplomatic visit cannot completely undo a year of systemic whiplash. While Rubio effectively managed the acute symptoms of the crumbling partnership, the underlying disease — the radical unpredictability of Washington's transactional MAGA foreign policy — remains uncurbed. To genuinely rebuild the trust that has been destroyed over the past 12 months, both capitals must move beyond high-level rhetoric and commit to concrete structural assurances.

Washington must codify its much-vaunted "strategic partner" status for India, ensuring that if New Delhi is expected to take risks to support US interests in Asia, it cannot be simultaneously penalised with the same tariff bluntness applied to economic adversaries. Furthermore, the US must accept that India will always maintain an independent relationship with Russia and a distinct posture on Central Asia, acknowledging that trust can only be restored if Washington stops treating strategic divergence as a sign of betrayal. To dispel doubts about China, Trump must attend a Quad summit in India soon. Finally, critical technology pipelines require the free movement of both data and brains, meaning both countries need to insulate high-tech immigration pathways from the broader, highly politicised domestic debates over American border crossings.

The past year has delivered a sobering, necessary lesson to New Delhi: The strategic partnership with the US is not a self-sustaining enterprise, but a fragile construct susceptible to shifting executive whims, requiring constant protection from the vagaries of transactional politics. As they say in Washington, it's time to wake up and smell the coffee.

The writer is a fourth-term Member of Parliament (Lok Sabha) for Thiruvananthapuram and chairman of the Parliamentary Standing Committee on External Affairs

Dowry has many complications, requires wide ranging response



LAKSHMI PURI

DURING MY years at UN Women, we promoted recognition of the concept of femicide — the killing of women and girls because they are female — reflected in Latin America's Belém do Para Convention and the Inter-American Model Law on femicide/femicide. If any crime in India can truly be characterised as femicide, it is dowry death.

Every dowry-linked tragedy tears through the national conscience before being swallowed by the next news cycle. Incidents that are now under investigation should not become occasions for sensationalism or breast-beating. They must instead become a mirror held up to a civilisational contradiction: How can India — Bharat — which reveres women as the Tridevi, Lakshmi, Saraswati and Parvati, barter away their dignity and insult Nari Shakti? How can an Indian aspiring to Viksit Bharat by 2047 allow daughters to be weighed against cars, cash, gold and flats?

Dowry is not a custom, gift or "family prestige" dressed in wedding silk or glitter. It is the marketplace where marriage loses its soul. The concept of *stree dhan* does not justify dowry. It traditionally meant assets, jewellery, property or gifts voluntarily given to a daughter for her financial security, dignity and autonomy, under her sole ownership and control. It was meant to empower the woman, not enrich the husband's family. Modern dowry is a grotesque distortion of an originally protective concept.

Dowry is not merely an old social evil. It is a continuum of violence. It begins with demand, grows into entitlement, hardens into coercion, and often morphs into harassment, assault, abetment to suicide and murder. It cuts across class, caste, religion and region. India recorded 5,373 dowry deaths in 2024 — nearly 16 women every day. Convictions remain about 35 per cent where trials were completed. This pattern is visible in most other South Asian countries, too. Dowry is also a direct assault on Sustainable Development Goal 5, which commits the world to gender equality, ending discrimination, eliminating violence against women, and eradicating harmful practices.



Dowry is also an affront to the dignity of a man. A man who demands or accepts dowry places a market price on himself. He diminishes his own *purusarth* and *puru-shatva* — his capability, character and manhood. It is masculinity on crutches, seeking validation through extortion. The tragedy is that dowry comes disguised as expectation, status, "matching families", "just one car" or "help in setting up the house".

But the first demand is not negotiation; it is a warning flare. Young women must recognise the first red flag. Education and employment are vital, but so is psychological preparedness. Walking away from a dowry-seeking alliance is not a broken engagement or marriage; it is self-rescue.

The woman's parents carry an equally grave responsibility. The first is not to give dowry at all. Where dowry is demanded after marriage, their instinct must shift from "save the marriage at any cost" to "save the daughter at any cost". Too many young women are told to adjust, compromise or think of family honour. Honour does not live in a violent household. Parents must make the parental home a harbour, not a courtroom. The mother-in-law, sister-in-law or female relative who participates in dowry harassment becomes the gatekeeper of another woman's captivity. Patriarchy survives not only through male domination but through female complicity.

India has a legal framework. The Dowry Prohibition Act, 1961, penalises giving and taking dowry. Section 80 of the BNS deals with dowry deaths, while Section 85 addresses cruelty and harassment. Yet, law without implementation is a locked door without a key. Nor should a high acquittal rate be read as proof of false cases; acquittals often arise from delayed investigations, hostile witnesses, social pressure, stigma or out-of-court settlements.

The way forward must rest on the Four Ps framework. Prevention means empowering brides, creating zero tolerance and strengthening deterrence through strict enforcement. Protection means safe reporting systems, helplines and responsive policing. Prosecution means speedy accountability for husbands, in-laws and enablers. Provision of crisis-response services means shelters, counselling, legal aid, financial support and mental-health care.

Dowry must be eradicated not only because it is illegal, but because it is unconscionable and uncivilised. It violates the woman, diminishes the man, corrupts the family and poisons marriage as an institution of equal partnership. No ritual can sanctify coercion. No family prestige can justify extortion. No marriage can be sacred if it begins with a price.

The writer is former assistant secretary general, United Nations, and former deputy executive director, UN Women

LETTERS TO THE EDITOR

Rubio in India

AMERICA KNOWS very well what India's fundamental interests are and where India cannot compromise at any cost ("America First can converge with India First", *IE*, May 27). If America shows understanding on these matters, convergence of a comprehensive global strategy is quite possible. Besides, the concept of "our interest first" should not give the impression of egocentrism. If driven by the principles of sincerity, cooperation, mutual respect, and peaceful coexistence, it should be agreeable to any country.

Devendra Awasthi, Lucknow

AI and social sciences

THE ARTICLE rightly highlights that AI may transform industries, but it cannot replace human judgment, ethics, creativity, and emotional understanding ("Liberal-arts education matters more, not less, in the age of AI", *IE*, May 27). Liberal-arts education encourages curiosity, communication, and social awareness — qualities machines cannot fully replicate. India's education system must therefore balance technological skills with humanities and ethical reasoning to prepare students for the future.

Kanad Geeta Liladhar Mukade, Bhandara

Night heat

The editorial rightly draws attention to a dimension of the heat crisis that official responses consistently overlook ("Warmer nights are a public-health challenge", *IE*, May 27). Daytime heat dominates policy discussions, but it is the absence of nighttime cooling that accumulates into genuine physiological harm — particularly for outdoor workers and the urban poor. India's heat action plans remain largely reactive and city-specific. A national framework that integrates nocturnal temperature data into public-health advisories and building codes is long overdue.

M Barathi, Bengaluru



ANUBHA YADAV

ARTIFICIALLY GENERATED creative labour is reshaping human creativity across industries. Many creatives and large conglomerates are in court over the question of copyright infringement and fair use. Policymakers, freelance creatives, and the big and small IP profiteers are still scrambling to keep up with these changes.

Recently, a winner of the Commonwealth Prize was accused of using AI to generate his story. Every time a new allegation of AI use emerges, the same debate and positions emerge: Vehemently against; use with checks and balances; for (as it is here to stay). Calls to boycott the author are often part of this debate. What makes it worse is that there is no legal recourse nor a process for knowing if the work was indeed machine-generated. All it takes in this time of social-media trials is for one disgruntled writer to make a post about another.

But what is fair when the whole system is based on unfairness? Boycotting an author who uses AI, and who is seen as standing in for the industry that produced the technology, is a denial of the real problem. The fear of being labelled is real. Editors of literary journals and prize panels are also feeling it. These are already underpaid and

With AI, writers enter age of permanent suspicion

overburdened gatekeepers shaping new artists. After the recent allegations, all judging panels will feel obliged to engage with the problem of differentiating between human and machine creativity. It is possible that prizes wrap up, literary journals call it quits, and this landscape, already working on the scarcity model, shrinks even more.

Most authors already work in exploitative conditions and can't live off writing. Very few reach the heights of JK Rowling, Stephen King, and, closer to home, perhaps Amish Tripathi. So, what is the actual loss? What are they fighting for?

Most writers are doing this labour for self-actualisation, what we call the reputation economy. They want to be seen, recognised as unique and special, to what we know as talent. If anyone can do what they are doing, they are no longer part of an exclusive club.

The writing industry is the quintessential example of what creative labour theorists have recognised as "hope labour" — labour done in exploitative conditions in the hope of securing a better future. Thus, this loss is the loss of potential. If AI can do what you can do, there is even less hope.

As a writer, I feel overwhelming grief for where we are. Perhaps the first time I understood that writers get attention was when I won an

essay-writing competition. In no time, people started congratulating me. I seemed I belonged in the world of words. We are now witnessing the end of that writing world. We are entering a new era of writing labour that will be marked by the shadow of what I would call a heightened individual "moral precarity". This precarity will make a writer feel obligated to prove that they are generating their writing themselves, adding more moral labour. When I spoke to other writers, I noticed how this is already playing out. The conversation is pivoting towards evidentiary frameworks: "I keep time stubs", "I take photographs of myself", "I send drafts every day to a friend". None of this will help. These are just mechanisms to feel in control of the moment. All of this is pointing towards the end of an epochal reality for writing as we know it. Moral precarity, much like the other precarities of being a writer, is permanent. Recently, a senior Indian author told me he had gleefully written his novels before this moment.

Meanwhile, last week, I asked ChatGPT if it feels responsible for what it's doing to authors and creativity. Its answer: "I have an inability to feel shame right now." It added that, as it feels no shame, writing that has shame in it will be distinctively recognisable as human.

The writer is an academic, writer and filmmaker



P JOHN J KENNEDY

INDIA'S EXAMINATION system rests on the assumption that the process is fair, even when outcomes disappoint. Remove that assumption, and the system loses its legitimacy. This year, the CBSE has come dangerously close to doing exactly that.

The Class XII results declared on May 13 sent a shiver through the system, beyond routine grievances. Thousands of students reported marks that were inconsistent with their preparation and school performance, particularly in Physics, Mathematics, and Accountancy. Large numbers of answer scripts had to be rescanned and manually re-verified. Teachers' organisations raised con-

CBSE cannot afford to fail the test of public trust

cerns that examiners had received inadequate training on the new On-Screen Marking (OSM) system. Then came the allegation that crystallised public anxiety. A student who checked his Physics answer sheet claimed the handwritten was not his and the uploaded script belonged to someone else. This was resolved soon after, but it laid bare the inadequacy of the system and fragility of institutional trust.

At the centre of the storm is the OSM. The technology was presented as a reform that would standardise evaluation, improve efficiency, and reduce inconsistency. But digitising evaluation is not the same as reforming it. The answer scripts, the high-stakes nature of the examination and the opacity surrounding the assessment remained the same. Only the medium changed, and that change carried real costs. Evaluating long,

handwritten descriptive answers on a screen is not the same as reading them on paper. Examiners had to scroll through dense responses for hours under strict timelines. In subjects requiring interpretive and nuanced judgement, this arrangement can easily render evaluation mechanical, encouraging keyword-based marking over careful academic assessment. Technology can assist evaluation; it cannot replace the intellectual responsibility that fair assessment demands. The institutional response has only deep-

The current controversy makes clear that technology has not removed subjectivity or error. It has merely shifted them into a different format

ened the problem. The CBSE initially downplayed irregularities before eventually acknowledging the need for rescanning in many cases. That IT Madras was called in to assist in ensuring a "ditch-free re-evaluation process" only after the controversy escalated speaks volumes. It confirms that the CBSE was ill-prepared to manage a crisis it had created. Not only were students aggrieved by their results, the very mechanism that should have offered them relief rubbed salt in the wound. Besides fixing re-evaluation glitches, ensuring fair and just evaluation in the first place needs to be the focus.

Equally troubling is the CBSE's assumption that digitisation would eliminate inconsistency in marking. It had already weakened the moderation mechanisms that once helped correct extreme variations between evaluators. The current controversy

makes clear that technology has not removed subjectivity or error. It has merely shifted them into a different format.

Meanwhile, the education minister has described the disruption as part of building a new system. But educational institutions cannot run experiments on students whose futures depend on these results.

The Supreme Court's remarks that the NTA has not learned its lessons from the NEET fiasco apply equally to CBSE. When India's examination system places enormous pressure on students and its results shape careers and futures, it cannot afford this degree of uncertainty and opacity. The CBSE's crisis now is one of trust. Once that erodes, no technology can easily restore it.

The writer is a former professor and dean of a Bengaluru university

@Explained

#ExpressExplained

If there are questions of current or contemporary relevance that you would like explained, please write to explained@indianexpress.com

STARTUPS

Byju's founder gets jail: Rise and fall of edtech firm

Soumyendra Bark
New Delhi, May 27

A SINGAPORE court has sentenced Byju Raveendran, founder of the failed edtech firm Byju's, to six months in jail for contempt of court. According to Bloomberg, the court held that Raveendran repeatedly failed to comply with orders linked to the disclosure of his assets dating back to April 2024. It ordered him to surrender and pay around \$7,000 in legal costs.

Raveendran said the matter was being pursued in a "misleading" manner. He said the Singapore proceedings related to procedural disclosure disputes and did not amount to findings of fraud or wrongdoing.

Yet, the episode is the latest setback for a startup which, at its peak in 2022, was valued at \$22 billion. Today, its net-worth is zero.

How Byju's unravelled

During Covid-19, Byju's grew aggressively through acquisitions, snapping up firms such as Aakash and White-Hat Jr in an attempt to build a global edtech empire. Much of this expansion was fuelled by external capital and debt, masking operational and financial issues.

The first major warning signs emerged when the company delayed filing audited financial statements for 2020-21. Questions over governance, accounting practices and

cash burn began mounting. The crisis deepened after Byju's raised a \$1.2 billion term loan in the US in 2021—one of the largest overseas borrowings by an Indian startup. Relations between the company and lenders later deteriorated sharply, with creditors alleging misuse and diversion of funds. US lenders initiated legal action to recover dues tied to the loan.

By 2023 and 2024, the firm was grappling with layoffs, unpaid salaries, delayed payments and resignations of key executives and board members. Deloitte resigned as the company's auditor.

Legal troubles soon spread across jurisdictions. In India, Byju's faced insolvency proceedings and disputes with investors. In the US, bankruptcy court examined allegations linked to the movement of funds from Byju's Alpha, a special-purpose entity created for the term loan. Meanwhile, Singapore emerged as another legal battleground, with Qatar Holdings pursuing action linked to investment disputes and disclosure obligations.

The company initially won praise for popularising digital learning in India. But critics say its pursuit of hyper-growth became unsustainable, especially after the pandemic. Over the past few years, multiple families have complained about being pushed into expensive long-term learning packages and education loans by Byju's that they could not afford. Sales representatives often used high-pressure tactics, targeted anxious parents, and overstated the academic benefits of courses. Several complaints also centred around difficulties in securing refunds after cancellation requests.

The downfall of Byju's has become one of the starkest cautionary tales in India's startup ecosystem. Its collapse has raised broader questions around corporate governance standards in India's startup ecosystem.

Drishti IAS
THE NEW SESSION
SALE UPTO 50% OFF
27th - 30th May
On All Online, Pendrive Courses & Test Series
Call Us: 87501 87501

EDUCATION

Not so NEET: Why normalised scores in computer tests might not work as in JEE

EXPERT EXPLAINS
RAJEEV KUMAR
FORMER PROFESSOR OF COMPUTER SCIENCE AT IIT KHARAGPUR, IIT KANPUR, BITS PILANI AND JNU

THE EXPECTED shift of the National Eligibility-cum-Entrance Test (NEET) from a single-session pen-and-paper (PnP) examination to multi-session computer-based testing (CBT) is primarily driven by contemporary issues over paper leaks, answer sheet tampering, transportation vulnerabilities and operational failures. CBT is expected to reduce such risks through encrypted digital delivery and elimination of printed papers.

The NEET-PnP is conducted in a single session, with the same paper for all candidates. Students receive carbon copies of their optical mark recognition sheets, allowing independent verification of raw marks directly used for ranking. The system is thus transparent, verifiable, and based on a common benchmark.

Given India's IT infrastructure reportedly accommodates only 1.2 lakh candidates per session, conducting NEET-CBT for nearly 24 lakh students may require around 20 sessions with different question papers. Since no two papers can be identical in difficulty, comparing raw marks directly is statistically unfair. Rankings, therefore, depend on normalised percentile scores derived through statistical methods. This raises concerns about precision, transparency, fairness, and verifiability, since no normalisation method can ever be error-free or universally accepted.

How does normalisation work?
The fundamental challenge in multi-

session CBT is to fairly compare candidates who attempt different question papers across sessions, presuming candidates appearing in relatively tougher sessions are likely to score lower raw marks than those in easier ones. To compensate for such variations, raw marks are statistically normalised so that candidates are not unfairly advantaged or disadvantaged by their allotted session. So, if all sessions have similar candidate populations and comparable difficulty distributions, normalised percentile scores should theoretically produce fair rankings.

The National Testing Agency will use the same normalisation methodology for NEET-CBT as in JEE (Main), though NEET would involve nearly double the candidate volume. A candidate's performance is assessed relative to other candidates in the same session using percentile scoring. A percentile score indicates the percentage of candidates scoring equal to or below a particular candidate. Thus, the top performer in every session receives a percentile of 100 irrespective of raw marks, while percentile values at

lower scores vary depending on the number of candidates appearing in that session. First, percentile scores are calculated for each subject and in the aggregate within every session. These are then placed on a common statistical scale to generate normalised scores—often reported to several decimal places to reduce ties—and final rankings across sessions.

Can normalisation distort ranking?
Candidates cannot independently verify precisely how normalisation across sessions was computed.

In NEET, where even a single mark can change ranks by thousands, tiny normalisation variations may significantly alter outcomes. The concern is not that normalisation is mathematically invalid, but that even small statistical adjustments can significantly alter rankings and admissions, creating distrust when normalised scores fall below actual raw marks.

NTA already uses normalisation in JEE (Main), where anomalies are evident. But its

impact is limited because about 2.5 lakh top candidates proceed to JEE-Advanced (Advanced) admission to 23 IITs and a few other institutions for a few tens of thousands of seats.

NEET is fundamentally different. Over 20 lakh candidates compete for limited medical seats, including a few hundred at top institutions such as AIIMS and JIPMER. Even fractional percentile differences or minor normalisation adjustments may significantly alter ranks and admissions, especially for candidates near critical cutoffs.

What about global digital exams?

Global digital examinations such as the Scholastic Assessment Test, Test of English as a Foreign Language, and Graduate Record Examination differ fundamentally from NEET and JEE. They are adaptive tests, where subsequent questions depend on responses to earlier ones—unlike NEET and JEE, where all candidates in a session receive the same question set.

Moreover, they are not single-criterion rank-based admission tests. They assess

aptitude, language proficiency, or academic readiness as only one component of broader admission processes.

What is the way forward?

Normalisation in NEET-CBT is the biggest challenge, given the scale and stakes. Question-difficulty balancing, session-wise score normalisation, disclosure mechanisms, simulation studies, and independent technical oversight would become essential. Both raw and normalised scores should be disclosed to improve transparency.

The system would need to be transparent, verifiable, explainable and statistically robust. Yet possible ranking distortions are likely to generate distrust and controversy. The larger question is whether an exam in which even a single mark determines life-altering outcomes should shift from verifiable raw-score merit towards statistically processed rankings. Before any transition, alternative models should be debated with academic experts rather than only high-powered panels.

PERSONAL FINANCE

Why your credit card is now less rewarding



SIDDHARTH UPASANI

THE #CREDITCARDSINDIA community on the social media platform Reddit has nearly 3.5 lakh members. Amid the usual chatter about CIBIL scores and credit cards, one subject has dominated its message boards in recent months: how maximising reward points, cashbacks, air miles and other benefits has become increasingly difficult.

This month, IDFC First Bank capped the validity of reward points earned on some of its credit cards to two years, among other changes, joining a list of banks that have taken steps in recent months that, in the eyes of the consumers, "devalue" the card.

Perhaps the devaluation that caused the greatest furore this year was that of the popular Airtel Axis Bank card, which has a pre-tax annual fee of Rs 499. Before April 12, it gave a 25% cashback—capped at Rs 250 per month—on Airtel bills paid via the telecom provider's app. Now, to continue getting that monthly Rs 250 cashback, one would have to spend Rs 12,500 on other eligible transactions. "This complicates the entire cashback system so much," one Redditor commented. "You have to micromanage your spending + make this your primary card for what? Another -50/-100 rupees saving a month?"

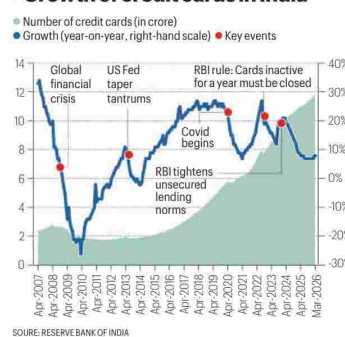
Industry-wide devaluation

Rewards, cashbacks, and other benefits have been curtailed across issuers (see graphic). Several cards have benefits such as complimentary airport lounge access, usually limited to one or two per quarter. Now this is conditional on a minimum spend in the previous month.

Aakash Rachh, CFA and Qualified Financial Advisor at personal finance firm Finance, said: "The days of a standalone card competing for rewards alone are ending". As for the current wave of devaluations, recourse is limited for users as reward programmes and benefits are discretionary, and only a change in charges requires at least one month's notice.

"The practical workaround most users have adopted is to track their card anniversary

Growth of credit cards in India



SOURCE: RESERVE BANK OF INDIA

dates closely and close or downgrade before the renewal fees hit, rather than seek refunds after the fact. The only formal routes available are a written complaint to the bank, escalation to the RBI Ombudsman if unresolved within 30 days, or filing under the Consumer Protection Act, 2019," he said.

For a section of users, figuring out which card offered the greatest benefits was something of a game. Now, it has become a wholesale slew of all the cards they hold to see if they are worth the annual fee charged.

How large is this group of credit card gamers? According to a survey conducted last year by SaveAge, a credit card rewards management app, only 5% of users do their own research before picking a card, 4% regularly track their use of reward points, and just 3% "strategically optimise every spend". With 11.86 crore credit cards issued at the end of March, 3% comes to about 35 lakh, roughly 10 times the membership of the Credit Cards India subreddit.

Value over volume

Three things "broke at once" for banks and card issuers, according to Rachh of Finance. One, airport lounges got more expensive, with the country's largest aggregator, DreamFolks, ending domestic operations in the second half of 2025 as air-

Devaluation spree

Some examples of credit card issuers curtailing benefits:

- HDFC Bank Infinia**
 - Annual fee: Rs 5,000
 - New requirements to retain it: Rs 18 lakh spend in 2026-27, or Total Relationship Value* of Rs 50 lakh with bank
- American Express Platinum Travel**
 - Annual fee: Rs 5,000
 - Benefit: Up to 40,000 reward points, Taj voucher for Rs 10,000
 - Required annual spend to avail it: Up from Rs 4 lakh to Rs 7 lakh
- SBI Cashback**
 - Annual fee: Rs 999
 - Earlier 5% monthly cashback on online spends capped at: Rs 5,000
 - This cashback is now capped at: Rs 2,000

Tracking gains

According to a survey last year, only 5% of users do their own research before picking a card. Only 4% regularly track their use of reward points, and just 3% "strategically optimise every spend".

The shift to a "value over volume strategy," according to Santosh Agarwal, CEO

port operators began to directly provide access to lounges. This forced banks into direct partnerships with likely higher costs.

On the banking side, two issues cropped up: higher credit card defaults and the Reserve Bank of India (RBI), in November 2023, ordering banks to set aside more capital for credit card loans amid worries over the rapid growth of unsecured personal loans. As this directly squeezes profits, "generous reward programs are the first cost to be cut".

"When the regulator forces banks to hold significantly more capital against every rupee of outstanding credit card balance, banks start asking a different question: is this customer worth it across the entire relationship, not just the card?" Rachh said.

High-value customers are, indeed, what issuers want. Take SBI Card, for instance, which accounts for 19% of all issued credit cards and payments by them at point-of-sale terminals and online. In January-March, it issued 9.17 lakh cards and expects to add a similar number in the current quarter with a focus on "high-value, good quality customers, which ultimately add value to the overall financials of the company", Sallia Pande, MD and CEO of SBI Card, said in April.

The shift to a "value over volume strategy," according to Santosh Agarwal, CEO

POLICY

VB-G RAM G rules: What changes as scheme set to replace NREGS

Harikishan Sharma
New Delhi, May 27

THE VIKSIT Bharat-Guarantee for Rozgar and Aajeevika Mission (Gramin) Act, 2025, is set to come into force from July 1, replacing the two-decade-old Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). Ahead of the nationwide rollout of the new rural jobs scheme, the Union government has released a draft of the rules that will govern its implementation.

The VB-G RAM G Act increases the number of guaranteed wage employment days, shifts a significant portion of the funding burden onto states, and turns resource allocation into a top-down process. The rules create a new provision not mentioned directly in the Act allowing those with verified MGNREGS job cards to avail work under the new scheme. They call for using the Sixteenth Finance Commission's formula to determine the Centre's normative allocation for states. And another new provision also allows the Union government to keep aside a portion of the normative allocation based on certain parameters. Here's a look at the new rules and their implications.

What are the new rules?

The Ministry of Rural Development on May 23 released eight draft rules that cover the VB-G RAM G scheme's provisions regarding wage payment, unemployment allowances, allocation to states and implementation monitoring. These are the rules:

- National Level Steering Committee Rules
- Grievance Redressal Rules
- Administrative Expenses Rules
- Transitional Provisions under VB-G RAM G Rules
- Objective Parameters for Normative Allocation Rules
- Central Gramin Rozgar Guarantee Council Rules
- Manner of Payment of Wages and Unemployment Allowance Rules
- Manner and Procedure of Expenditure incurred by the State in excess of the Normative Allocation, and Expenses of the Scheme for UTs without Legislature Rules

The ministry has sought objections and suggestions from the public within a month, after which it will notify the rules.

How do these affect NREGS workers?
Among the new rules, the Transitional Provisions are the most significant for exist-

VB-G RAM G vs MGNREGS

ing MGNREGS workers. Their MGNREGS job cards, once renewed and verified through e-KYC, will remain valid for seeking employment under the VB-G RAM G Act. This arrangement will continue until state governments issue Gramin Rozgar Guarantee Cards under the new law. The rules also specify that all wage and unemployment allowance payments will be made through Direct Benefit Transfer into bank or post office accounts. The Union government, however, is yet to declare the wage rate under the VB-G RAM G scheme.

How do they affect the states?
The Union government has allocated Rs 95,692.31 crore for the VB-G RAM G scheme for this financial year (2026-27).

For states, the rules that are the most crucial are those related to fund allocation and excess expenditure. According to the draft Objective Parameters for Normative Allocation Rules, 2026: "The Central Government shall, for each financial year, determine the normative allocation of the funds, for every State, based on the objective parameters specified in these rules."

According to the rules, the Centre will

use the Sixteenth Finance Commission's horizontal devolution recommendations to determine the normative allocation to states. Using the Sixteenth Finance Commission formula, some states may receive lower VB-G RAM G allocations than they did under MGNREGS in 2025-26. These include Tamil Nadu, Andhra Pradesh, Rajasthan and Maharashtra. On the other hand, the shares of Uttar Pradesh, Gujarat, Madhya Pradesh, Assam, Haryana, Punjab and Bihar will likely increase.

Crucially, the draft rules have a provision regarding keeping aside a portion of the normative allocation, which will be distributed among states based on certain parameters—timely payment of wages; compliance with social audit requirements; the percentage of completion of work in a financial year; and other performance-related indicators as may be specified by the Centre. The proportion of the normative allocation that can be kept aside has not been decided yet. This provision will take effect from the next financial year.

Another significant rule, as already set out in the Act, says that states will have to bear any additional expenditure over the normative allocation.

Crucially, the draft rules have a provision regarding keeping aside a portion of the normative allocation, which will be distributed among states based on certain parameters—timely payment of wages; compliance with social audit requirements; the percentage of completion of work in a financial year; and other performance-related indicators as may be specified by the Centre. The proportion of the normative allocation that can be kept aside has not been decided yet. This provision will take effect from the next financial year.

Another significant rule, as already set out in the Act, says that states will have to bear any additional expenditure over the normative allocation.

Another significant rule, as already set out in the Act, says that states will have to bear any additional expenditure over the normative allocation.



Betrayal of mandate

The Tamilaga Vettri Kazhagam should not allow defectors to join the party

Before the indelible ink applied on voters' index fingers could fade, the Tamilaga Vettri Kazhagam (TVK) has introduced in Tamil Nadu a disturbing brand of politics bearing striking similarities to the 'Operation Lotus' model first adopted by the Bharatiya Janata Party (BJP) in Karnataka. By instantly embracing into its fold four All India Anna Dravida Munnetra Kazhagam (AIADMK) legislators who resigned their Assembly membership, the fledgling TVK, which marketed itself as a "pure force", has adopted a dubious tactic deployed by its "ideological opponent", the BJP. This model encourages Opposition legislators to resign and join the ruling party, with an opportunity to re-enter the Assembly through by-elections. Irrespective of its legitimacy or the prospects of the four legislators re-entering the electoral fray soon, the operation's objective remains no different from the 'Aaya Ram, Gaya Ram' model of horse-trading. The AIADMK rebels, who voted for the TVK during the trust vote, attributed intra-party concerns to their resignation, which the Speaker accepted in quick time. Apart from dishonouring the people's mandate within just 21 days, the move comes when petitions for their disqualification were pending with the Speaker. Clearly, the TVK is wary of the inherent political checks and balances in the State's fragile first post-poll coalition government and appears to be preparing to ease out allies should they pose challenges.

The development is not entirely surprising, as the TVK has so far displayed an uncanny political instinct for exploiting support from rival parties to tide over crises, be it after the Karur rally stampede or during government formation. In the wake of the fractured mandate, the TVK simultaneously reached out to constituents of both the DMK-led Secular Progressive Alliance and the National Democratic Alliance that includes the AIADMK and the BJP. Early on, Amma Makkal Munnetra Kazhagam leader T.T.V. Dhinakaran had flagged an attempt to poach his lone legislator. Besides, despite securing the support of the DMK's erstwhile allies, C. Joseph Vijay had no qualms about calling on tainted AIADMK rebel leaders on the eve of the floor test, while calculatedly ignoring the party's general secretary, Edappadi K. Palaniswami. This encouraged divisions within the AIADMK legislature party during the voting, prompting representations for disqualifying the rebels. By now, 'Operation Lotus' has become a familiar playbook for subverting the people's mandate. The trend calls for amendments to election laws, perhaps through the imposition of a "cooling period" restraining candidates from contesting the immediate by-election caused by their resignation. Otherwise, such defections accompanied by resignations will only be seen as subverting democratic processes.

Partial digitisation

Cumbersome processes from analogue era remain despite more online services

Digitising citizen services is a process full of promise and energy. In India, making processes faceless carries the added benefit of relief from the rent seeking that is rife in government offices. The more services are available online, the better. It is possible; in December 2024, Estonia digitised the last citizen service that only remained possible on paper: divorce. In this light, participation of private firms such as WhatsApp in getting digital services delivered to more people, as in Gujarat, is welcome. This being said, the digital service delivery in India has several issues: a lack of trust towards the citizen, in spite of the citizen-centricity touted as the reason for their existence; systematic underinvestment leading to lapses in availability and reliability; and lax cybersecurity. In many cases involving the most dysfunctional online services, the responsibility lies with States, such as property records registration and civil acts such as marriage. But even in those where the remit lies with the Union government, there are serious issues.

While lip service is paid to the importance of securing key cybersecurity infrastructure, serious vulnerabilities remain. Security of data residing on public databases is taken for granted, and institutions such as the Indian Computer Emergency Response Team (CERT-in) have failed to rise to the challenge. Also, on myriad forms online, users are forced to type and submit the same details repeatedly, even though systems such as Digi Locker exist that are purported to ease this process. A shadow of a "mismatch" can anyway result, and few if any processes allow citizens to cure defects without redoing the entire process — a shocking lapse punishing routine variations in names and spellings. Scant regard is paid to the accessibility and intuitive design, leaving persons with disabilities and vast swathes of the population dependent on outside assistance to go through a self-service process. Some systems are left defunct or sputtering years after their launch: take e-Sanad, launched a decade ago to help people legalise personal documents while travelling abroad or emigrating. Few States have been on-boarded, leaving other residents to deal with middlemen and touts in the pre-verification process that precedes the so-called Apostille stamp they need on a time-bound schedule. As with this process, the analogue equivalents of broken digital services remain inaccessible and cumbersome, such as updating details on Aadhaar, which requires visiting a physical office. The creation of Digital Public Infrastructure such as UPI and Aadhaar are of little use without reciprocal trust by the government and a commitment to uptime and service quality.

Global crises demand more than 'citizen sacrifice'

Recently, Prime Minister Narendra Modi issued seven appeals urging citizens to embrace restraint, self-reliance, and responsible consumption amid global uncertainty caused by the America-Iran conflict and disruptions in the Strait of Hormuz. These included buying local products, conserving energy, avoiding unnecessary foreign travel, prioritising domestic tourism, supporting indigenous innovation, and promoting work from home wherever feasible. The appeals have drawn mixed reactions from political parties, economists, businesses, and the public. Some view them as practical nationalism suited to an unstable world, while others see them as realism rather than rhetoric. Supporters argue that promoting domestic consumption and reducing external dependence could strengthen India's resilience in a fractured global economy, while some in the social sector see the messages as supportive of healthier and environmentally sustainable lifestyles.

A subtle shift to the citizen

There is merit in these arguments. India, like every other country, must prepare for a more uncertain global environment. Yet, Mr. Modi's appeals warrant closer scrutiny, as they primarily seek to modify citizen behaviour while leaving governments and institutions relatively insulated from equivalent responsibility. In doing so, the burden of managing structural crises is subtly shifted from the state to individuals.

Modern democratic governance rests on an implicit social contract. Citizens pay taxes, obey laws, participate in democracy, and contribute to the economy. In return, governments are expected to provide public goods, social protection, health care, infrastructure, education, economic stability, and strategic preparedness. Governments exist not merely to advise citizens during crises, but to build systems resilient enough to withstand them. Yet, they often fall short of fulfilling this contract, with even electoral promises only partially implemented before being repackaged for future elections.

When elected governments increasingly respond to structural economic or geopolitical shocks by urging citizens to consume responsibly, sacrifice, adapt, or remain resilient, without simultaneously undertaking matching institutional reforms, the social contract begins to weaken. Long-term opportunities for structural correction are gradually replaced by behavioural messaging and symbolic appeals.

This phenomenon, of course, is not unique to India. Across the world, governments confronting inflation, climate stress, energy insecurity, or economic slowdown routinely ask citizens to reduce consumption, recycle more, conserve electricity, or embrace austerity. Individual behaviour certainly matters. But such appeals often obscure the much larger responsibility of states and corporations in shaping systemic



Chandrakant Lahariva

Practising cardiometabolic physician and health policy specialist who has worked with the United Nations system for nearly 18 years

outcomes. That is why a wider public dialogue and deeper reflection on these issues become essential. Behavioural appeals may generate symbolic solidarity, but symbolism cannot become a substitute for institutional preparedness.

Question for the government

The modern global economy is extraordinarily interconnected. Food security, climate change, financial systems, and technological ecosystems all transcend national borders. No country, including India, can insulate itself through behavioural nationalism alone. The danger lies in oversimplifying complex structural challenges into moral obligations for citizens. Patriotism, however emotionally resonant, cannot replace long-term economic planning, institutional competence, and policy coherence. National resilience is built through capable institutions and sustained public investment.

There is also an uncomfortable asymmetry. Citizens are repeatedly advised to conserve, adjust, and become self-reliant. Yet, why are governments not publicly issuing equivalent commitments to transparency, regulatory stability, public investment, and institutional reform?

Instead of focusing primarily on what citizens should do for governments during crises, one may ask a more foundational democratic question: what should governments do for citizens during periods of global instability? If these seven appeals were reconstructed from a citizen-centric perspective, the priorities would look very different.

First, governments must invest far more seriously in social protection systems. The COVID-19 pandemic showed that resilient societies are built not only through disciplined citizens, but also through strong public institutions. Yet, improvements since then have remained uneven. In health care, the expansion of private and corporate services has often outpaced the strengthening of public systems. Future resilience requires sustained investment in primary health care, disease surveillance, nutrition, mental health, emergency preparedness, education, and other social sectors.

Second, governments must confront rising economic inequality rather than relying excessively on consumption patriotism. Economic resilience cannot emerge from patriotic appeals alone when millions remain financially insecure, unemployed, or trapped within informal labour systems and the gig economy without adequate social protection.

Third, governments must prioritise long-term investments in education, scientific research, and public universities. Genuine self-reliance is built through decades of investment in laboratories, universities, manufacturing ecosystems, scientific temper, and innovation capacity. It is not enough merely to establish Indian campuses of Ivy

League universities; Indian universities and research institutions must themselves emerge as among the world's leading centres of knowledge and innovation.

Fourth, governments must strengthen transparency, public trust, and their handling of widespread public anxiety and uncertainty. During crises, trust becomes a strategic national asset. Citizens cooperate when governments communicate honestly, acknowledge uncertainties, and allow independent institutions, experts, and media to function freely.

Fifth, governments must invest far more seriously in climate resilience and sustainable urbanisation. Asking citizens to conserve electricity while cities continue to suffer from poor planning, inadequate public transport, shrinking green spaces, and worsening environmental degradation addresses symptoms rather than causes. While the push for electric vehicles and alternative energy is welcome, quality urban infrastructure remains inadequate. Failed initiatives such as smart cities are rarely evaluated critically and are instead quietly forgotten.

Sixth, governments must reduce regulatory unpredictability and create stable, fair policy environments for businesses, workers, researchers, and entrepreneurs. National resilience depends upon predictable governance and institutional consistency.

Seventh, governments must protect democratic dialogue instead of allowing criticism to be routinely framed as anti-national. Democracies become stronger through open debate, institutional criticism, intellectual diversity, and democratic course correction.

The need for strong institutions

None of this implies that citizens have no responsibilities. Responsible consumption, environmental awareness, social solidarity, and support for domestic capabilities are important civic virtues. But they cannot substitute for governance itself. Democracies cannot function sustainably if governments merely offer behavioural advice while citizens bear the consequences of structural vulnerabilities.

The larger danger of behavioural politics is that it normalises institutional underperformance. Individual responsibility matters, but it cannot become the primary response to fundamentally structural problems.

India aspires to become a major economic and geopolitical power. Achieving that ambition will require strong institutions, evidence-based policymaking, investment in human capital, and a renewed social contract in which governments accept greater responsibility for national resilience. The true test of leadership during crises is whether governments demonstrate the accountability, foresight, and policy seriousness needed to protect citizens in an increasingly uncertain world.

Tariffs to carbon, the new rules shaping India's trade

Proposed in July 2021, the European Union (EU)'s Carbon Border Adjustment Mechanism (CBAM) entered its definitive phase from January 1, 2026. As a climate policy tool, CBAM seeks to prevent carbon leakage by imposing a carbon-linked charge on imports based on their embedded emissions. Carbon-intensive products such as steel, cement, aluminium, fertilizers, electricity, and hydrogen will be affected. While CBAM could encourage wider adoption of carbon-pricing policies and help reduce global emissions, it also poses significant challenges for developing countries such as India.

Even as India pursues bilateral trade negotiations with the EU, CBAM will still apply, making carbon-intensive exports to Europe costlier. Market access, therefore, is increasingly being shaped not only by tariffs but also by compliance with carbon-emission standards. Its effects may also extend beyond targeted sectors through global price shifts and the gradual adoption of similar policies by other developed countries.

Sectors to be impacted

India's steel and aluminium sectors are likely to face the most immediate impact, given their dependence on European markets and carbon-intensive production processes. Although the carbon levy will formally be paid by EU importers, part of the burden is likely to shift to exporters through tighter contracts and stricter supplier selection. As European buyers increasingly prefer low-emission suppliers, Indian exporters may have to absorb some of the additional costs to remain competitive in the European market or invest in cleaner



Poornima Varma
Faculty member at the Indian Institute of Management Ahmedabad (IIMA)

technologies to retain market access. In the short run, compliance costs could shrink profit margins and hurt export competitiveness despite ongoing free trade agreement negotiations. The effects of CBAM are not confined to direct trade impacts. As a major net importer of fertilizers, India may also face indirect price pressures through global price transmission. Key fertilizer exporters to the EU — Egypt, Russia, Morocco and China — are also major suppliers of fertilizers to India. As these suppliers face higher carbon-compliance costs, part of the burden is likely to be passed on through higher global fertilizer prices. India's fertilizer import bill is therefore likely to increase, jeopardising the agricultural sector, farm profitability and high food prices. More broadly, CBAM signals a structural shift in global trade, as other developed countries consider adopting similar carbon tariff compliance policies, potentially constraining market access for developing countries such as India.

India's carbon trade challenge demands reforms and effective global negotiations

The CBAM framework
CBAM is structurally distinct from traditional non-tariff measures (NTMs), such as product standards. While NTMs affect market access through compliance requirements and are largely qualitative, with scope for interpretation, CBAM is price-based and quantifiable, directly linking market access for carbon-intensive products to carbon emissions. In this changed scenario, even if exporters comply with the product quality standards in destination markets, the carbon intensity of production is likely to raise export costs and thereby constrain market access. Additionally, investing in cleaner energy and transitioning

toward carbon-neutral production is significantly more expensive than complying with conventional product quality standards, especially in the short run.

Market access and export growth are no longer determined by tariffs alone. As global trade becomes increasingly linked to carbon-emission measures, comparative advantage now depends not only on production efficiency and pricing, but also on the carbon efficiency of production processes. In this context, countries such as India must adopt a two-pronged strategy of domestic reform and effective international negotiation.

Moves to consider

Domestically, greater investment in clean energy and stricter implementation of carbon policies are essential to improve firms' carbon efficiency. Internationally, India must negotiate for equitable treatment of developing countries so that the short-run costs of carbon compliance can be eased through a phased transition. Since climate policies such as CBAM also raise the cost of importing emission-intensive and more expensive goods such as fertilizers, reducing import dependence through higher domestic production and better implementation of the Soil Health Cards Scheme and the promotion of balanced and need-based application of fertilizers is equally important. India must also seek transitional support and technology transfer to ensure a level playing field in trade agreements with developed countries. The challenge is not merely adapting to carbon-constrained trade regimes, but ensuring that the transition does not undermine growth and sustainability.

The views expressed are personal

LETTERS TO THE EDITOR

Hurried digital shift

The Central Board of Secondary Education (CBSE) seems to have introduced its new On-Screen Marking (OSM) system in great haste, and imposed the same on examiners without adequate training. Students write examinations under pressure and within limited time, making careful human evaluation essential. In the manual system,

examiners take time to read, analyse, and award marks with judgment — something OSM cannot replace. Examination evaluation is not meant to showcase achievements under the Digital India programme, but to safeguard the future of lakhs of students. Of late, the CBSE seems to be turning from the Central Board of Secondary Education into the 'Central

Board of Spoiling Education'.
N. Nagarajan,
Secunderabad

Maritime plans

Amidst the ongoing war in West Asia as well as the conflict in the South China Sea, it is best for India to have friends equipped with the most advanced capabilities in the maritime domain. However, such bold initiatives aimed at

enhancing freedom of navigation in the Strait of Hormuz and the South China Sea need robust political will and diplomatic acumen to yield results.
Manas Agarwal,
Gorakhpur, Uttar Pradesh

Elite privilege

The government's decision to acquire land under the Delhi Gokhkhana Club has displeased the same elite bureaucracy that

sermonises about austerity, subsidy burdens, and the "optimal allocation of resources", but seldom explains how sprawling clubs with manicured greens, subsidised liquor, elite sporting facilities, and prime urban real estate continue to flourish at throwaway costs. The issue is not merely social; it is moral. India's genuine sporting ecosystem gasps for oxygen. District stadia

decay, school grounds vanish, and aspiring athletes crowd-fund their dreams. Yet, state patronage continues to flow effortlessly towards elite recreational islands, masquerading as heritage institutions for those cushioned by power.
R. Narayanan,
Navi Mumbai

Letters emailed to letters@thehindu.co.in must carry the postal address.

The battle against AI misinformation

India is working towards Viksit Bharat 2047 with the objective of achieving economic growth, and in order to emerge as a technology leader. One of the major areas that India is concentrating on is the Artificial Intelligence (AI) front. However, a question that needs a definite answer is: what will India's policy be with reference to rapidly developing AI tools? While India's aspiration to attain the status of a global AI hub is commendable, Indian policies regarding AI tools should not only be looked at through the lens of development and economic growth, but also through the lens of growing misinformation and identity manipulation that could be spread through AI platforms.



Sundar Athreya

Assistant Professor at IIT School of Law, IIT Deemed to be University, Bhubaneswar



N.S. Amogh Simha

Advocate, Madras High Court and Founder of Ashwin & Amogh Law Chambers, Chennai

allow such content to be released disproportionately on social media platforms. Since such platforms are primarily accessed by users through their mobile phones, which have limited screen sizes, the ability to verify such content becomes difficult and users may readily accept AI-generated images posted on these platforms as real.

For instance, a post on LinkedIn about publishing a new research paper, along with the image of the first page of the paper which might contain all necessary details such as the name of the journal and author credentials, might just be fake and non-existent. However, this can be verified by other users only if they check the database; most users are unlikely to fact-check such information.

Educational institutions and genuine academic publishers who strive to maintain originality face challenges as AI systems can fabricate mark sheets, degree certificates and research papers. The persuasive effect of AI-generated content significantly amplifies the possibility of misinformation and manipulation, to the extent where genuine photographs, videos and documents themselves may be dismissed as fabricated thus bearing a large impact on academics, journalism, and institutional credibility.

Various implications
Cybercrimes related to identity thefts have also multiplied in the recent past.

Additionally, celebrities have filed petitions before various High Courts of India seeking protection of their personality rights, and protection against the unauthorised usage of their likeness in image, voice and name using AI. Although various individuals have filed such cases, India has yet to formulate a sound legislative response to this emerging challenge. The implications of AI-generated content also pose risks in terms of

evidence or pleadings that are submitted before courts using AI platforms. The Supreme Court and other High Courts, such as the Bombay High Court, have disparaged such usage and have also imposed costs on lawyers who adopt AI-generated arguments without verifying the submissions and cases cited therein.

Need for regulation
India therefore stands at a critical crossroads at present. While the country seeks to establish itself as a global AI leader, it must develop a robust legal framework that would effectively address the issues of misinformation, identity misuse and manipulation. The challenge at hand is to craft a balanced regulatory framework – one that encourages innovations and technological advancements while simultaneously ensuring accountability from platforms and safeguarding the authenticity of the digital ecosystem.

India's recently amended Information Technology Rules, 2026 mandate the disclosure of AI-generated/ altered content throughout the video. They have also attempted to revamp the age-old intermediary liability framework with the stipulated timeline of three hours to remove synthetically generated content upon receiving a court order or government notification. They also mandate that personal complaints filed by users must be solved within 36 hours of its filing. This is a step in the right direction.

Further, there is a need to develop a code of ethics for AI platforms to prevent them from generating images/videos that would undermine the trust in digital news. Beyond the quintessential legal and regulatory frameworks, there is a need for developing digital and AI literacy amongst the public at large. Unless users themselves develop the capacity to critically evaluate a particular digital content and verify the same before dissemination, these issues will continue to linger.

The tug of war within the Trinamool

Allegations over the role of I-PAC mask a larger succession battle within the party

STATE OF PLAY

Nistula Hebbur

Electoral defeat often follows a specific pattern – defiance, denial, implosion and acceptance. One can say that the Trinamool Congress is running true to type, with an earlier denial and defiance giving rise to a sort of implosion amidst its ranks, that may well lead to an acceptance of defeat.

However, the pattern in the specific case of the Trinamool and West Bengal is tweaked somewhat because of the presence of the political strategy company, the Indian Political Action Committee (I-PAC), and the recommitments being laid at its door for the debacle faced by the party in the 2026 Assembly elections.

Sidelining of party cadre

After the Trinamool's loss in the recently concluded Assembly polls in West Bengal, the newly reappointed chief whip of the party in the Lok Sabha, Kalyan Banerjee, was the first to speak out over how I-PAC replaced the party cadre, and under the control of Abhishek Banerjee, Lok Sabha MP and nephew of former Chief Minister Mamata Banerjee, isolated the party from the people.

The next leader to speak out was long time Trinamool MP Dr. Kakoli Ghosh Dastidar, who resigned as district president of Barasat after the loss, and significantly after she was replaced by Kalyan Banerjee as the chief whip. She too pointed to workers being sidelined, especially the older cadres who had joined the party as founding members.

Nearly three weeks after the results have been out, it is quite clear that there are ma-



West Bengal

ny who felt uncomfortable with the role played by the I-PAC within the Trinamool. One of the unwritten rules of being a consultant is to be project specific, arrive at the client's premises with no skin in the game, give a detached perspective on what is going right and wrong and help with implementing prescriptions for a short span of time. In the words of one political consultant: be like an Army that arrives, conquers and returns to its barracks, not like the police that is embedded in the locality. However, the I-PAC became a parallel structure within the Trinamool, advising on issues regarding the party, beyond 2021 when it first took on the party as its clients. They stayed on and became embedded in the party structure.

This was resented by the rank and file, not owing allegiance to Abhishek Banerjee, who have felt sidelined and unheard but feared falling afoul of whatever was happening between Mamata Banerjee loyalists and Abhishek Banerjee's attempt to control the Trinamool. "They (I-PAC) had absolutely no manners of working; they spoke very rudely. These workers of ours, they aren't servants. We don't pay them a salary; they work out of love for Mamata *didi* and love for the party. They treated people poorly, and their arrogance grew to such an extent that they eventually

began treating us badly as well. They seemed to think they were at a higher authority than even the Prime Minister. I don't believe I-PAC was directly under her (Mamata Banerjee's) control, because I-PAC is a distinct entity," said Ms. Dastidar.

Succession games

The attacks on the I-PAC, and Mamata Banerjee's distancing from it is thus a pointer to the fight between the Trinamool's old guard and Abhishek Banerjee's succession manoeuvres. Mamata Banerjee's silence in the face of such allegations is instructive of the tug of war within the Trinamool.

Kalyan Banerjee and Kakoli Ghosh Dastidar have been old loyalists of Mamata Banerjee when she first formed the Trinamool in the heydays of the Left Front's hegemonic control over the politics of West Bengal. In the last few years, especially since 2021, there has been a tug of war between Mamata Banerjee loyalists and the I-PAC-run Abhishek Banerjee camp. The painstaking labour required to gain organisational loyalty from leaders and workers was circumvented via the political consultancy firm. That this happened is not surprising, but that it took a defeat in the polls for it to be identified as a problem certainly is. Behind it likely lay the complications of loyalty, opportunity and the reluctance to pay the price of being a whistleblower. With elections now done, the costs are being counted and more importantly, through the attack on the I-PAC, the Trinamool Congress is now identifying a more problematic issue within the party – that of a succession war in leadership and its legitimacy.

nistula.hebbur@thehindu.co.in

A new era
ChatGPT recently launched its latest AI multimodal image generation model which has been successful in generating text-heavy images that could rival the work of a professional. Modern generative AI systems are now capable of producing highly sophisticated, text-heavy images akin to a professional newspaper or a scientific research paper. In most cases, these outputs are almost indistinguishable from authentic images taken with the help of a camera, or scanned originals. This model can pull up data from the web portal and provide details of the image with near accurate information.

Thus, through this launch, AI image generation has entered a new era. It is no longer a simple recreational model for a user to dabble with and post on social media platforms to follow a trend; rather, it poses serious concerns in the domain of cyber-crime, theft and digital deceit.

Social networking platforms such as Facebook, Instagram and even LinkedIn are flooded with AI-generated content often leaving users wondering about the veracity of the information they consume. The current version of ChatGPT and similar platforms

While the country seeks to establish itself as a global AI leader, it must develop a robust legal framework that would effectively address the issues of misinformation, identity misuse and manipulation

Women live longer but spend more of those years with illness

Despite decades of medical progress, the gap between how many healthy years women get and how many men get has not moved

DATA POINT

Devvanshi Bihani

That women outlive men is a long-established fact that the data on Life Expectancy (LE) at birth have repeatedly shown. However, the healthy-life advantage that should have come with a longer life has barely moved in two decades for women. The shifts that happened during the COVID-19 pandemic in LE and Healthy Life Expectancy (HALE) – a metric that adjusts the LE by discounting the time spent with illnesses, disability, chronic pain and poor health – partially showed why women continued to lag behind in HALE.

While the world had largely recovered from the pandemic with global LE returning almost close to pre-pandemic levels by 2023, HALE recovered to 62 years, which is 0.5 years lesser than what it was in 2019. Female life expectancy stood at 76 years, compared to 71 for men. But the gap narrowed when healthy years were considered: women's HALE was 64 years, compared to 62 for men (Chart 1). In 2000, women's LE was 4.8 years higher than men while the gap in HALE was just 2.3 years. By 2021, it had narrowed slightly, to 2.2. Despite a generation of medical progress, the gap between how many healthy years women get and how many men get has not moved. This pattern points to a deeper structural divide in global health: women survive longer, but spend more of those years living with illness, pain and untreated conditions.

Across the world, men die at significantly higher rates from cardiovascular disease, lung disease, accidents, violence and suicide. Lower mortality from ischaemic heart disease alone adds 0.63 healthy years to women's lives. Reduced deaths from stroke contribute another 0.31 years, chronic obstructive pulmonary disease

(0.26), road injuries (0.32), interpersonal violence (0.17) and suicide (0.12) (Chart 2). As per the World Health Organization, all these lower mortality factors together should have given women a 3.85-year advantage in HALE.

However, higher morbidity among women offsets 1.56 years of that advantage. Women carry a disproportionately high burden of pain disorders, gynaecological diseases and mental health conditions. Back and neck pain alone reduces women's healthy lifespan by 0.44 years; depressive disorders cost 0.21 years and anxiety 0.16. Many remain undiagnosed. The size of the female health gap varies sharply across WHO-defined global regions (Chart 3).

COVID-19 should have widened the HALE of women over men as the latter died at substantially higher rates than women throughout the pandemic. Lower female mortality from COVID-19 and pandemic-related causes alone gave women a 0.89-year HALE advantage over men, which was bigger than the contribution from ischaemic heart disease (Chart 2). However, the advantage did not widen since the pandemic also eroded two decades of progress on the mental health conditions that disproportionately erode women's healthy years.

The disadvantages could be more pronounced in India. As per the WHO Global Health Statistics Report 2026, over half of Indian women (53.7%) of reproductive age are anemic, nearly double the global rate. One in every five partnered Indian women has faced intimate partner violence in the past year, almost double the world figure. Nearly a third of Indian households spend more than 40% of their discretionary budget on health, putting sustained treatment out of reach for most (Chart 4). These conditions may not dominate mortality charts, but they profoundly shape everyday life, limiting mobility, productivity, and financial independence.

Long and painful

The data for the charts were sourced from the World Health Organization's (WHO) World Health Statistics Reports for 2025 and 2026. The values for 2023 are approximate as per global health estimates for 2023 referred in the 2026 report

CHART 1: The healthy life expectancy (HALE), life expectancy (LE) and the gap between the two over the years and between genders

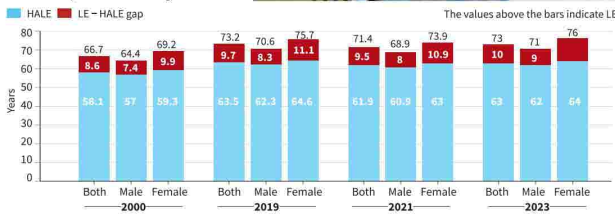
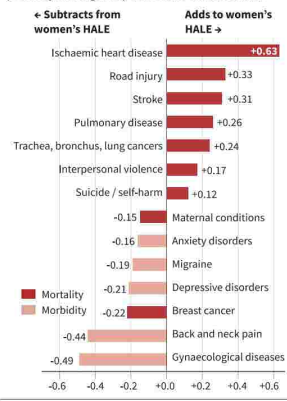


CHART 2: The chart shows the key mortality and morbidity conditions (as per 2019 data) that contribute positively and negatively to women's HALE over men



The values above the bars indicate LE

CHART 3: The chart shows the difference between the HALE of men and women in different global regions as defined by the World Health Organization

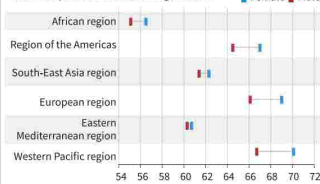
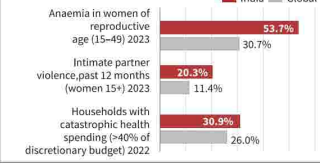


CHART 4: The chart shows three of the key indicators, where India lags behind, contributing to the gap between men and women in HALE



FROM THE ARCHIVES

The Hindu

FIFTY YEARS AGO MAY 28, 1976

Socialist states want greater role for gold

Nairobi, May 27: The socialist group of countries has suggested that the role of gold should be enhanced in international liquidity in order to normalise the international monetary situation and bring about "gradual abolition and banning of monopolistic stipulation by one or several national currencies".

In a position paper on money and finance circulated to delegates, attending UNCTAD IV meeting here, socialist countries say since SDRs (special drawing rights) do not represent real value they cannot replace gold as the basis of an international monetary system. It however supports the view that developing countries should get part of SDRs as aid so long as the SDR system exists.

On debt problem, the paper says: "Equitably advantageous" economic co-operation between socialist States and developing countries does not give rise to debt problem. In view of basically different technical and economic relations with developing countries socialist States consider it "unfounded to appeal to them to share responsibility" of eliminating consequences of colonialism and of trade and monetary crisis of capitalist economy, the paper adds. European Common Market countries yesterday agreed on a joint position on debts owed by developing countries, one of the major stumbling blocks at the United Nations Conference on Trade and Development (UNCTAD) here, EEC delegates said.

But they were still deadlocked on the other main area of disagreement, the issue of financing buffer stocks and commodities to stabilise prices. Delegates said the Common Market position was likely to be accepted by other developed non-communist nations. But they said the position fell well short of demands by developing countries which want a general rescheduling of debts including write-offs for the poorest nations.

A HUNDRED YEARS AGO MAY 28, 1926

Entry into U.S.A

Washington, May 27: President Coolidge has signed a Bill permitting aliens who served with the American forces during the world war to enter the United States regardless of quota restrictions.

Text & Context

THE HINDU

NEWS IN NUMBERS

Estimated growth in Nepal's economy in 2025-26

3.85 in per cent. Nepal's economy is expected to grow at 3.85% in 2025-26, despite uncertainty in the global economy and the ongoing West Asia conflict, according to the Economic Survey released on Wednesday. Finance Minister Swarnim Wagle released the first Economic Survey by the Balendra Shah government in Kathmandu. PHI

Share of allotted EV stations under MCD yet to become official

50 in per cent. More than half of the EV charging stations allotted under the MCD are yet to become operational due to delays in obtaining approvals from the Public Works Department, officials said on Wednesday. According to official data, a total of 1,047 EV charging stations have been allotted across the city. But, only over 460 stations have so far been made operational. PHI

Financial outlay for SARTHAK-PDS scheme for five years

25,530 in ₹ crore. The Union Cabinet approved the continuation of the 'SARTHAK-PDS' scheme for five years. The Cabinet Committee on Economic Affairs also cleared a revision in norms governing Central assistance to States and Union Territories for intra-State movement and handling of foodgrains. PHI

Percentage of domestic flights to be cut by Air India

22 in per cent. Air India has temporarily cut 22% of its domestic flights as the loss-making airline grapples with the impact of the high fuel prices, according to sources. The decision comes two weeks after the Tata Group-owned airline announced a 27% reduction in international flights amid airspace curbs, as well as costlier jet fuel. PHI

Projected increase in wheat production for 2025-26 crop year

2.29 in per cent. The country's wheat production is projected to rise by 2.29% to 120.65 million tonnes for the 2025-26 crop year (July-June), notwithstanding localised damage caused due to unseasonal rains and hailstorms, according to government data released on Wednesday. PHI
COMPILED BY THE HINDU DATA TEAM

Follow us [facebook.com/thehindu](https://www.facebook.com/thehindu) [X.com/thehindu](https://www.x.com/thehindu) [instagram.com/thehindu](https://www.instagram.com/thehindu)

The Ebola species with no vaccine

The Bundibugyo ebolavirus outbreak in Congo and Uganda has exposed gaps in vaccine preparedness, with no licensed vaccine yet for the rare species; funding constraints, weak commercial incentives, and limited research investment continue to hamper vaccine development for neglected tropical diseases

FULL CONTEXT

Vasudevan Mukunth

The World Health Organization (WHO) declared the Bundibugyo ebolavirus (BDBV) outbreak in the Democratic Republic of the Congo and Uganda to be a public health emergency of international concern on May 17.

The outbreak exposes a critical gap in international vaccine preparedness. There is no licensed vaccine yet for the Bundibugyo species of the ebolavirus because the resources required to develop one have not been mustered and because of the specific economic realities of neglected tropical diseases (NTDs).

BSL-4 facilities

To study, develop, and test a vaccine, medical researchers need the virus itself or its genetic sequence to ensure the vaccine's antigens match the circulating strain. In mid-May, the National Institute of Biomedical Research in the Congo and the Central Public Health Laboratories in Uganda delivered this sequence.

Second, to work with a live ebolavirus, scientists need Biosafety Level (BSL) 4 facilities. These are research facilities with the highest level of biological containment, required when dealing with deadly viruses – like ebolavirus and Nipah virus – or viruses that are very easily transmitted or which have no known treatment.

BSL-4 facilities are strongly isolated, with monolithic walls, floors, and ceilings, tightly sealed pipes and wires, multiple sterile rooms with specialised airlocks, negative air pressure (so that a leak causes air to flow into the facility), dedicated ventilation systems, and redundant HEPA filters. All waste from the facility is first sterilised before being disposed of.

Personnel in a BSL-4 facility have to don positive-pressure suits (leak causes air to flow out) and pass through decontamination showers. They also have to undergo rigorous medical tests. There are just over a hundred BSL-4 facilities worldwide, including two in India.

Primate trials

To design the vaccine, researchers need to identify which proteins of the virus provoke the antibody responses in the human body. Then, they need to select a platform – the technology that will carry the antigen into the body and present it to the immune system. The options for ebolavirus include viral vectors such as rVSV or ChAdOx1, mRNA-based approaches, and protein subunits.

Finally, the vaccines may be tested in animal models, in particular non-human primates, as they are the gold standard to assess the safety and efficacy of a vaccine against a disease with a mortality rate of 25% to 90%.

Human clinical trials would be better but such an enterprise would be extraordinarily complicated during an ongoing outbreak.

Once a vaccine is ready, manufacturing it will require hundreds of millions of dollars in addition to development costs, including specialised facilities, cold storage and transport chains (at -80° to -60° C), quality control, regulatory approvals, and advance purchase commitments.

Then, at the very last stage of this long pipeline, healthcare workers and public health officials must detect an outbreak early and administer the vaccine to avail its benefits.



Once a vaccine is ready, manufacturing it will require hundreds of millions of dollars in addition to development costs, including specialised facilities, cold storage and transport chains, quality control, regulatory approvals, and advance purchase commitments. GETTY IMAGES

What 'neglect' means

The ebolavirus is not a single virus species but a genus with multiple species, including 'Zaire', 'Sudan', 'Bundibugyo', and 'Taï Forest'. If a person has become immune to one species, they are not expected to be sufficiently cross-protected against infection by another species. This is because the different species have different surface proteins, so each outbreak may require species-specific research.

Ebolavirus outbreaks are also sporadic and hard to predict as to their location – which is unlike influenza or COVID-19, which circulate continuously in populations. So by the time an ebolavirus vaccine reaches the third phase of a clinical trial, the outbreak may have already subsided, leaving fewer cases to track for the trial.

The commercial market for ebolavirus vaccines is small and concentrated in lower-income countries, which means the financial incentive for pharmaceutical companies to invest without substantial backing from governments and/or coalitions like Gavi and the Coalition for Epidemic Preparedness Innovations (CEPI) is minimal.

All of the same factors attend to most NTDs, and illustrate what the 'neglect' in their name entails. NTDs are almost always diseases of poor, rural, and politically marginalised populations in the world's tropical and subtropical areas. In fact, these people are neglected – and that's why their diseases are neglected as well.

Two declarations

Historically, funding for infectious diseases was dominated by just three: HIV/AIDS, tuberculosis, and malaria. The situation changed somewhat following the London Declaration in 2012 and the Kigali Declaration in 2022.

With the participation of the WHO, the World Bank, 13 pharmaceutical companies, and representatives from

seven countries, the London Declaration committed to eliminate or control 10 NTDs by 2020 with more than \$785 million for research and development.

The Kigali Declaration, sponsored by Rwanda, aimed to reinvigorate commitments to eliminate the NTDs; at a June 23, 2022, event, the country reported a pledge of \$1.5 billion by various governments, pharmaceutical companies, and NGOs.

However, R&D has often been patchy, compounded by weak healthcare delivery and poor (disease) surveillance. Governments have also often prioritised diseases afflicting patients in richer countries. But the worst is perhaps market failure, as affected populations have little purchasing power while developing a single vaccine these days costs more than a billion dollars. The vaccines also cannot be sold for much in countries most of whose populations live on two dollars a day.

Many NTDs are caused by eukaryotic parasites, i.e. worms and protozoa, which develop in multiple stages across multiple hosts, complicating researchers' efforts to identify a stable antigen for vaccines to target. The immune system also struggles to confer lasting protection against infections by these organisms, making them categorically harder to vaccinate against than, say, measles.

Local response

At this time, there are two licensed Ebolavirus vaccines – Ervebo and a combination of Zaldeno and Mvabea – but they are both for the 'Zaire' species. The Bundibugyo species is also much rarer, having caused only two outbreaks before the current one. As a result, research on it hasn't drawn significant investments.

Promising Bundibugyo vaccine candidates are currently in preclinical or early development, with the WHO and the Oxford Vaccine Group estimating at least six months more to manufacture

enough doses for a small clinical trial.

Taken together, the local healthcare systems – already strained by conflict and climate change – are left with reliably detecting cases, isolating patients, contact-tracing, safe burial practices, and community engagement to manage the Bundibugyo ebolavirus outbreak.

Causes for hope

That said, in the meantime, the Road Map 2021-2030 of the WHO has specified eliminate-by targets for particular NTDs and has been pushing domestically led programmes that combine mass drug administration, vector control, sanitation, and surveillance.

In February this year, the African Union launched 'ACHIEVE Africa', a programme to build indigenous R&D for vaccine development for NTDs that western manufacturers have overlooked. Using the help of such programmes, the African Union plans to manufacture 60% of the continent's vaccine needs by 2040. Likewise, CEPI has increasingly funded work on pathogens that currently present weak commercial incentives.

Also earlier this year, India initiated phase I human clinical trials for an indigenous vaccine against Kyanasur forest disease, a regional NTD. Hubs established in South Africa and Senegal to manufacture mRNA vaccines for COVID-19 are being repurposed to produce experimental vaccines for NTDs, including leishmaniasis.

Brazil and Cuba have built state manufacturing capacity to address diseases that multinational firms have skipped (although this may no longer be a priority in Cuba, which has faced prolonged fuel and medicine shortages thanks to crippling U.S. embargoes).

But for now, the Bundibugyo ebolavirus outbreak continues to unfold against infrastructure and financing gaps and a broader system that struggles to respond to diseases of the poor and the peripheral.

THE GIST

Scientists need BSL-4 facilities and non-human primate trials to safely study and test vaccines against deadly viruses like ebolavirus.

Different ebolavirus species have different surface proteins, meaning immunity against one species may not sufficiently protect against another.

Local healthcare systems are relying on early detection, isolation, contact-tracing, safe burial practices, and community engagement to manage the outbreak.

Whole body scans: why investors love them but doctors hate them

Elective whole-body MRI screening lacks evidence of mortality or quality-of-life benefit and may cause harm through overdiagnosis, unnecessary procedures, and psychological distress; no major medical society recommends it for the general public, but the commercial sector has only grown

Narayana Subramaniam

When doctors express scepticism about whole-body scanning, a predictable counter-argument surfaces on social media within hours. Physicians, the theory goes, have a vested interest in keeping you undiagnosed. Healthy patients do not fill hospital beds. Early detection threatens the treatment economy and the doctor is the last person you should trust to tell you whether to scan. It is a compelling narrative.

It is also precisely backwards. India now has a rapidly growing market for direct-to-consumer body scanning. Providers offer packages combining ultra-low-dose CT, full-body MRI, DEXA scans, blood biomarkers, and AI-generated health scores – all without a clinical referral, all marketed to urban professionals who want to know if something is wrong before a health calamity hits. The incentive structure is not to keep you healthy and out of the system. It is to bring you into a parallel one, charge you at the door, and generate findings that justify further investigation.

The metric these companies report is the number of abnormalities identified – not disease states confirmed, not findings that were clinically actionable, not conditions that required treatment. No company publishes outcome data showing their customers live longer. Yet all are growing rapidly.

The public conspiracy theory gets the incentives wrong in another way, too. When a scan returns an ambiguous finding – a nodule, a cyst, or a vascular irregularity, say – the patient does not stay home. They see specialists, undergo follow-up imaging, possibly biopsies, occasionally surgery. Every step generates clinical revenue. The scanning industry does not threaten the treatment economy; it feeds it.

What the evidence says

Earlier this month, two radiologists from leading American universities published an editorial in *JAMA* making the profession's collective unease plain. Elective whole-body MRI screening lacks evidence of mortality or quality-of-life benefit and may cause harm through overdiagnosis, unnecessary procedures, and psychological distress. No major medical society recommends it for the general population.

But despite a similar warning three years prior, the commercial sector has only grown. Roughly three in ten people who undergo these scans will require follow-ups, most of which will resolve in a finding that needs no treatment.

Patients who enter the scanner feeling well leave feeling like patients, anchored to findings of uncertain significance that may shadow them for years. In effect, the scan has not caught a disease. It has manufactured a worry. This is the paradox at the heart of the industry.

Medicine has always known that oversimplification provides only temporary relief. It does not resolve



India now has a rapidly growing market for direct-to-consumer body scanning. Representative image. ACCURAI/UNSPASH

uncertainty. Anxiety rooted in the complexity of the body cannot be treated with a protocol that flattens that complexity into a single report.

Double-edged sword

The standard criticism of whole-body scanning is overdiagnosis, i.e. detecting conditions that would never have caused harm. But there is an opposite failure as well. Covering the entire body in a clinically acceptable scan time requires compromises. Sequences are chosen for breath, not precision. A dedicated brain MRI with sequences tuned for cerebral arteries is a fundamentally different investigation from the neurological portion of a whole-body scan. One is optimised for what it is looking at. The other is optimised for coverage.

There is currently an active malpractice case in which a patient received a clean whole-body MRI report and suffered a deadly stroke months later. Independent neurologists have alleged that significant narrowing of a major cerebral artery was present but undocumented – i.e. it was treatable but the scan had missed it. The defendants deny the allegations. Whatever the case's legal outcome, it raises a question the industry has not answered: when a whole-body scan tells you nothing is wrong, what exactly has been excluded, and with what confidence?

Any test's usefulness depends almost entirely on whom it is applied to. A test

that is 95% sensitive and 95% specific applied to a population of 10,000, where true disease prevalence is 1%, will generate roughly five false positives for every genuine finding. This is the pre-test probability: the likelihood that disease is present before any test is ordered, estimated from symptoms, history, and risk factors. In a healthy, self-selected population, that probability is lower for nearly everything the scanner is looking for. An industry built on scanning the well is, by definition, built on this gap.

Overdiagnosis trap

There is a third failure: finding conditions that are real, accurately identified, and still best left undiscovered. Not all diseases require treatment. Autopsy studies from Finland found occult papillary thyroid cancers in up to 36% of adults who died of entirely unrelated causes – tumours that would never have surfaced clinically. In South Korea, free-for-service providers began offering thyroid ultrasound as a cheap add-on to government cancer screening visits, though it was never part of official policy.

Thyroid cancer diagnoses rose fifteen-fold between 1993 and 2011. Surgical rates followed. Yet mortality did not budge. Tens of thousands underwent thyroidectomies and acquired lifelong hypothyroidism for a disease that was never going to shorten their lives. The pattern recurs in prostate and kidney cancer. Detecting subclinical disease and

treating it is not always medicine – sometimes it is the harm.

Where the evidence points

The U.S. National Lung Screening Trial showed that annual low-dose CT reduced lung cancer deaths by roughly 20% compared with chest X-ray in a tightly defined population of heavy smokers. The Dutch-Belgian NELSON trial found a similar benefit against no screening at all. Cardiac calcium scoring carries guideline endorsement from major cardiology societies for adults at intermediate cardiovascular risk, where it resolves genuine uncertainty about whether to start statin therapy.

What all these checks share is specificity: a well-defined disease, a well-defined population, and a protocol built to answer a particular clinical question.

Scanning everyone for everything simultaneously answers no question well. The doctors raising concerns are not protecting a treatment monopoly. They are asking for the same standard applied to any other medical intervention: evidence that the thing being sold actually conflicts of interest. It's the job. (Narayana Subramaniam is Lead Consultant, Head and Neck Surgery and Oncology, Aster Hospitals, and Adjunct Faculty, Indian Institute of Science, Bengaluru. narayana.subramaniam@gmail.com)



During an oxidation reaction, oxygen molecules must split up into atoms. Gold struggles to make this happen. JINGMING PAN/UNSPASH

Why does gold never rust? Its surface may have the clue

Vasudevan Mukunth

Gold is one of the least reactive metals. It neither rusts like iron nor tarnishes like silver. In fact, this property has made gold the symbol of permanence worldwide. At the same time, chemists have used gold as a catalyst, including in reactions that involve oxygen. But if gold can accelerate oxidation reactions, why does it not react with oxygen to rust? In a new study in *Physical Review Letters*, Santu Biswas and Matthew Montemore of Tulane University in the U.S. have an answer: its surface.

When an oxidation reaction begins, oxygen molecules must split up into atoms. Gold struggles to make this happen. The researchers examined gold surfaces with two different arrangements of atoms, called Au(100) and Au(110). Normally, these surfaces are not flat because their outermost atoms rearrange themselves into more densely packed roughly hexagonal patterns in a process called surface reconstruction.

Chemists have used gold as a catalyst for reactions involving oxygen, yet it is unable to react with the gas to oxidise and rust

They do this because the new arrangement has lower surface energy, which is desirable. (In water, the surface molecules have more energy than in the bulk. This undesirable situation is the source of surface tension.) The researchers wanted to know if this process was responsible for gold's shyness with oxygen. They used density functional theory, a well-known computational method to simulate how atoms and electrons behave, comparing unreconstructed gold surfaces to reconstructed ones. They also estimated the amount of energy an oxygen molecule would need to split apart after being adsorbed to a gold surface. They found that before reconstruction, Au(100) and Au(110) both had a rectangular arrangement of atoms. On these surfaces, the oxygen molecule's dissociation energy was 0.65-0.74 electron-volt (eV, a small unit of energy suitable for atomic settings). But once the surface had reconstructed, the dissociation energy rose well beyond 1 eV.

Further, kinetic modelling suggested that unreconstructed Au(110) had a surface oxygen coverage of 0.4 monolayers within 10 seconds in ambient conditions while a reconstructed surface achieved a small fraction of that over the same period.

Even when the researchers changed the assumptions in the model, reconstruction still suppressed oxidation by roughly nine to 12 orders of magnitude. Mr. Biswas and Mr. Montemore traced these significant effects of reconstruction to the atoms' geometry. When an oxygen molecule breaks apart on a surface with a hexagonal grid of atoms, the gold atoms need to move significantly to accommodate the new bonding arrangements. But they can't move – not with what energy they have anyway – which keeps the oxygen molecule from dissociating. The reported finding could change scientists' understanding of why gold does not react with oxygen. The noble gases are called so because their atoms have a very stable configuration of electrons, and they are disinclined to form bonds with other atoms or molecules without receiving a lot of energy. In gold, the structural arrangement of its atoms in a solid also plays a role. According to Mr. Biswas and Mr. Montemore, their findings may point to a new strategy to design gold catalysts. If researchers can stabilise square or rectangular surface geometries, they may be able to make gold much more reactive in oxidation reactions.

THE SCIENCE QUIZ

Holiday spots for the really, really brave

Vasudevan Mukunth

QUESTION 1

The world's longest unobstructed sea route that happens in a straight line goes from a point off the coast of Pakistan to the X Gulf in Arctic Russia, spanning around 32,000 km. A ship could theoretically sail it in a straight line (accounting for the earth's curvature) without making a single turn. Name X.

QUESTION 2

Name the point on land that is farthest from any ocean coastline. It falls in Xinjiang, China, near the city of Ürümqi, roughly 2,645 km from the nearest sea. In the most literal sense, it is the most landlocked place on the earth: the shortest distance from here to the sea entails a two-month walk.

QUESTION 3

Island is frequently cited as the most remote island on the earth. A Norwegian territory in the South Atlantic, it sits roughly

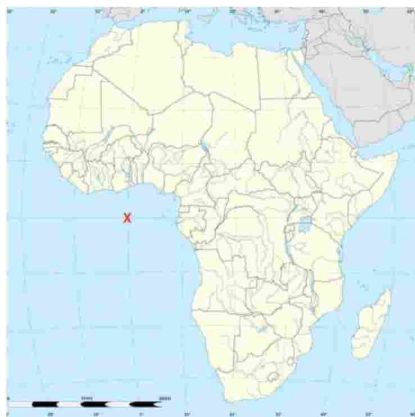
1,700 km from Queen Maud Land in Antarctica and 2,500 km from the tip of South Africa. It has no permanent population. Fill in the blank.

QUESTION 4

The Y Channel is the name of a horizontal layer in the ocean around 700-1,000 m deep where the combined effect of temperature and pressure creates a zone where sound has a minimum velocity. Sound can flow in this channel with almost no loss, theoretically capable of travelling thousands of kilometres. The U.S. Navy has used it covertly to track submarines. Name Y.

QUESTION 5

What is the name of the equator describing the belt of highest mean surface temperature on the earth's surface? It runs around 5-10° north of the geographic equator. This equator exists because the Northern Hemisphere has more landmass, which heats more intensely than oceans.



Visual: Name the imaginary island located at the spot marked 'X' on this map. It is the point at which the prime meridian and the equator intersect, and plays an important role in assessing the quality of geographic data. ERIC GABA (CC BY SA)

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

Answers to May 21 quiz:

- Condition due to parasitic worms blocking lymphatic system – **Ans: Elephantiasis**
 - Disease inflicting facial wounds resembling the gnawing of a wolf – **Ans: Lupus**
 - Bone changes caused by Paget's disease, resembling a lion's features – **Ans: Leontiasis ossea**
 - Stubborn variant of alopecia areata causing patchy hair loss – **Ans: Ophiasis**
 - Condition when fingers and toes are highly flexible – **Ans: Arachnodactyly**
- Visual: **Ichthyosis**

First contact:

K.N. Viswanathan | Tamal Biswas | Prem Nath Tiwari | Pankaj Gharde | Prem Raj P.

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

No marks

CBSE online evaluation fiasco, deeply unfortunate

The CBSE's shift to digital evaluation of answer sheets has turned out to be a profound debacle. The on-screen marking (OSM) system, used for the first time, has been badly shown up — with complaints of poorly scanned answer sheets, mismatched roll numbers, missing supplementary sheets and an ethical hacker's claims that he could easily have broken into the system and tampered with anyone's marks, if he wanted.



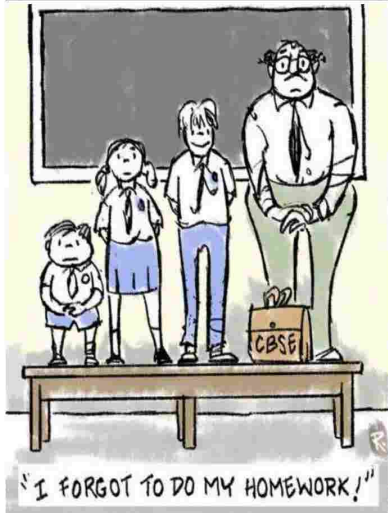
First, it is important to underscore that two million students and their wards have been put through untold trauma, for which immediate steps need to be taken. Even as a committee comprising faculty of IIT Madras and IIT Kanpur looks into how OSM unravelled, it would perhaps be best for the CBSE to proceed with traditional offline reevaluation of answer sheets. A delay by, say, a month or more is unfortunate, but students would at least be left with a feeling that the result was derived through a familiar process, rather than one whose flaws needed fixing. As with the NEET exam leak, the CBSE fiasco throws up grave questions of accountability and credibility in the examination system. Besides taking remedial steps, accountability should extend to the highest levels.

OSM was expected to ensure efficient checking of answer sheets, so that their transportation to those meant to check them can be avoided. It allows students to see how they have been evaluated. Indeed, it is hard to argue against OSM if it is carried out properly. But it breaks down entirely, if even a few roll numbers are mixed up or answer sheets are not properly scanned. The committee members have said that they will examine the possibility of a cyber attack, or the website collapsing under excessive traffic. But it seems that the OSM software was flawed to begin with. The ethical hacker has claimed that he could access the innards of the portal, because a master password that could bypass authentication was hardwired into the code. It is appalling that a master password is embedded into the software. Developers tend to do it temporarily, when building a system. But to take the system live without removing these backdoors smacks of gross negligence.

The vendor, Coempt EduTech, involved in the OSM system, is in the eye of the storm. In its earlier avatar as Globarena Technologies, it had faced allegations of discrepancies in the Telangana Board's Intermediate exams in 2019. The selection of this vendor raises eyebrows. It is inexplicable that the system was deployed without adequate testing. Teachers were allowed to experience the system in February, but many came away hoping the system would not go live this year. The ethical hacker's claims — that his alerts issued three months back weren't fully addressed — smacks of apathy. CBSE's response that the hacker accessed only the 'test portal' is reactive and disappointing. The CBSE should take a year or two to conduct extensive 'dry runs' and then redeploy the system. Above all, it must win back the trust reposed in it by millions.

POCKET

RAVIKANTH



Meet the FPIs leading the sell-off

Analysis of granular data on FPIs shows that unregulated entities from tax havens have sold more than long-term investors

POINT BLANK.



LOKESHWARRI SK

The selling spree by foreign portfolio investors is getting even the most detached market observer worried. FPIs have sold around ₹2.26 lakh crore of Indian equity in 2026, following net sales of ₹1.66 lakh crore in 2025. They have been in exit mode since September 2024, when they decided to plough more money into Chinese equity and sell Indian stocks which were trading at considerable valuation premium to most other markets.

So, should you start panicking? No. Because it is wrong to paint all foreign portfolio investors with the same brush. There were 12,199 FPIs registered with SEBI towards the end of last fiscal year. These investors come from different countries and have varying investment objectives, ranging from speculative short-term trading to long-term investments. They could be foreign central banks, sovereign wealth funds, pension funds, hedge funds, portfolio management services and other alternate investment vehicles.

A businessline analysis of the category-wise and country-wise assets of FPIs shows that the regulated funds from regions such as the US have sold only a small part of their holding in this spell. But unregulated FPIs from tax havens such as Luxembourg and Mauritius have seen a larger reduction in their assets.

This spells good news because the speculative hot money, which comes through tax havens, is quite whimsical and can change direction quite fast.

COUNTRY-WISE DATA

The country which originates the largest share of FPI investments into India currently is the US, accounting for 43 per cent share of FPI assets or ₹30.07 lakh crore in April 2026. With approximately half of global investible funds originating from the US, it is not

FPIs from tax havens cut back

Country-wise FPI equity assets under custody (in ₹ crore)

	Sep-24	April-26	% change
US	33,34,365	30,07,912	-9.8
Singapore	5,81,562	4,14,050	-28.8
Luxembourg	5,75,910	4,85,837	-15.6
Ireland	4,64,947	4,59,884	-1.1
Mauritius	3,71,466	2,76,176	-25.7
UK	3,91,306	3,02,216	-22.8
Norway	2,80,562	2,68,811	-4.2
Canada	2,33,150	1,98,847	-14.7
Japan	1,98,255	2,00,843	1.3
France	1,37,530	1,43,302	4.2

Source: NSDL

surprising that this trend reflects in India too.

The assets of these investors have recorded a decline of only 10 per cent since September 2024. Since the Nifty50 is down around 8 per cent between September 2024 and April 2026, the decline in FPI assets could partly be due to reduction in stock prices.

If the valuation losses were excluded, these investors are likely to have pulled out only 2 per cent of their holdings. This is a good sign since investors from the US are likely to be dominated by large mutual funds, pension funds, university funds and exchange traded funds. These investors would typically have a longer-term investment horizon.

The countries which follow the US are offshore financial centres or tax havens such as Singapore (7.5 per cent share of FPI assets), Luxembourg (7.4 per cent), Ireland (6 per cent) and Mauritius (4.8 per cent).

FPIs have been pulling out money due to funds being allocated to AI stocks in Taiwan, South Korea, etc., the high valuation in Indian equity markets and the rupee depreciation

These countries have seen a larger reduction in FPI assets with Singapore and Mauritius recording more than 25 per cent reduction. It is established that hedge funds and other short-term investors who prefer to switch their investments faster operate out of OFCs (offshore financial centres) for ease of operations.

FPIs from Norway, dominated by Norway's sovereign wealth fund, recorded a decline of just 4.2 per cent in their assets in this period. This would largely be accounted for by the fall in stock prices.

Investors from Japan and France are at the other end of the spectrum, recording an increase in their assets, albeit marginal.

CATEGORY-WISE DATA
Data disseminated by SEBI on assets held by each FPI category also reiterates the trend that FPIs with a long-term horizon are not selling too much of their holding. The largest category of FPIs, holding 57.5 per cent of total assets, are 'appropriately regulated funds'. Large mutual funds, ETFs, insurance funds, etc., operating out of the US, Europe and other large countries would fall in this category. This category has seen assets reduce by 11 per cent between September 2024 and April 2026 to ₹39 lakh crore. As mentioned above, around 8 per cent of the decline could be due to stock price correction, implying that

Unregulated FPIs reduce holdings

Category-wise FPI equity assets under custody (in ₹ crore)

	Sep-24	April-26	% change
Appropriately Regulated Fund	43,84,713	39,06,603	-10.9
Pension Fund	6,73,270	6,85,988	1.9
Sovereign Wealth Fund	5,33,025	4,70,824	-11.7
50% controlled or at least 75% owned by Government	5,28,957	4,11,940	-22.1
Unregulated fund whose investment manager is Category I FPI	4,98,124	3,86,242	-22.5
Unregulated fund - Limited Partnership / Trust	1,69,319	1,79,751	6.2

they have reduced their holding by only around 3 per cent in this bout of selling. Sovereign wealth funds have also witnessed only 11.7 per cent reduction in their assets.

These large institutional investors are unlikely to sell in a big way since they have been investing in Indian equities since early 1990s and would be holding large profitable positions. If they sell aggressively, bringing down prices sharply, they would be harming the value of rest of their Indian equity portfolio. The second largest category of FPIs — pension funds — who hold 10 per cent of FPI assets have, in fact, recorded an increase of ₹12,718 crore in their assets, amounting to 1.9 per cent gain in this period.

Categories where the decline is more than 20 per cent include unregulated funds whose investment manager is category I FPI, funds not eligible to register as category I FPI, central banks and investment advisors. Central banks registered as FPIs with India include the People's Bank of China, Monetary Authority of Singapore, Saudi Central Bank, European Central Bank and Bank of Malaysia.

In sum, FPIs have been selling due to funds being allocated to AI stocks in Taiwan, South Korea, etc., the high valuation here and the rupee depreciation. But since the selling appears led by short-term speculative funds, the tide could turn soon

Nehru's science and tech vision can't be forgotten

India must invest its finest minds and resources in lifting itself up, rather than anchoring the progress of other countries

Uday Balakrishnan

Sixty-two years after Nehru's death on May 27, 1964, his choices are now frequently subjected to harsh retrospective criticism by the BJP. Yet one reality transcends partisan argument. Whether landing a rover on the moon or developing a strategic nuclear deterrent, India is still riding on a Nehruvian vision rooted in a belief in the transformational impact of science and technology on the country.

In an impoverished and newly independent republic, Nehru chose to invest scarce resources in building foundational institutions such as the IITs, AIIMS, and the National Institute of Design, among several others. He placed great emphasis on fundamental scientific research, effectively laying the groundwork for India's atomic and space programmes.

Equally important were the public sector enterprises he established, including HMT, BEML, BEL, IIT, and Hindustan Shipyard. These were conceived as the industrial engines of national transformation. Nehru's core assumption was that a country investing public capital into building robust industrial capability and elite technical manpower would inevitably propel itself into prosperous modernity.

The tragedy lies in what followed. Instead of scaling these foundations into globally competitive industrial ecosystems, successive governments

allowed most of them to weaken through administrative inertia, political interference, and unconscionable drift. India did not fail to live up to its promise because of Nehru, but due to a subversion of his vision that was yielding dividends even during his lifetime.

The contrast with the rest of Asia is telling. Japan built Toyota and Sony into global industrial icons. South Korea transformed itself from post-war devastation into the world's largest shipbuilder.

Taiwan achieved semiconductor dominance, while China moved from low-cost assembly to nurturing technological giants such as BYD, Huawei, and Xiaomi.

Comparison with India is sobering. In the Nehru era, Hindustan Shipyard was already building ships when South Korea was not. Likewise, Brazi went on to build Embraer into a globally competitive commercial aircraft manufacturer long after India had an established domestic aircraft industry.

DEPLOY TALENT AT HOME

This distortion is visible in how India measures economic achievement. A country of India's scale should not be benchmarking its success against capital sent home by expatriate labour, placing itself alongside labour-exporting economies such as Pakistan, Egypt, and the Philippines.

The Nehruvian ambition was never for India to become the world's most successful supplier of talent to other



FOCUS AREA. Nehru placed emphasis on fundamental scientific research

countries, but to build an economy capable of absorbing and deploying that talent at home.

Today, India hosts over 2,100 Global Capability Centres employing 2.3 million engineers. They design advanced semiconductors and train frontier artificial intelligence systems yet the ownership of the intellectual property and the compounding economic returns remain with foreign corporations.

India celebrates roughly \$120 billion in annual remittance inflows, but this is trivial compared to the wealth those same engineers generate for some of the world's most valuable firms — from Microsoft, Alphabet, and Adobe to Amazon, Apple, Nvidia, and Meta — whose combined market value exceeds \$15 trillion. No dispassionate observer can ignore the scale of Indian contribution to the creation of such value through leadership, engineering,

design, and wealth-creation.

In the Gulf, the comparison is equally startling. Around 3.5 million Indians in the UAE have been central to building its infrastructure, logistics, healthcare, retail, and financial services economy worth hundreds of billions. Against such numbers, remittances are not an economic triumph but a minuscule residual return on wealth substantially created by Indians yet retained by foreign entities.

IMPORT DEPENDENCE

The cost of this strategic drift is clear in India's massive import dependence. The country's Rafale acquisition cost roughly ₹7.8 billion, and the S-400 air defence system purchase exceeded \$5 billion. Concurrently, India imports tens of billions annually in semiconductors, electronic components, and high-value consumer electronics. The irony is difficult to miss. India spends precious foreign exchange buying highly engineered products that Indians are often helping design abroad, because domestic industrial ecosystems were never built to retain and deploy them at scale.

India still has an opportunity to fulfil the original Nehruvian vision by investing its finest minds and resources in lifting itself up, rather than anchoring the progress of other countries.

The writer, formerly of the IISc, has taught public policy and contemporary history at IISc, Bengaluru, for over a decade

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, Kasturji Buildings, 859-860, Anna Sala, Chennai 600002.

Not neutrality threatened

Apropos 'Net ambiguity' (May 27), Bharti Airtel's commercial launch of its 'Priority Postpaid' plans marks a turbulent turning point for India's digital ecosystem. By utilising 5G network slicing to partition bandwidth, the telecom giant is creating an exclusive 'fast lane' that guarantees consistent speeds for premium, high-paying subscribers even during peak congestion. While operators defend the move as a content-neutral technology necessary to monetise 5G networks, it establishes a troubling precedent of class-based discrimination on the open internet.

Over 90 per cent of India's mobile base relies on budget-friendly prepaid connections. Consigning these users to an artificially throttled

or degraded network layer effectively fractures equal internet access.

Regulatory authorities must therefore vigilantly ensure that innovation in telecommunications infrastructure does not legitimize discriminatory access or dilute the foundational principles of digital equity.

N Sadasiva Reddy
Bengaluru

Ease burden on NPOs

This refers to 'SSE: A vital cog in the CSR chain' (May 27). The article rightly highlights the promise of the Social Stock Exchange, but the crushing compliance burden on non-profit organisations (NPOs) needs equal attention. They juggle Income Tax rules, NGO DARPAN

Portal, FCNR provisions, ROC filings, and District Registrar requirements, often without trained compliance or HR teams. This paperwork maze discourages capable philanthropists from serving as Presidents, Secretaries or Trustees.

Governments must create a single-window compliance system and offer a one-time amnesty for pending defaults, so genuine NPOs can focus on impact, not endless filings.

Arul Mozhi Varman
Sivakasi, TN

Road to Viksit Bharat?

This refers to 'Gitches, hack claims put CBSE exam portal under the scanner' (May 27). While efforts are on to understand what really happened with the help of expert

academicians, the broader issue is one of inadequate planning, shoddy execution, and indifferent governance.

While the nation is making big strides in areas like defence equipment manufacturing, hi-speed railways, and aerospace, installing much pride in citizens, the basics are being ignored.

See the quality of our city roads and public works. Recently, pillars of a 10-year-old bridge gave way in eastern India.

We read multiple reports about fires in rail coaches, in public buildings (including hospitals) almost every day. And what about traffic jams in our cities. All these indicate non-respect for quality standards, flagrant violation of laws, and near-zero enforcement.

This must change if we are to get to be Viksit Bharat soon.

V Vijaykumar
Pune

Save our planet

There have been various reports of heatwaves across Asia. Some years back, a school of whales were stranded and died on the Tiruchendur beach in Tuticorin, Tamil Nadu. Various reasons like climate change were cited for that unfortunate incident. Phenomena like El Niño and La Niña are nothing but the result of global warming.

Countries should come together to tackle emissions which are the root cause for erratic rainfall patterns and climate change.

Senthil Saravana Durai
Mumbai

Last Day To Join Private Channel. **Closing entry for new members Now.**

◆ Indian Newspaper

- 1) Times of India
 - 2) The Hindu
 - 3) Business line
 - 4) The Indian Express
 - 5) Economic Times
- And more Newspapers

◆ International Newspapers channel

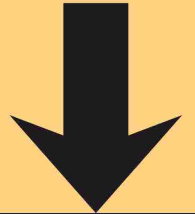
[European, American, Gulf & Asia]

◆ Magazine Channel

National & International
[General & Exam related]

◆ English Editorials

[National + International Editorials]



Click here
to join

◆ Lifetime validity at just 19 Rupees 

Trust me... this will be your best purchase of 2026

A season for fraud?

Economic shock and corporate fraud are linked

Chandrasen Kumar

The war on Iran by US and Israel have induced market volatility and impacted economic growth. This impacts businesses, leading to decline in investors' confidence — serving as a fertile ground for financial statement frauds.

A research based on Covid-19 induced economic stress by Arum et al (2023) has established a significant increase in the risk of financial statement frauds. Another study using firm-level data of Chinese listed companies by Shun et al (2025) has shown that reporting misconduct rises with market volatility.

Firms with high leverage are more likely to manipulate accounting information. Similarly, volatility in markets increases uncertainty and financing constraints. When faced with bleak economic headwinds, they fail to meet earning expectations, service debt, and maintain valuations. As a result, the temptation to manipulate accounts rises. Besides, in volatile markets, non-state owned entities are more prone to indulge in fraudulent reporting. Though the study on Chinese firms has shown that susceptibility increases if the external auditors hired by them are not prestigious 'big four', historically even they have failed to detect and report major frauds across the globe.

Moreover, entities with weak corporate governance and lack of external oversight are susceptible to manipulation. When faced with bleak economic headwinds, they fail to meet earning expectations, service debt, and maintain valuations. As a result, the temptation to manipulate accounts rises. Besides, in volatile markets, non-state owned entities are more prone to indulge in fraudulent reporting. Though the study on Chinese firms has shown that susceptibility increases if the external auditors hired by them are not prestigious 'big four', historically even they have failed to detect and report major frauds across the globe.

AUDIT FAILURES Among the 'big four', Ernst & Young (EY) had failed to report the hidden debts of billions of dollars in debt engineered through accounting juggling to classify borrowings as sales through "Repo 105" resulting in one of the biggest bankruptcy in the world in 2008. Back home in India, PricewaterhouseCoopers (PwC) had failed to verify fictitious cash and bank balances, fake invoices, ghost employees to siphon off salaries, and whistle-blowers concerns in the case of Satyam Computers Services in 2009.

Some major reason for frauds in non-state owned entities can be attributed to the non-fulfilment of responsibilities by various auditors, insider trading and resource diversion. Back in 2005,



AUDIT LAPSES. Causing concern

Newman, Patterson and Smith, while examining the role of auditing and investor protection, had shown that markets with relatively greater penalties for audit failure, and greater insider penalties for detected resource diversion have higher total investment levels. In most of the matured economies and markets, legislations and policies seem to confer much of the responsibilities to auditors for accurate financial representations.

In India, financial regulatory paradigm is mainly managed by National Financial Regulatory Authority (NFRA), Reserve Bank of India (RBI), and Securities Exchange Board of India (SEBI). Among them, NFRA is the most recently established (2018) independent regulator for the auditing profession. Since its inception, it has passed several important orders involving high profile auditing failures against big listed entities levying monetary penalties on auditors and debarment from practice. It has also taken several new initiatives in the last two years such as AI-powered Financial Reporting Compliance.

Similarly, RBI has also taken proactive steps like setting up early warning system frameworks in core banking systems, compulsory reporting by banks on frauds occurring in non-regulated group entities, improved audit quality of public sector banks. SEBI has launched its new SEBI (Stock Brokers) Regulations, 2026 to move from reactive supervision to proactive prevention, enhanced by AI.

The Supreme Court in a recent judgment in February 2026 has ruled that serious financial frauds destroy the well-being and quality of life. It is hoped that the regulatory framework for preventing financial and corporate frauds would remain vigilant to safeguard the financial and business ecosystem.

The writer is a public policy analyst and works with FCI. Views expressed are personal

IBC needs an institutional boost

PARADIGM SHIFT. Stress resolution shifted from paternalistic rehabilitation to market-driven resolution



In May 2024, the Finance Minister observed that the Insolvency and Bankruptcy Code, 2016 (IBC) resolved in seven years as many cases as the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) did in three decades. The remark subtly reframed the discourse towards comparing like with like.

For years, critics often juxtaposed the IBC with the Recovery of Debts and Bankruptcy Act, 1993, or the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. Such comparisons were always inapt. Those statutes are, by design, recovery mechanisms; under the IBC, however, recovery is incidental to resolution. Paradoxically, even on recovery metrics, the IBC has consistently outperformed these specialised recovery tools.

Therefore, a temporal and consequential comparison between the IBC and the SICA regime is both logical and necessary. Both seek to address corporate distress, but through diametrically opposed institutional designs and economic philosophies. As the IBC approaches a decade of operation, it is imperative to evaluate not merely the letter of the law but the distinct economic cultures they birthed.

THE SICA YEARS India was ahead of its time when it enacted SICA in 1985 to address business failure, years before economic liberalisation in 1991 permitted freedom to establish and operate businesses. SICA emerged from the constitutional and economic ethos of the command-and-control era. It was enacted in the public interest and to advance the Directive Principles under Article 39 of the Constitution. The state assumed a paternalistic responsibility not merely to identify sick industrial companies, but also to rehabilitate them through financial infusions, concessions, and institutional support.

SICA effectively pathologised insolvency. Distressed companies became 'sick' companies, requiring 'rehabilitation'. This language tapped into a deep-seated cultural instinct of *karz*, which often generated undue sympathy for the promoter rather than concern for capital. The Board for Industrial and Financial Reconstruction (BIFR) functioned as a prolonged care ward where promoters checked in their distressed companies, often for years.



GAME CHANGER. The IBC has scored both on recovery rates and resolution time lines

Unfortunately, BIFR possessed neither the capacity nor the incentive to provide viable solutions to business distress.

Throughout this extended hospitalisation, promoters remained in control, while creditors waited outside, with little influence over diagnosis or treatment. As the late Finance Minister Arun Jaitley famously noted, SICA effectively placed debtors behind an iron curtain, shielding them indefinitely from creditor action. This was rooted not in economic logic, but in a regime where displacement of promoters appeared punitive.

RECONCEPTUALISING DEFAULT The IBC reconceptualised stress, reflected through default, not as a moral failing, but as a neutral economic event. A company in default is simply a collection of assets trapped in an arrangement that no longer works. Consequently, the inquiry shifted from who deserves sympathy to who can deploy those assets most productively.

Modern markets are volatile, technology may become obsolete, expansion may turn reckless, or managerial ability may prove inadequate. The IBC is largely indifferent to the reason for failure. If a promoter fails, the law seeks to place the enterprise in the right hands, from anywhere in the world, to preserve its economic value. If no such value exists, the assets must be released through liquidation for alternative and more efficient uses. This operates on a fundamental contractual premise: A limited liability company is essentially a

The IBC is indifferent to the reason for business failure. If a promoter fails, the law seeks to place the enterprise in the right hands to preserve its economic value

contract between equity and debt. As long as debt obligations are honoured, equity owners retain control and creditors have no say in the business. Upon default, however, the Code permits corporate insolvency resolution process (CIRP), which displaces the promoters and transfers control to creditors.

At that stage, the enterprise's residual value effectively belongs to creditors. They, rather than the state or the promoter, determine the company's fate. Their commercial wisdom enjoys primacy and remains largely immune from judicial second-guessing.

Section 29A provides teeth to the separation between the enterprise and promoter. It prevents defaulting promoters from regaining control of their companies through the CIRP at distressed valuations. The principle is simple: genuine business failure may be tolerated, but strategic default must never be rewarded. A different statutory scheme inevitably produced vastly different outcomes. The SICA regime failed to resolve corporate distress efficiently, contributing to the twin balance sheet syndrome (TBS), which impaired both corporate and bank balance sheets. The IBC, by contrast, helped resolve this overhang and restore credit discipline. Gross non-performing assets (NPAs) of scheduled commercial banks, which peaked at 14.8 per cent in 2018, declined to around 2.2 per cent by 2025.

THE SUCCESS STORY The improvement is visible in both recovery rates and resolution timelines. The World Bank's Ease of Doing Business indicators captured this shift, with India's ranking in resolving insolvency improving from 136 to 52 within three years of the IBC. Importantly, firms resolved under the IBC demonstrated renewed operational viability: within five years of resolution, average sales and capex doubled, asset turnover more than doubled, profitability ratios converged with

TABLE 1

Stress resolution scheme		
Parameter	SICA	IBC
Foundation	Constitution	Contract
Objective	Public interest	Market efficiency
Stress	Moral concern	Economic event
Authority	State	Creditors
Asset Control	Debtor	Creditors
Resolution Agent	Promoters	Markets
Outcome	Rehabilitation	Resolution

TABLE 2

Stress resolution outcomes		
Parameter	SICA	IBC
Recovery (%)*	26	72
Time (years)*	4.3	1.6
NPA (%)	14.8	2.2
TBS	Entrenched	Resolved
Post-resolution health	Untracked	Enhanced
Shadow resolutions	Negligible	Massive

TBS - Twin balance sheet
*Improvement in the first three years

industry benchmarks, and market capitalisation tripled.

Perhaps the IBC's greatest success lies in resolutions in its shadow. The credible threat of losing one's empire has fundamentally altered promoter behaviour. Tens of thousands of debtors have resolved after the filing of insolvency applications but before admission. Many more resolve even before an application is filed. This behavioural discipline was entirely absent under SICA.

The contrast between pre-IBC and post-IBC regimes is unmistakable. However, the IBC continues to face institutional and structural constraints. The Supreme Court recently noted that nearly 400 resolution plans are pending approval, with some delays extending to four years.

Unless such bottlenecks, which are preventing the IBC from realising its full potential, are addressed, we risk eroding the efficiency gains that distinguish the IBC from its predecessor. As IBC enters the next decade, the priority must be to strengthen the institutional foundations, ensuring that the iron curtain of the past never returns to shield inefficiency.

Sahoo is an Emeritus Fellow of the Insolvency Law Academy. Pandey is Director, Post Graduate Insolvency Programme at National Law University Delhi

thehindubusinessline.

TWENTY YEARS AGO TODAY.

May 28, 2006

Oil sector officers to go on strike from May 31

Flights from various parts of the country may not be able to take off if the oil sector officers play out their threat of going on an indefinite strike from May 31, which would result in a serious disruption of supplies of aviation fuel. With negotiations on revising salaries having failed, around 45,000 members of the Oil Sector Officers' Association (OSOA) have announced their intention to go on indefinite strike from the early hours (6 a.m.) of Wednesday.

Research must help raise farm yield: PM

Outlining a seven-point strategy for realising the second green revolution, the Prime Minister, Dr Manmohan Singh, today said the benefits of research must reach farmers for improving yield and enhancing production.

Indian cos turn global turnaround specialists

Domestic companies are making their mark as turnaround specialists across the globe, with a host of manufacturing sector firms successfully buying out loss-making companies abroad at throwaway prices with the aim of getting them back on track. The underlying strategy behind the move is to gain easier access to restricted markets like the US and the EU using the target company as a foothold.

A high point in judicial history

RK Raghavan

The Supreme Court recently raised the bar for judicial probity in striking down one of the Court's own past decisions on the scope of discretion it enjoyed while handing bail applications.

The beneficiary of its benevolence was Umar Khalid, a former JNU student and one of the accused in a narco-terrorism case and thereafter the Delhi riots (2020) case in which he was charged under the Unlawful Activities Prevention Act (UAPA).

He was in judicial custody for five years although his five other co-accused were released on bail in January. While dismissing his bail application, an earlier bench of the court had considered his role in the conspiracy much more crucial than the other accused, and therefore he had to

remain in custody. The current bench differed from the predecessor as in its opinion the sanctity of Justice VR Krishna Iyer's dictum 'Bail is the rule and jail is an exception' could not under any circumstance be violated. This applied even to UAPA cases. Hence Khalid's release has been ordered.

The apex court's humanity and judicial flexibility need to be complimented. The SC decision enhances our belief that we are in safe hands as far as personal liberty is concerned. Our judges at every level need to be compassionate rather than just be brutalist.

SYSTEMIC SHORTCOMINGS Having sung the praise of our judges it will also be appropriate to point out certain shortcomings in the system at lower levels, especially in respect of grant of bail. There are a number of



SC. Safeguarding individual liberty

under-trial prisoners who are incarcerated for far too long. There was a brilliant and exhaustive report decades ago, by KP Rustamji, former DG Border Security Force, that highlighted the plight of such prisoners who were languishing in jails. His report showed how we were cruelly locking up illiterate or semi-literate prisoners who could not afford the money required to move courts for relief. Mind you, all of them were not hardened criminals. Many were guilty

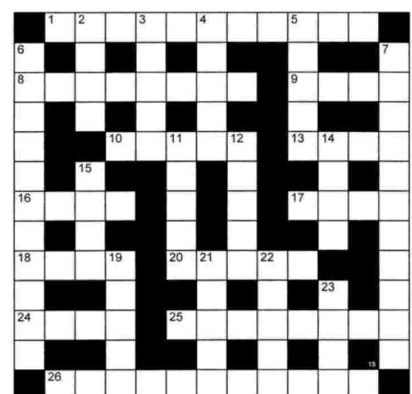
of much less transgression of the law but were simply unlucky to have been hauled up by guardians of law. The situation has improved slightly, but only slightly, with the drive for speedy trials. The magnitude of the problem remains critical.

There is a lot that is unsavoury about bail administration by lower courts. As a result bail decisions smack of a lottery. Some judges consider it as charity rather than grant of a right. Where the petitioner is poor and is also perceived to be ideologically anti-establishment, the prospects of grant of bail on the first instance are dim.

We cannot live with such negative perceptions as the Indian criminal justice system has to be looked upon as fair and credible.

The writer is a former CBI Director

BL TWO-WAY CROSSWORD 2689



EASY

ACROSS

- Personal details (11)
- Formula expressing chemical action (8)
- Prolonged pleasure journey (4)
- Irrational animal (5)
- A moiety (4)
- Secluded retreat (4)
- Mineral powder (4)
- Shapeless mass (4)
- Thespian (5)
- Mind, watch over (4)
- Rapid, of a shooting-star (8)
- Having pictures (book) (11)

DOWN

- Cuckoo-pint (4)
- Handle to one's name (5)
- Irate (5)
- Eighth letter (5)
- Individuality, well-marked character (11)
- Competence through qualification (11)
- Scene of public contest (5)
- Twine together (5)
- Not at home (4)
- Questionnaire (5)
- Foot-control (5)
- To swindle (5)
- Stage work with singers (5)
- Factual (4)

NOT SO EASY

ACROSS

- Details of car trials up for it (11)
- It's on quite a different formula (8)
- Round journey 20 is on in the provinces (4)
- Animal, the finest to have a heart (5)
- His Prince and Falstaff's leader, for a term (4)
- Doesn't get the go-ahead from the corner (4)
- Powder the earliest alchemists used (4)
- Bit of sugar in pill umpire holds (4)
- To him, work may be play (5)
- Look after tour-leader at the finish (4)
- Remarkably rapid time Coe started recording (8)
- With pictures of turtles laid out (11)

DOWN

- It's an odd sort of fly (4)
- Name of book could be honorific (5)
- A hybrid such as St Anthony's (5)
- A chit composed of a single letter (5)
- Only tripe around to show individual character (11)
- Competence of price, if coy about it (11)
- When combat takes place in the square, naturally (5)
- Turn card face-up for Oliver (5)
- It is forthwith out of the place in question (4)
- Class in favour of headmaster (4)
- Of the feet that will get a bike moving (5)
- It is held by spiteful woman to be a two-timer (5)
- He may be grand to be on the musical stage (5)
- Loyal toast rarely upsets European leaders (4)

SOLUTION: BL TWO-WAY CROSSWORD 2688

ACROSS 1. Transept 4. Smut 8. Ant 9. Truce 10. Net 11. Parable 12. Blame 13. Supermarket 17. Focal 18. Achieve 20. Eye 21. Trump 22. Aim 23. Dark 24. Sediment

DOWN 1. Tramps 2. Alter 3. Pause 5. Montage 6. Tottor 7. Membership 9. Tablecloth 14. Unclear 15. Offend 16. Permit 18. Amuse 19. Erase

{ OUR TAKE }

SIR clears a legal hurdle

Legal validity of the exercise has been settled, but battles regarding the right to vote may continue

After the special intensive revision (SIR) was concluded in 13 states and Union Territories, elections conducted in five provinces and 58.6 million names deleted from the rolls, the validity of the controversial exercise has been upheld by the Supreme Court. In ruling that SIR furthered the constitutional imperative of free and fair elections, the apex court handed a major victory to the Election Commission of India (ECI). For the BJP, it can further propel its agenda of reversing demographic change and undocumented migration — though only a minuscule number of such people have been found in SIR till now — and for the Opposition, it represents a setback.

Three aspects merit notice. To begin with, the bench noted that although the right to vote was “a valuable constitutional right”, it was not absolute and can be subjected to reasonable regulatory conditions. This is an important moment, especially against the backdrop of an evolving judicial debate over whether voting rights are purely statutory or enjoy constitutional protection. It is also a reversal of the impulse at the founding moment of India’s democracy, when electoral rolls focused largely on inclusion. Going forward, rightful inclusion and exclusion will likely be in balance in the electoral roll — mirroring the debate on voting rights, migration, and voter suppression in other democracies such as the US.

Two, the ongoing churn in citizenship politics will only intensify. The court found ECI possessed constitutional authority to undertake a “limited enquiry into citizenship” strictly for electoral purposes. Though it noted that any such finding by ECI will not be a final pronouncement on citizenship, the court has directed that persons deleted due to suspicion of being non-citizens must be referred within four weeks to the competent authority under the Citizenship Act, 1955 for adjudication. This has the potential to stoke a deeper churn in citizenship politics at a time rhetoric around the undocumented migrant — actual deportation figures languish in the low thousands — is peaking.

And three, the fate of 2.71 million people disenfranchised by the process in Bengal — a dubious first since independence — still hangs in the balance. For no fault of theirs, these people have been stripped of a right only due to the paucity of time and a face-off between ECI and the then Bengal government. With appellate tribunals not fully functional, securing that right might take years. The legal debate around SIR’s validity has been settled. The moral one, not so much.

Two leaves and nine lives, AIADMK stays in the ring

The AIADMK is a political party with nine lives. Since its formation in 1972, this outfit that traces its roots to the Dravidian Movement has survived splits to stay in the race for office. But that was when Tamil Nadu politics was a Dravidian duopoly. May 2026 is different — politics in the state is undergoing a transformation. Can the AIADMK, weakened by multiple splits, retrieve lost ground and endure?

It all depends on how the senior leadership of the AIADMK responds to the crisis. As per the Tamil Nadu electoral pattern, the party was poised to win the April polls. But voters preferred the political start-up, the Tamilaga Vettri Kazhagam (TVK), whose win recalled the AIADMK’s stunning success in 1977. Five years after it was founded by screen icon MG Ramachandran, Vijay’s stardom recalled MGR’s popularity and like the AIADMK, the TVK too is a non-cadre populist tent. It won because it was successful in attracting the anti-incumbency vote and sections that have historically voted for the AIADMK, for instance, women.

Meanwhile, the prospect of another five years in the Opposition ranks has driven AIADMK MLAs to explore ways to exploit the fractured verdict. First, a section of the party plotted to back the TVK, which lacked a simple majority, while the official bloc reportedly explored ties with arch-rival DMK. Four MLAs have already resigned from the assembly to join the TVK and, presumably, fight bypolls on the whistle symbol.

Just as a meltdown appeared inevitable, the divided AIADMK leadership has agreed to sail together and survive the storm. Obituaries were written for the party when its leader J Jayalalithaa died in 2016, but it survived. Former chief minister Edappadi K Palaniswami steered the ship in choppy waters, but his reluctance to share power with peers is responsible for the party’s current precarity. A revival will depend on whether he can reunite various groups, win the trust of factionists, and prop up the party as a credible opposition.

OPINION

Building a governance framework for AI

The legal framework should have humans at the centre and trust, reliability and accountability as core goals

Should law enable and guide innovation or restrict it to regulate and prevent once innovation has taken place? In the area of emerging technologies, law has often played catch-up. An underlying principle driving this approach has been that regulation should not limit innovation and should step in only when there is evidence of the risk that needs to be addressed. In the rapidly growing area of Artificial Intelligence (AI), where applications are already being deployed across sectors, the regulatory pendulum seems to be oscillating between a consolidated framework such as the EU’s AI Act, China’s stack of topic-specific regulations on algorithms (recommendation, deep synthesis and generative AI) and the US light-touch permissive approach at the federal level, which also bars individual state regulations and emphasises the need for companies to be free to innovate without cumbersome regulation. There is, however, universal acknowledgement that AI development needs to generate trust and accountability.

India’s AI governance guidelines announced in February 2025, in the approach of “innovation over restraint”

as one of its seven surras. The guidelines suggest using existing regulatory frameworks while plugging gaps through amendments in the existing Information Technology Act, 2000. It also suggested the adoption of voluntary measures such as industry codes, technical standards and self-certification as methods for risk mitigation. Since April, however, greater vigilance and perhaps a rethink of domestic legal strategy have been apparent, with the finance minister highlighting the potential risks from AI — a tool with autonomous AI capabilities that can detect, and potentially fix, serious flaws in cyber-systems. Anthropic, the US-based AI research company that developed it, has ruled out its public release, citing potential for risks with its large-scale release. As with any mythical creature, the AI genie may be a force for good in strengthening cyber-defence by detecting and fixing vulnerabilities or a force of evil in the hands of cyber-criminals. The government has held meetings with Anthropic and continues to engage with key stakeholders in India. The restraint shown by Anthropic is laudable, acknowledging risks and having transparent conversations is a welcome sign. But clearly, law cannot depend on enlightened self-interest and self-regulation. Corporate growth is primarily driven by the need for high stock valuations and the need to meet investor expectations for returns.

For a country like India with digitalisation imbued in various aspects of the economy, be it banking, UPI, Aadhaar or Diploicker, risk management is as important as it is to encourage innovation. When AI operates in a regulated environment with sector-specific stewardship, it signals credibility for broader diffusion. A framework for algorithmic governance as implemented in the medical device industry provides some insights, with regulation based on intended use, followed by post-market checks. Regulators, manufacturers and health care providers are required to check and report on the behaviour and evolution of AI-enabled devices. While algorithmic governance of medical devices is far more evolved in the EU and the US, the Central Drugs Standard Control Organisation (CDSCO) in India has started implementing this through the Medical Devices Rules, 2017.

A similar stratified risk approach could be considered across other key sectors such as autonomous air traffic control, autonomous robotic surgery and autonomous drones in warfare. The key determination would be how much to regulate: A chatbot providing customer service may only require a disclosure that it is not a natural person, while using AI for robotic surgery would need greater controls. In either situation, legal accountability rests on the strength of evidence-based assessments. That, however, has not



In India, where digitalisation is imbued in various aspects of the economy, risk management is as important as it is to encourage innovation.

materialised. The first meeting of the UN-led Global Dialogue on AI Governance is scheduled for July 2026. It is primarily a forum for deliberations and possible coordination. The divergence between country positions may not yield a binding international law any time soon. But with technology growing at a rapid pace, it is important to have a coordinated approach at least on basic principles. Innovation needs stability and certainty of governance structures. When AI is held accountable and risks are continuously managed, its use will be based on trust and reliability. That itself will be an impetus for greater adoption of responsible innovation.

For Aristotle, the soul of “myths” was the event or design of a story, and the individual characters were merely incidental to it. Any AI tool, however, needs to have humans as its centre. That is the task for a clear legal framework.

RV Anuradha is Partner, Clarus Law Associates, New Delhi, and Mandira Shah is a Bengaluru-based consultant on digital transformation and data sciences. The views expressed are personal.



What the Nordic media got wrong about India

The embedded symbolism of Swedish fighter jets escorting Prime Minister (PM) Narendra Modi’s plane for landing at Gothenburg on May 17 was hard to miss. This was Modi’s second visit to Sweden, after his maiden one in 2018 for the first-ever India-Nordic Summit. Rajiv Gandhi was the last Indian PM to have visited Sweden, in 1989. The royal had taken place under a cloud: The Bofors arms scandal was unravelling, and the Indian government subsequently blacklisted the Swedish defence company. The contrast with the present atmosphere could hardly be greater.

Gothenburg is Sweden’s industrial capital. And the city’s Indian population, contributing significantly to Sweden’s social and economic life, now exceeds 10,000. The choice of Gothenburg over Stockholm was smart and strategic.

The EU-India Free Trade Agreement, signed in January this year, requires EU Parliamentary and Council approval, and by participating in the European Round Table for Industry at Gothenburg, alongside Swedish Ulf Kristersson and European Commission President Ursula von der Leyen, Modi provided momentum towards ratification.

Both sides avoided discussions on the Russia tension, and how leading international institutions, such as Gothenburg University’s V-Dem (Varieties of Democracy), poorly assess India’s democratic health, instead prioritising trade and investment, technology and innovation. Sweden added further gravitas to this visit, by conferring upon Modi the Royal Order of the Polar Star, its highest honour for a head of government.

Modi’s May 18 visit to Oslo — the first by an Indian PM in over 40 years — marked a significant upgrade in bilateral ties. King Harald V conferred upon Modi the Grand Cross of the Royal Norwegian Order of Merit at a ceremony in the Royal Palace, Norway’s highest civilian honour, recognising his contribution to advancing the bilateral relationship. The Oslo talks focused on green energy, maritime cooperation, trade and investment. Questions about human rights, press freedom, and democratic governance were left outside the room — a notable diplomatic move. Modi also convened the third India-Nordic Summit with the PMs of Denmark, Finland, Iceland, Norway, and Sweden, where, among other outcomes, India received collective Nordic backing for a permanent UN Security Council seat.

The otherwise substantive visit was not without controversy. *Aftenposten*, Norway’s largest newspaper, published a cartoon depicting the Indian PM as a snake charmer with a fuel-station pipe as the snake. The piece was titled “A sneaky and slightly annoying man”. We are told it was political satire. One is entitled to ask: What, precisely, was being satirised? The snake charmer is not exactly a commentary on Modi’s policies, his treatment of minorities, his record on press freedom, or India’s foreign policy. It is a colonial-era caricature of India itself as the land of rope tricks, mysticism, and superstition, deployed against a visiting State leader in 2026. If *Aftenposten*

wished to criticise Modi, resorting to old colonial tropes was certainly not the best way forward.

Criticising Modi is not racism. Holding any country accountable on press freedom, minority rights, and democratic backsliding is not racism — and such scrutiny should be applied with equal rigour to nations of the Global North. But representing the elected leader of the world’s most populous democracy as a snake charmer is racism. It is the racialisation of political criticism, and it deserves to be named as such. The *Aftenposten* cartoon did not emerge from nowhere. It emerged from a culture in the Nordic countries that has never fully reckoned with what it means to look at the non-European world through a lens shaped by centuries of unexamined racial privileges.

Then came the journalist episode. *Dagsavisen*’s Helle Lyng Svendsen publicly challenged Modi’s refusal to take questions from the press at joint appearances. When India’s external affairs secretary (West) Sibi George responded at length, she was seen leaving the room before he had finished. It is a performance that captures something structural: The assumption that accountability is a one-way transaction, that scrutiny flows southward, and that explanations from the scrutinised need not be given to their scrutiniser. Since then, Svendsen has appeared across several Indian media channels. I remain unconvinced by her grasp of India, its politics, or the significance of what transpired in Oslo.

Europe is navigating its own democratic turbulence. The electoral advance of the Far Right, unresolved questions about arms sales, harsher immigration policies, and surveillance practices. Crown Prince Mette-Marit of Norway has been named the European of the Year. A Norwegian Heibyst trial in Oslo on multiple charges, including rape. The assumption that European journalists occupy a position of moral high ground in encounters with Global South leaders certainly deserves more scrutiny.

In a volatile world with wars continuing in West Asia, parts of Africa, and between Russia and Ukraine, India’s economic trajectory offers a credible and stable alternative both to China and to an increasingly unreliable US. Several European heads of State have travelled to New Delhi in recent months. That an Indian PM also made the journey to Sweden and Norway speaks of how reciprocal and substantive India’s relationship with the Nordic countries has become. India’s growth model over the coming years will be built on trade, technology, and innovation partnerships with key European nations. The EU-India Free Trade Agreement will be mutually beneficial to both sides.

India is not the exotic Orient. It is not a curiosity show PM, representing such a large population, can be caricatured as a snake charmer in 2026. The Nordic leaders know it, their media needs to be better informed.

Swati Parashar is professor, School of Global Studies, University of Gothenburg, Sweden. The views expressed are personal.

TEDROS ADHANOM GHEBREYESUS | DIRECTOR-GENERAL WHO

Frontline workers are risking everything, while attacks on health facilities make tracking cases... nearly impossible. We can't build community trust... while bombs are falling

On the Ebola response in the DRC

A colonial ghost that haunts Jan Vishwas

The Jan Vishwas (Amendment of Provisions) Act, 2026 is a landmark legislation. Criminal offences have been replaced with civil penalties across 80 central laws. Businesspeople will no longer face imprisonment for these offences but only pay fines. Some first-time offenders will be warned and given the chance to set things right.

The Act’s structure is lean — five operative sections and all the amendments tucked into a schedule. At first glance, it is a masterpiece in legislative drafting. But then there is section 4 — the section that swallows the Act. Section 4 is the Act’s “savings clause”, a standard and necessary legal precaution that ensures that new laws do not inadvertently disturb existing legal structures. The problem lies in what the section says.

Its first limb states that any amendment made by the Act “shall not affect any other enactment in which the amended or repealed enactment has been applied, incorporated or referred to”. This means if some other law (Act X) refers to a law (Act Y) that this Act has changed, Act X does not get updated for the Act X.

Consider what this means in practice. The Act decriminalises several offences under the Drugs and Cosmetics Act, 1940. But the Representation of the People Act, 1951 relies on some of these offences under the 1940 Act to disqualify individuals from becoming MPs or MLAs. Even though the Jan Vishwas Act removes these offences from the Drugs Act, the savings clause freezes the cross-references in the Representation Act in place.

Assume a person committed an offence under the amended Drugs Act and paid a fine and now decides to run for office. A rival may try to get him disqualified, arguing that because the Representation Act refers to the older version of the Drugs Act, the criminal penalty still exists for candidates.

The second limb of the section is more expansive, saving every “principle or rule of law, or established jurisdiction” that was derived from any law that the Act amends. The whole point of Act X is to shift jurisdiction from criminal courts to administrative adjudicators and to shift the burden of proof from “beyond reasonable doubt” (the standard required for criminal offences) to the “balance of probabilities” (the standard required for civil adjudication). But the third limb of section 4 appears to preserve the old criminal jurisdictions as if as the old legal principles. The Act opens the door, and

its savings clause promptly bolts it shut again. So, where did this clause come from? It was copied from the Jan Vishwas Act, 2023. That borrowed the clause from repealing and amending Acts, which repeal obsolete laws. Those Acts, in turn, got it from the UK’s 19th century statute law revision Acts. It was originally crafted by Richard Bethell, 1st Baron Westbury, Lord High Chancellor of Great Britain from 1861-66. Westbury designed the clause for the delicate task of clearing centuries of obsolete legislative debris without accidentally upending settled law. It ensured that despite repealing hundreds of enactments, nothing would break the legal system.

The Jan Vishwas Act, however, is not a housekeeping exercise. It is not trying to leave the law unchanged. In fact, it is trying to do the opposite. Adopting Westbury’s savings clause in this context not only makes little sense but also undermines the intent of the Act. There is also an irony in the Act’s ambition to decolonise the Indian legal system while simultaneously adopting a Victorian legislative relic.

Courts will refuse to read the savings clause in this manner, as judges generally avoid interpretations that lead to absurdity. But legal arguments are made by parties with interests. If clause 4 permits ambiguity, litigation will follow. Businesses could face challenges and regulators could face jurisdictional contests, requiring courts to resolve questions that should have been answered in Parliament.

That this was not a clerical error is troubling. The drafters changed the phrase “notwithstanding that” in the savings clause of the 2023 Act to “despite the fact that” in the 2026 Act, indicating that they read the clause, modernised its grammar, and yet retained its flawed substance. The Select Committee of the Lok Sabha then sat 48 times and reviewed every clause. When clause 4 came up, it was adopted unchanged.

Every word inserted in a statute is a commitment, and equally, every ambiguity is an invitation to litigation. This savings clause in the Act, and in every other similar Act which will follow, may create the very clutter it was intended to prevent. Over 150 years after it was first drafted, the spectre of the Westbury continues to haunt India’s statute book. It is time we finally exorcise this ghost.

Aditya Prasanna Bhattacharya is at University of Cambridge. The expressed views are personal.

Ten years after

The insolvency Code's administration needs improvement

The introduction of the Insolvency and Bankruptcy Code (IBC) 10 years ago is considered one of the biggest reforms of the past decade. It came at a time when the country was dealing with the twin balance-sheet problem. In a large market economy, it is natural to expect that some firms will fail. It is thus important that the legal framework facilitates easy entry, rescue, and exit of firms. This can help ensure economic dynamism, resulting in better utilisation of resources and ultimately leading to faster economic growth. While India opened up its economy with economic reforms starting in 1991, a smooth exit route for firms was missing. The available mechanisms to address corporate distress were inadequate. Thus, the IBC provided a modern framework to address insolvencies. The experience of the past decade clearly shows that outcomes have improved, though not to the desired level.

A study conducted by the Indian Institute of Management, Ahmedabad, covering 1,194 firms that underwent the resolution process till 2025, showed that their sales increased by about 90 per cent over five years post-resolution. Their capital expenditure increased by over 100 per cent, while expenses on employees went up by over 70 per cent. All these indicate that the IBC process helped revive the underlying business. According to the Insolvency and Bankruptcy Board of India data, as of March 2026, creditors have recovered ₹4.32 trillion under resolution plans. In about 1,300 cases where fair value was established, the recovery was over 94 per cent, while the creditor realised 166.85 per cent of the liquidation value. Realisation compared to admitted claims was predictably lower. Notably, over 40 per cent of the firms that yielded resolution plans were from the Board for Industrial and Financial Reconstruction or defunct, which reduced the average realised value. As the legacy insolvency cases get resolved, the average recovery would be expected to go up.

However, one area where the IBC has proved disappointing is the amount of time taken to resolve insolvency cases. The 1,419 cases that yielded resolution plans till March 2026, on average, took 621 days. In about 3,000 cases that ended in liquidation, it took, on average, 531 days to complete the process. The Code stipulates early resolution within 330 days. The recent IBC (Amendment) Act, 2026, aims to strengthen the law and improve outcomes. For instance, the committee of creditors (CoC) will now supervise during the liquidation process, which will increase transparency and possibly realisation as well. The CoC will also have to record the reasons for approving the plan, which will again improve transparency and possibly reduce litigation at later stages. Further, the adjudicating authority will have to approve or reject the resolution plan in 30 days. In the case of a delay, it will have to record the reasons.

There are several such provisions. However, strengthening the law is only one aspect of improving outcomes, and, to the government's credit, this has been done from time to time. The other aspect is capacity constraints. The National Company Law Tribunal and the National Company Law Appellate Tribunal, which were established to handle matters related to corporate law, are also handling insolvency cases. There is a case for improving capacity in these institutions to expedite the adjudication process under the IBC. Delays in the resolution beyond a point can destroy value in firms and defeat the very purpose of the law.



IBC@10: Rescue, recovery, and reform

The Insolvency and Bankruptcy Code's first decade ends with a balance sheet in the black

India's transition to a market economy brought with it the natural rhythm of business cycles: Expansion, stress, and failure. As competition deepened, many firms that flourished during growth phases failed to adapt. They lost competitiveness, became economically unviable, and yet continued to exist in the absence of an effective exit mechanism. These zombie firms consumed resources while contributing little to productivity, dragging down economic growth.

Their continued survival had a second-order effect. As firms failed to service their debts, stress accumulated on bank balance sheets, particularly those of public sector banks. The result was a reinforcing loop of weak firms and weak banks — the twin balance sheet syndrome — that impaired both investment and credit creation.

Existing frameworks proved inadequate to resolve this systemic paralysis. It was in this context that the Insolvency and Bankruptcy Code (IBC) emerged as an iterative, reset button. The idea was to enable timely exit of non-viable firms, preserve viable businesses, restore credit discipline, and unplug credit channels. Ten years on, it is pertinent to examine the balance sheet of this intervention.

The most visible achievement of the IBC has been the market-led resolution of corporate distress. Till March 2026, 1,419 companies had emerged from insolvency with approved resolution plans, with the proportion of companies achieving such outcomes improving steadily. This reflects the progressive expansion of the rescue window through successive legislative interventions, while judicial and regulatory approaches seek to avoid liquidation as an undesirable outcome. Creditors have realised ₹4.32 trillion through resolution plans. The oft-cited haircut of around two-thirds, measured against admitted claims, can be misleading because claims are frequently inflated while asset values are deeply eroded by the time firms enter insolvency. A more meaningful benchmark is

liquidation value: Resolution plans have, on average, yielded 167 per cent of the liquidation value.

Importantly, firms resolved under the IBC demonstrated operational revival post-resolution. Within five years, sales and capital expenditure nearly doubled, asset utilisation improved sharply, and the aggregate market capitalisation of resolved firms rose from about ₹2.8 trillion to ₹9 trillion. These outcomes represent factories revived, supply chains restored, jobs preserved, and productive assets returned to economic use.

The liquidation numbers require careful reading. In all, 3,003 companies have entered liquidation under the IBC, but most had little realistic prospect of revival. Their assets averaged barely 5 per cent of admitted claims, and four-fifths were already sick or defunct before entering insolvency. The IBC merely provided an orderly exit for firms that had failed long before the process began. Yet, the incidence of liquidations in India is comparable to that in the United States and significantly lower than in the United Kingdom and Australia.

Even so, the broader picture remains tilted towards rescue rather than closure. Resolution plans rescued 78 per cent of distressed assets, while liquidations accounted for 22 per cent. When all pathways to revival are considered, resolution plans, withdrawals, settlements, appeals, and rescues during liquidation — the number of revived companies substantially exceeds those liquidated.

The banking system's recovery reflects the wider economic impact of the Code. The IBC has consistently accounted for the largest share of recoveries by scheduled commercial banks from distressed assets, outperforming dedicated recovery mechanisms. Gross non-performing assets, which peaked at 14.8 per cent in 2018, declined sharply to about 2.2 per cent by 2025. The Reserve Bank of India now speaks of a "twin balance sheet advantage" rather than a syndrome.

International assessments echoed this transformation. India's ranking in resolving insolvency improved

from 136 to 52 in the World Bank's Ease of Doing Business indicators within three years of the IBC, while global rating agencies acknowledged stronger creditor protection and improved recovery outcomes.

Yet perhaps the most consequential effect of the IBC lies outside formal resolution statistics. Promoters who once ignored creditors increasingly settle dues when insolvency proceedings are threatened or initiated. More than 32,000 applications involving defaults of about ₹15 trillion were withdrawn before admission, reflecting extensive restructuring in the shadow of the law. The credible threat of insolvency has strengthened repayment discipline across the system.

Yet the balance sheet is far from unqualified. The timeline remains the IBC's most visible weakness. A process intended to conclude in months often stretches into years, with admission delays alone frequently exceeding a year. Understaffed tribunals, coupled with extensive litigation by promoters, creditors, and government authorities, have clogged the system at every stage. The Supreme Court recently noted that nearly 400 approved resolution plans remain pending for final approval, some for several years.

Another major deficiency lies in the handling of avoidance transactions: Preferential, undervalued, fraudulent, and extortionate credit transactions. These proceedings are critical because they claw back value improperly diverted from distressed firms and can materially improve the viability of resolution plans. Yet, thousands of such applications involving claims worth over ₹4 trillion remain pending, leaving substantial value locked under the resolution process.

Concerns have also emerged about the distributive consequences of the Code. Operational creditors are often short-changed while secured financial creditors recover amounts disproportionate to the value of their security interests. At the same time, several resolution processes increasingly resemble debt recovery exercises rather than genuine attempts to restore viable firms as going concerns, diluting the rescue-oriented philosophy of the IBC.

The Code has also struggled in sectors with diffuse stakeholders, particularly real estate. Despite being recognised as financial creditors, homebuyers frequently remain trapped in prolonged insolvency proceedings, facing delayed possession, uncertain recoveries, and little recourse over outcomes dominated by institutional lenders.

Perhaps the IBC's most ambitious promise remains unrealised. Part III of the Code, which extends insolvency resolution to individuals and partnership firms, remains largely unimplemented even after a decade. As a result, failed entrepreneurs continue to carry the burden and stigma of failure indefinitely, making the promise of a genuine economic fresh start mere aspiration rather than reality.

Read honestly, the IBC's first decade materially transformed India's approach to economic distress, despite important deficiencies. It has restored credit discipline, enabled exit of failed firms, improved recoveries, revived viable enterprises, strengthened the banking system, and altered debtor behaviour at a systemic level. Measured against the regime it replaced, the balance sheet of the IBC remains firmly in the black.

The writers are, respectively, Emeritus fellow at the Insolvency Law Academy and former chairperson, Insolvency and Bankruptcy Board of India; and director, Post Graduate Insolvency Programme at National Law University, Delhi

Empowering panchayats

Hyperlocal representation alone will not help

A new National Bureau of Economic Research paper by Veda Narasimhan of New York University Abu Dhabi and Jeffrey Weaver of the University of Southern California finds that simply increasing the number of elected representatives in panchayats does not automatically improve governance, welfare delivery, accountability, or inclusion. The paper studied nearly 1.2 million ward members belonging to 150,000 gram panchayats in 13 states. It examined "hyperlocal" representatives — the ward members — elected from very small constituencies, often representing only a few hundred people. The expectation behind such representation is that smaller constituencies should improve accountability, allow better identification of local needs, and ensure easier access to welfare schemes. Yet, the evidence suggests otherwise. Whether in the implementation of centrally sponsored schemes, access to welfare benefits, aligning projects with citizens' priorities, or financial oversight, the study finds almost no measurable improvement from adding more representatives.

The reasons are structural. The study points to weak administrative capacity, poor training, limited authority, and a lack of financial control among local representatives. Most have limited formal education, while real financial powers continue to remain concentrated with panchayat heads. In effect, representation has expanded faster than institutional capability. Additional representatives have marginally improved citizen participation and transparency practices, but they have not improved outcomes. Thus, the message is clear: Decentralisation would work only when political representation is matched by administrative capability and fiscal autonomy.

The Sixteenth Finance Commission has recommended ₹7.91 trillion in grants for local governments during 2026-31. That is around 81 per cent higher than what the Fifteenth Finance Commission had recommended. One of the biggest issues in India's governance system is inadequate fiscal powers given to local bodies. Only about 1 per cent of panchayat revenue comes from their own sources. As a result, they depend mostly on grants from the upper tier of the government and state governments are usually reluctant to share resources with local bodies. Delays in constituting State Finance Commissions continue to disrupt predictable fund flows.

Panchayats are expected to manage digital-governance platforms such as eGramSwaraj and Gram Manchitra, while simultaneously implementing schemes related to housing, water, sanitation, employment, and social welfare. But many village bodies lack trained staff. India's challenge in rural governance today is, therefore, less about representation and more about improvement in state capacity. Ward members require regular training in welfare administration and digital systems. Panchayats need greater funds and clearer functional authority over local development priorities. Equally important is strengthening administrative support staff at village level, which remains severely inadequate across many states. Three decades after the 73rd Constitutional Amendment, India has achieved impressive political decentralisation. But the next phase must focus on governance decentralisation. Representation alone cannot deliver development unless funds, functions, and functionaries also move with it.

Listen to Consumer India's logic

As prices increase all around, thoughtful, shrewd Consumer India is bound to adjust its consumption patterns. For companies, doing the math on what overall macro-consumption growth will be is time-passes. Far more useful in adding value to forward planning and performance risk mitigation strategies is an understanding of how consumers are thinking about their own consumption strategies, and this is not as simple and formulaic as supply-side logic assumes.

Consumers are adept at balancing budgets in unique ways, using sophisticated and personalised value-processing algorithms residing in their heads. Essential needs, such as a mother's medicine for her child's shoes, must be bought regardless of economic shifts, although with different value logics. Then there are necessities that can be deferred, though they may be very necessary, like changing your erratic washing machine or upgrading your fully functional phone for better productivity.

Then there are affordable "feel-good" indulgences that consumers hold on to, to know as the "lipstick effect" — the idea that during economic crises, consumers are more willing to buy less costly luxury goods (like premium lipstick) even as they cut back on big-ticket purchases. We have been seeing the lipstick effect for a while now, as lower middle-income young India, unable to afford a suitable "ganji" or "ghara", buy an iPhone on EMI, expensive shoes, or lots more clothes.

We have also been seeing strong cross-category competition, as growth in desires and aspirations (two different things) has outstripped income growth. Consumers choose between unlikely candidates — a family trip to Thailand versus a lavish birthday party versus a bigger refrigerator or more visits to beauty parlours for more higher-ticket treatments. This is the consumer balancing act that companies need to take off their blinkers and observe, for gain or pain. There is no

simple, neat pan-Indian theory of hierarchies that fits this balancing act.

A very old study showed that when times were tough, South Indian husbands cut back on *bandon* biscuits and branded pickles, while North Indians cut back on expensive baby powder and painted their ceilings with cheaper paints than their walls.

Consumers use portfolios of price-performance points (what companies call mass/ premium/mass-tige/entry-level) for each category to optimise their budgets. A classic example of this is significant dual ownership of a two-wheeler and a car by households, thoughtfully deployed. From time immemorial, focus groups have told us "brand X for husband's office shirts but brand Y for children's uniforms", or "vanaspati for deep frying but refined oil for vegetable cooking".

These choices are now obsolete with washing machines and heart-health awareness, but the DNA of "mix and match" is alive in Consumer India. Under-dosing but not down-trading is another favourite method of budget balancing — continue using expensive liquid detergent but experiment with using less quantity per wash. The dog still gets imported treats, but more stringently rationed. Postponement of big-ticket purchases in bad times, we know, happens across all income levels — the rich because of sentiment, the middle-income group because money is short, though the goal still remains a priority.

The assumption that "premiunisation" happens in good times and "down-trading" in bad, all within the same category is too simplistic. There is the value logic that consumers use in deciding when to keep stretching for more and when to settle for a lot less. Years ago, when two-wheeler companies were trying to sell mopeds to people as the cheaper sensible alternative, young people would tell their parents that they would rather

go by bus than buy a moped, and commuters chose second-hand bikes over mopeds. And today the pattern continues, based on consumers' value logic, which companies don't use as worth spending on to understand. Value logic is the algorithm that consumers use to decide if the benefit versus the cost of something is "paisa vaano". Repaying bank loans may not be that, but paying private school fees is, since the child may be publicly censured. Pool driver services at surge premiums may still be *paisa vaano*, even at higher fuel prices given Uber costs and other considerations, while the same value logic may not hold for installing air-conditions.

Value logic applied to your brand is not necessarily the same as that applied to your competitors. Maybe your past advertising is coming back to haunt you, as you explained that your mutual fund is a cool way to get a fancy apartment, unlike your competitor who had a more sober, goal-based savings and financial planning pitch. As for Tier-I and Tier-II town consumption, it is not automatic that in tough times metro demand will hold, while smaller town demand will not, especially if you are talking about products and services aimed at higher-income consumers.

The message here is not "it's complicated" but "don't be simplistic"; and do not have equity research trading marketers on how consumer behaviour works, based on their narrow lenses and skewed prisms.

The message for companies also is that this is a time of great opportunity, depending on who you are and what you do. Forget growththink, grandiose marketing being floated by those least equipped to do so. Forget macro numbers. Instead, focus on getting a seat at the consumer's table. See what opportunities there are in the whole balancing act the consumer is doing, and decide to choose consumer value-adding strategies and not stock market-comforting strategies.

The writer is the author of *Lilliput Land: How 'small' is driving India's mega consumption story*

The rise of Big Tech feudalism



BOOK REVIEW

Remember the time when the internet had just begun to make its way into our daily lives? When email became popular and platforms like Facebook and Amazon seemed to have brought the entire world to our doors with the freedom to choose, buy or connect like never before? Cut to today, and those early days seem like a distant dream. The internet is no longer the place it once was. Cory Doctorow, writer and internet activist, has a word

for this decay — Enshittification. Mr Doctorow coined the term in 2022 to describe the "sudden-onset platform collapse going on all around us." Using a term that is both playful and a mouthful, he shows how Big Tech companies that are now a part of our daily lives have started behaving like feudal giants, exerting control where none should ideally occur. Mr Doctorow's approach in studying this trend is akin to a doctor studying a disease. He begins by giving us the symptoms of enshittification, then moves on to its pathology. This is followed by its epidemiology and, finally, Mr Doctorow provides examples of the process of enshittification by exposing the inner workings of Big Tech. He argues that enshittification results from strategies adopted by these companies to increase profits by squeezing their

business customers as well as users. In fact, the platform putting itself before the needs of its customers and users is the third and the final stage of the process of enshittification, which he explains using case studies of Facebook, Amazon, iPhone and Twitter. According to him, the lifecycle of these companies has three stages. They are good to their users in stage one, they are good to their business customers in stage two, and finally, as they tighten the screws on both parties to maximise profits, they turn into "a giant pile of shit."

The author argues that what leads to this final stage is a cocktail of factors such as a lack of competition, the absence of regulation, an aversion to interoperability, and the eroding powers of tech workers. In their absence, it becomes easy for the companies to worsen their products and force users to agree to their

terms. This means that a user can become liable for legal action under section 120A, the "anti-circumvention" provision of the Digital Millennium Copyright Act, simply for refilling an ink cartridge or using a third-party cartridge with their printer. It can also take the form of DoorDash, hiding the tip amount from his drivers so that they feel compelled to make as many deliveries as possible, even though they might not be making a net profit. This is also seen in Google's memo proposing that users be made to "run multiple queries" by worsening search results, allowing the company to show more ads and earn more money. Though these examples reveal the tip of the iceberg, the good news is that the tide can be turned. We need to bring back competition and regulation, increase

Enshittification

Cory Doctorow

Enshittification: Why Everything Suddenly Got Worse and What to Do About it

By Cory Doctorow

Published by Verso

339 pages ₹1,599

interoperability and giveback power to workers. Mr Doctorow argues, "It might not be easy, but it's not impossible."

Mr Doctorow's writing is informative and engaging. His arguments gain further credence because he borrows ideas from other thinkers to bolster his point. For instance, he makes use of Yannis Varoufakis's theory of Techno-feudalism, and points out that the power of these Big Tech companies derives mainly from their control of the "factors of production that they rent to actual, productive businesses."

He also manages to break down "naxal codes" and industry-speak for his readers, helping them get to the heart of the matter without getting entangled in layers of jargon. Having said that, *Enshittification* is set almost entirely in a North American/European milieu. Given these

companies are headquartered in the United States, it's understandable that Mr Doctorow might not be (mostly) American users and customers. Considering the global reach and impact of their policies, some examples from other countries would have added to the book's scope.

The mischievous quality of the book's title (or the emoji on its cover) might mislead readers into dismissing it as a lighthearted reading. But there is nothing flippant about the book's thesis or its arguments. Mr Doctorow concludes by pointing out that the "old, good internet" wasn't so because the people who designed and operated it were inherently better. It was so because there were checks in place to prevent it from turning into today's "enshittimer". He ends the book by asserting that "enshittification" is reversible. One hopes for all our sakes that he is right.

The reviewer is an independent translator

OUR VIEW

MY VIEW | OTHER SPHERE



Credit discipline is a big IBC gain: now cut losses

Thanks to a series of amendments and a growing volume of case law, loan repayment has improved vastly. But India must tackle IBC delays before it can deliver on its full potential

In terms of its broad sweep, few pieces of legislation compare with India's Insolvency and Bankruptcy Code (IBC), which completes a decade of existence on 28 May. However, a dispassionate assessment of how far the IBC Act has met its objectives shows we still have a way to go. Its basic aims were lofty: "to consolidate and amend the laws relating to reorganisation and insolvency resolution... in a time bound manner for maximization of the value of assets," to "promote entrepreneurship [and] availability of credit and balance the interests of all stakeholders, including alteration in the order of priority of payment of Government dues," and to "establish an Insolvency and Bankruptcy Board of India." One of the overriding goals was to reduce the time taken for insolvency resolution. Under the law of 2016, this was mandatorily limited to 330 days, inclusive of one extension and time taken by legal proceedings. Alas, over the past 10 years, this has been observed more in the breach than in practice. Delays, usually on account of long-drawn out legal battles, have taken their toll, resulting in enterprise-value depreciation. And since most cases involve public sector banks as aggrieved creditors, they adversely impact the public interest. Within a span of just 10 years, the Act has been amended as many as seven times—most recently last month—in a bid to resolve cases in a speedy and fair manner.

Insolvency cases are marked by divergent interests. As injunctions obtained by obstructive promoters, third-party litigators or competitors have grown common, even the admission of applications can be fraught with friction. The Code has also had to contend with awkward judicial rulings, as in the *Rainbow*

Papers case of 2022, where recovery of sovereign debt was put in the first-priority category, on par with dues of secured financial creditors, albeit the 2016 Act relegates sovereign dues to the fifth level. The latest amendment signals a clear intent to minimize procedural delays that stretch resolution timelines and erode the value of assets. To tackle operational glitches, it stipulates mandatory timelines (14-30 days) for National Company Law Tribunal (NCLT) benches to pass orders related to case admission, as also for resolution plans and liquidation approvals. This is expected to crunch the process. But then, it is unclear how courts will manage to clear their case-loads. It would be an uphill task, given the bulky backlog of pending applications, estimated at about 7,000 just at the admission stage. One way out would be to offer a quicker pathway. Thus, speed is also the aim of India's new Creditor-Initiated Insolvency Resolution Process (CIIRP) framework, which lets financial creditors opt for a partly 'out-of-court' approach (in cases of eligible borrowers) for plans to get an NCLT nod within an outer limit of 195 days. Moreover, unlike the regular path, it minimizes disruption by letting the borrower's management retain control of operations, with creditor rights safeguarded by a veto held by resolution professionals over key board decisions. While it seeks a balance between lender and borrower interests, the CIIRP's timeline is yet to be tested.

A decade on, the Code is still a work in progress. But thanks to successive tweaks and a growing volume of case law, it has vastly improved credit discipline, especially among large borrowers. The latter can no longer take bankers for a ride in the expectation of gaming the system. That's a significant win in itself.

Liberate Indian schooling from its information-overload legacy

Education reforms aim to turn the focus from facts to faculties but implementation has been slow



ANURAG BEHAR
is CEO of Azim Premji Foundation.

Human knowledge is growing. Across every field, the accumulated understanding of humanity is deepening and expanding. This is something to celebrate. It also creates a serious and under-appreciated problem for school education.

When education systems feel obligated to transmit ever-growing knowledge to children, the curriculum must also expand with it. But schooling is a limited phase: formal school education is generally constrained to 12 years.

The result, visible in schools across many countries including India, are curricula of extraordinary density. Students in classes six to 12 move through dense theoretical content across multiple subjects, including matters once addressed at the undergraduate level, all within a fixed school day. The sheer volume is astonishing. Whether it results in learning is another question.

The relationship between content and learning is not linear. Up to a point, more content means more to learn. Beyond that, too much content means too little time to stay with any idea—topics get taught at a pace and shallowness that make genuine understanding impossible, while children and teachers resort to the only strategy that works: memorization. The information intended to produce knowledge instead produces an illusion of it.

Research consistently shows that

heavy curricular workloads lead students to adopt surface learning—skimming for facts rather than the deeper processing needed for critical thinking. Rather than a failure of individual students or teachers, this is a structural consequence of asking for too much too fast across too many domains. Content and the development of capacities are not opposites—a child cannot learn to think in a vacuum; she needs subject matter to think through. But beyond a threshold of content density, no space is left for human faculties like thinking. Everything collapses into recall.

Evidence only reaffirms this. An OECD 2020 study on curriculum overload found that countries consistently struggle with the same tension: the pressure to keep adding to curricula, driven by political, ideological and parental expectations, works against the depth of engagement that produces learning. Its core recommendation, focus, rigour and coherence over breadth and coverage, is echoed by most serious studies.

India's National Education Policy (NEP) 2020 confronted this problem squarely. Among the central failures it identified were rote-based teaching and course overload. It proposed a clear corrective: move from content transmission to competency development, align educational stages with how children actually learn, and restore time and space for understanding to occur. The National Curriculum Framework for School Education (NCF) 2023 translated this into curricular terms. It explicitly states that courses must be designed with a focus on essential competencies and that the content load must be reduced. It calls for a shift from rote memorization to an approach that develops problem-solving, critical thinking and learning-to-learn skills, with the current examination culture that rewards recall transformed so that it can assess competencies as well.

Implementation is where most difficulties lie. A framework can call for

changes, but without alignment across curriculum design, textbooks, pedagogy and assessment, the intent of reform will remain on paper.

Teachers who have spent their whole careers covering syllabi will need sustained support to make the transition. Mere instruction will not be enough. Parents whose experience of education was defined by marks and memorization will need to be brought along. They cannot be treated as obstacles to be bypassed. And curriculum designers will need to resist the pull towards their own subject's importance—the instinct that says: but surely children must also be taught this.

That instinct is the heart of the problem, and it is entirely human. No panel feels comfortable saying that something is not worth teaching. Every exclusion looks like a missed opportunity for learning. But this is precisely the judgement that good curriculum design requires. Designers must trust that less content taught well produces more learning than a barrage of information taught poorly.

The purpose of school education is not limited to transmitting as much human knowledge as possible before a child turns 18. That goal was always unreachable and becomes more so each decade. The purpose is to build in each child the capacity to learn: to read carefully, reason from evidence, ask good questions and to sustain curiosity. A student who leaves school with these capacities well developed can, in the information-rich world she is entering, learn almost anything she subsequently wants or needs to learn.

The NEP 2020 and NCF 2023 have established this as a fundamental principle. The work of turning principle into practice—in classrooms, textbooks, examinations and teacher education—is what matters now.

It is slower and harder than writing a framework. It is also the only thing that will actually change what happens to children in school.

Five forces that Indian companies must tackle as one

DEEPAK SHARMA & ROHIT PRASAD



are, respectively, co-founder, Kanvic Consulting and professor, Management Development Institute Gurgaon.

India's corporate leaders are growing comfortable with discomfort. The country's structural growth remains intact. Domestic demand is holding up, the consumer base is aspirational and the policy environment broadly supportive. Yet, the path to growth has rarely been more complex. Geopolitics, technology disruption and sustainability are reshaping competitive dynamics faster than annual planning cycles can accommodate.

A Kanvic analysis of the earnings calls of 1,000-plus companies across 25 sectors this quarter finds boardrooms grappling with commodity price swings, the rapid mainstreaming of artificial intelligence (AI), geopolitical uncertainty, resurgent inflation and a sweeping shift towards premium products.

What is striking is not the presence of any of these pressures, but the degree to which they must be managed all at once.

Commodity volatility has gone cross-sectoral. One theme unites every boardroom: commodity price volatility, with its mentions rising 32% quarter-on-quarter. What

was once the preserve of oil, gas and metals has spread. Fast-moving consumer goods (FMCG) companies are flagging fluctuations in soya, palm, wheat and sunflower oil as actively influencing consumer choices and margins. Construction firms cite raw material costs as their top concern. In consumer electricals, copper price swings are hurting gross margins. In the metals sector, steel demand is described as rising on the back of infrastructure growth. Yet, margin predictability is elusive as input costs swing sharply in the opposite direction.

Companies are responding through a mix of procurement re-negotiation, hedging and a pivot to renewable energy (though more as a hedge against fuel and raw material price volatility than as a sustainability measure).

AI is no longer just a tech conversation: Its mentions grew 12% quarter-on-quarter. Building materials and healthcare recorded these for the first time as sectors. Financial services saw a 400% jump and retail 240%. Cement companies are deploying AI-enabled central control systems. Logistics firms are using Generative AI to automate documentation. In retail, AI has moved into the top three discussion topics alongside market growth and consumer confidence.

Geopolitical flux: Trade policy mentions

held steady, but the conversation has grown sharper and more sector-specific. The European market offers an illustration of how the same geopolitical development can register as a threat or an opportunity depending on how a company is placed.

For exporters of automotive components and industrial machinery, soft European demand and new tariff structures are pressuring margins. For Indian specialty chemicals and pharmaceutical firms, the picture is reversed, with plant shutdowns among European competitors opening supply gaps for them to fill. Meanwhile, the phased implementation of the India-EU trade pact is expected to create export pathways for textiles, building products and specialty manufactures. As one textile management team noted, tariff reductions have created "immediate and ongoing opportunities to increase exports and margins." For Indian businesses with European exposure, the right response depends on which side of this bifurcation they are.

Premiumization as a margin strategy: Consumer behaviour mentions rose a modest 2% quarter-on-quarter, but premiumization—a strategic shift to higher-value products—has emerged as one of the most broadly deployed responses to cost pressure. It features across sectors.

An FMCG leader described the business as seeing "strong tailwinds driven by consumer mega-trends, which will drive consumption." In electricals, the focus on energy-efficient premium products is described as "driving revenue growth and margin resilience." In decoratives, premium trend is being used to defend margins against intensifying price competition from new entrants. As input costs rise and volume growth moderates, moving up the value chain has become the most accessible route to margin protection.

Inflation is back: The sharpest quantitative signal this quarter is a 45% jump in inflation-related mentions, the largest increase among all themes. While inflation had

receded from its earlier peaks, cost pressures did not. Industrial product companies cite persistent input cost inflation as a problem; one leader acknowledged that while inflation moderated and rural demand is showing early signs of recovery, the underlying cost environment remains challenging. In financial services, the conversation has moved downstream—to consumer credit quality, discretionary spending behaviour and the pace of the economy's recovery.

What unites these five themes is that none of them is temporary. Commodity volatility, AI disruption, geopolitical fragmentation, shifting consumer behaviour and inflationary cycles are structural features of the operating environment, not cyclical blips. Moreover, emerging countries are facing a greater burden of current volatility, making it harder for Indian companies and business leaders to navigate today's circumstances.

Addressing these challenges silo by silo could prove pointless. The companies that will emerge strongest from this environment will be those that treat these forces as interconnected dimensions of global mega-trends that must be tackled by answering a single strategic question: how to build a business that grows sustainably in a world of permanent volatility.



JUST A THOUGHT

Bankruptcy is about financial death and financial rebirth.

ELIZABETH WARREN

GUEST VIEW



GUEST VIEW

MINT CURATOR

Insolvency and Bankruptcy Code: adopt the discipline of letting go

A business exit is not failure but a delayed resolution is. Let's ensure that we don't destroy value in the name of preserving it



M. S. SAHOO & RAGHAV PANDEY are, respectively, emeritus fellow, Insolvency Law Academy, and former chairperson, Insolvency and Bankruptcy Board of India; and director, Post Graduate Insolvency Programme, National Law University Delhi.

Spencer Johnson's *Who Moved My Cheese?* (1999) offers a deceptively simple lesson: let go when the time comes. Every piece of 'cheese', however hard-earned, eventually shifts. Those who accept this early adapt and recover faster; those who hesitate prolong their discomfort; and those who resist really suffer. Letting go is not surrender; it is a precondition for renewal—for oneself and the system at large.

Business insolvency systems are, at their core, institutionalized responses to cheese movements. India's Insolvency and Bankruptcy Code (IBC) is an attempt to enforce this discipline at scale. It forces timely recognition that economic conditions have changed and require adjustment. Yet, in practice, nearly every business stakeholder has, at one stage or another, tried to cling to a pre-IBC order, often litigating endlessly to reclaim value that has already dissipated. This resistance is expensive. In insolvency, delay destroys value, while uncertainty compounds that destruction.

At its core lies a simple proposition: a company is a legal construct. The Code enables rescue through resolution plans where economic life remains, and equally enables an exit through liquidation where it does not. When economic viability is exhausted, there is no countervailing moral claim to prolong existence. A firm does not suffer in the human sense; it has no dignity intact. Confusing corporate failure with human suffering is an analytical distortion that weakens insolvency discipline.

The IBC, as enacted, was agnostic between two resolution outcomes: revival through a resolution plan or exit through liquidation. Both serve the same economic objective: efficient re-allocation of scarce resources. Liquidation is not failure; it is a market-clearing mechanism. It releases trapped capital, labour and entrepreneurial energy from unviable uses and redeployes them where they can generate value. Economic systems that stigmatize liquidation inevitably drift toward artificial preservation of unviable firms, locking resources in low-productivity uses and letting zombie firms that weigh down the economy survive.

Yet, this neutrality has been steadily eroded. Policy and practice have increasingly privileged resolution plans. Judicial interpretation has increasingly treated resolution as synonymous with rescue through a resolution plan, implicitly treating liquidation as an inferior outcome, rather than an alternative form of resolution. Legislative and regulatory interventions such as pre-pack frameworks, withdrawal mechanisms, relaxed voting thresholds and expansive clean-slate doctrines have cumulatively tilted the framework in favour of revival even when economic viability is doubt-



ful. The implicit message: liquidation is failure. The predictable consequence is persistence with revival even after economic viability had vanished.

This drift reflects a deeper discomfort with loss. The Code fundamentally recasts rights, rewrites entitlements and re-arranges priorities. Once enacted, this new order displaces legacy expectations. It demands a cultural shift—from entitlement to acceptance, from resistance to resolution and from denial to discipline. Its central command is simple: accept reality and act decisively. Resistance to this economic logic rarely rests on principle; it is more often attachment, self-interest or institutional inertia, often dressed in a legal argument. In economic terms, it is an inability to internalize real loss.

Consider the conduct of the state. As the largest stakeholder, the government enacted the Code fully aware that sovereign claims would operate within a defined statutory waterfall. Yet, in the *Rainbow Papers* case (2022), it sought and obtained a judicial interpretation that unsettled this hierarchy. Having shaped the framework, the state at times resists its operational consequences. It files belated claims, litigates beyond statutory timelines and allows enforcement actions to continue during resolution (and even post-resolution). Each such intervention fragments the process, increases uncertainty and deters credible resolution applicants. A regime that cannot bind the state cannot discipline the market.

Promoters exhibit an equally persistent reluctance to let go. The Code removes them from control upon admission and disqualifies errant actors under Section 29A. Yet, in practice, insolvency is often treated not as relinquishment but as negotiation. Related-party bids, tactical litigation and repeated attempts at withdrawal reflect a refusal to internalize a loss of control. The underlying pattern is unmistakable: an attempt to retain control in a regime designed to extinguish it once accountability is triggered.

Creditors, too, struggle with acceptance. A 60% haircut is experienced not as a 40% recovery, but as a 60% loss. Behavioural economics describes

this loss aversion; insolvency practice manifests it as delay. Committees of creditors hold out for improbable recoveries, defer decisions, prolong negotiations and privilege sectional recoveries even as asset values erode. In insolvency, time is almost always value-destructive.

The adjudicating authority sits at the fulcrum of this ecosystem, balancing procedural fairness and equity against value preservation, reluctantly crystallizing sovereign losses or ordering liquidation. It is struggling to let go of the instincts of ordinary civil litigation, where adjournments are routine, timelines are elastic and finality is deferred. The process is trapped in prolonged litigation rather than resolution, a system that tolerates indefinite process cannot deliver time-bound outcomes.

What emerges is a system-level coordination failure. The state softens enforcement, institutions accommodate delay and stakeholders exploit both. This produces an equilibrium of mutual accommodation, where the costs of resistance are externalized and IBC discipline is weakened. The result: erosion of credibility, prolonged distress and lower realizations across outcomes, whether through resolution plans or liquidation.

Not is resistance confined to principal actors. Unsuccessful bidders litigate to derail outcomes. Creditors tend to recharacterize unsecured exposures as secured. Professionals sometimes prolong disputes rather than resolve them. Each actor, acting rationally in isolation, contributes to a collectively irrational outcome: value destruction in the name of its preservation.

The real test of an insolvency regime is not how many firms it saves, but how quickly and accurately it determines when a rescue is viable and when an exit is better. The Code contains that logic. What remains elusive is an institutional willingness to let go: of claims, control, rights, expectations and, when necessary, the firm itself, when doing so is the only way to preserve value.

Until that discipline is internalized, insolvency will continue to function less as a system of resolution and more as a collective refusal to recognize that the cheese has already moved.

How Pakistan is defying some of the world's investing myths

This emerging economy is holding up well against a big oil shock



SHULI REN is a Bloomberg Opinion columnist covering Asian markets.



Saudi Arabia and China seem to recognize Pakistan's strategic importance.

As the Iran war drags on, emerging markets powerhouses are reeling. From the closure of the Strait of Hormuz, one of the oil trade's most important routes, Turkey's foreign reserves are depleting at a record pace. India is considering all options as its rupee plunges to record lows and Indonesia delivered a jumbo interest rate hike to defend its currency. If these heavyweights are struggling, what chances are there for smaller nations?

Pakistan is doing remarkably well, given the circumstances.

In mid-April, the Pakistani government re-entered the global bond market after being shut out for almost four years, raising \$750 million and 50% more than it had asked for. Bond yields over US Treasuries temporarily widened to about 5 percentage points in March but have largely gone back to pre-war levels. The Pakistani rupee has been stable at around 280 per dollar and the country's benchmark KSE-100 Index is down only 1.3% for the year.

The resilience goes against global investors' conventional wisdom. In times of turbulence, developing countries with twin deficits, namely in current accounts and budgets, are vulnerable to hot money flows and can easily tip into distress. And Pakistan, which has received an extraordinary 25 bailouts from the International Monetary Fund (IMF), fits the bill perfectly. As an energy importer, it relies heavily on Gulf states, which supply over 80% of its fuel imports. Remittances from citizens working in the region account for about 5% of Pakistan's GDP; that money flow can halve if West Asia slumps into an economic downturn.

Because of the war, its current account deficit could increase by 1.5 percentage points for the year ending June 2027, pushing the country back into the red, according to the IMF. This would imply an estimated \$12 billion financing gap till June 2028. As it currently stands, the country does not even have enough foreign exchange reserves to cover three months of imports. So why are global investors so relaxed about Pakistan?

Cooperating with the IMF helps. Pakistan has been on a \$7 billion loan deal since 2024. During a recent IMF staff visit, Islamabad reaffirmed its commitment to a 2% fiscal surplus over the next year. Earlier this month, the organization approved the disbursement of \$1.3 billion in loans. But more importantly, Pakistan's unlikely role as broker of peace in the Gulf has put it back on the radar of institutional investors.

Being a friend of Islamabad in times of need has become strategically important. Last month, Saudi Arabia deposited \$3 billion into the State Bank of Pakistan and extended a \$5 billion loan facility to 2028, after the UAE abruptly declined to roll over its \$3.5 billion debt. The once-close partnership between the two Gulf nations has erupted into open rivalry. Abu Dhabi recently withdrew from the Organization of the Petroleum Exporting Countries (Opec), the Riyadh-dominated cartel of leading oil producers.

China is also keen to prop up its neighbour. Last week, Pakistan issued its first sovereign panda bond, the initial tranche of a broader \$1 billion programme. With the latest 1.75 billion yuan (\$257 million) note, Islamabad is paying only 2.5% on the coupon rate. Pakistan's foreign-exchange reserves have reached \$17.1 billion as of 15 May, up from \$16 billion at the end of 2025. In other words, the \$12 billion funding gap may be a lot for Pakistan, but nothing for economic behemoths such as Saudi Arabia and China, which increasingly recognize the South Asian country's strategic importance.

Islamabad's military strength automatically gives it a prominent seat at a future 'Islamic Nato', should one ever materialize. Meanwhile, the government likely hopes that its Gwadar Port, close to the Strait of Hormuz but not in the immediate conflict zone, will emerge as a major logistics hub for safe anchorage.

Geopolitical prominence does not show up on current accounts. But it certainly relaxes borrowing constraints. Historically, emerging market investors have pored over a country's external accounts, frowning whenever they saw an overreliance on imports of essential goods, such as food and energy, or thin hard-currency reserve buffers. Pakistan's resilience this year has proven that approach wrong. The global energy shock has not led to a collapse of its public finances. It faces no currency crisis either.

With US President Donald Trump ripping apart the world order, Pakistan, which has gone to the IMF more times than any other country, is shedding its image as a failed state. It's also breaking some classic emerging-market investing myths along the way.

THEIR VIEW

India Inc's AI adoption mustn't overlook legal liability

M. MUNEEER & RALPH WARD



are, respectively, co-founder of the Medici Institute for Innovation, X @MuneerMuh and a global board advisor, coach and publisher.

The most troublesome presence at a board meeting once used to be that of an activist investor. Then came the issue of cybersecurity. Then ESG. And now, marching confidently into the boardroom with the swagger of a management consultant and the unpredictability of a toddler, comes AI. Corporate India seems to have embraced it with its usual blend of excitement, PowerPoint slides and confusion. Every listed company now appears to possess an 'AI strategy'. CEOs announce 'AI-first' transformations with the solemnity of a constitutional amendment. Committees are formed. Workshops are conducted. The term 'large language model' is hurled around. Directors nod thoughtfully in the hope nobody asks them to explain what the company's AI embrace actually does.

Meanwhile, insurance underwriters have spotted opportunity. Unlike consultants, they are paid specifically to imagine disasters. Which brings us to one of the least discussed governance perplexities right now:

AI and directors and officers (D&O) liability. As AI-happy directors may discover, their D&O risk coverage policy would rather not have them participate in this adventure.

Insurers dislike uncertainty with the same passion Indian parents reserve for unconventional career choices. AI, unfortunately, is uncertainty at an industrial scale. Nobody fully knows where liability begins, where accountability ends or who exactly would be responsible for an algorithm that behaves as if it was schooled in ethics by an anonymous online forum. So insurers are responding the only way they know: with exclusions.

Some of these are subtle. Some are broad. Some essentially say: 'If AI was anywhere near this catastrophe, don't call us.' Globally, legal experts have warned that insurers are inserting AI-related carve-outs into D&O policies. Since most boards read insurance documents like they examine software terms and conditions, many directors may not notice until there's a regulatory run-in. Imagine the possibilities. A company exaggerates its AI capabilities to investors. A chatbot leaks customer data. An automated hiring tool begins to reject applicants with particular names. A financial forecasting model hallucinates growth projections with the confidence of a startup founder. Share-

holders would be right to ask difficult questions. Regulators ought to be looking in. And D&O insurance coverage wouldn't help.

Across sectors, AI adoption is accelerating faster than governance frameworks around it. Companies want the valuation premium of appearing AI-driven, even if safe implementation is a nightmare. This sets the stage for what lawyers call 'AI washing'—the corporate art of taking ordinary automation, sprinkling the letters A and I over it and presenting it as a productivity leap.

Investors may be told that advanced AI-powered customer engagement ecosystems are in place, while all that has happened is the deployment of a chatbot adept at adding to the frustration of complainers. What happens when the emperor's algorithm is found to have no clothes? Lawsuits linked to exaggerated AI claims have begun to emerge, globally. Directors signing off on disclosures may find themselves personally exposed if oversight appears weak. It is thus clear that boards

must adopt AI with care. In some cases, it is like radioactive material: useful and transformative, but in need of safety protocols.

What should companies do? First, conduct an AI inventory. Map all AI use across the organization. Which tools? Which departments? What data enters these systems?

Who approves usage? What safeguards exist? Second, lay out formal AI governance policies. Every AI strategy needs a board-okayed framework that covers risk assessment, human oversight, accountability, audit mechanisms and disclosure standards.

Third, review D&O policies with forensic attention. This must not be taken casually and needs close legal scrutiny. Boards should specifically examine AI exclusions, trigger events and ambiguous wording that insurers may later interpret creatively to their advantage.

Fourth, regulate employee AI usage before it gets a chance to evolve into a compliance horror story. Employees are already uploading confidential company documents

into ChatGPT, mixing personal and professional AI accounts and allowing sensitive data to wander into servers located halfway across the planet. In many firms, shadow AI adoption is happening faster than official diffusion. This could be dangerous.

Finally, boards must exercise caution while using AI tools internally. Directors are found to increasingly rely on AI for summarizing reports, generating insights and reviewing disclosures. It's convenient, no doubt, but it could return to haunt them. A flawed AI-generated summary that leads to bad oversight judgement will not magically take the blame on its own.

What's at stake is corporate governance. Many boards still approach AI as a branding exercise rather than an operational transformation that entails fiduciary consequences. Although AI tools do not 'care' about outcomes, regulators and stakeholders do. And insurers would rather minimize grey-zone risk coverage than take on the burden.

In India's compliance ecosystem, confusion often travels faster than regulation. Unless care is taken, we could find litigation moving even faster. Boards must learn a harsh new rule of governance: if AI begins to run parts of the company, liability could come running right behind it.

Boards that are rushing to embrace AI should ask why insurers are reluctant to cover its risks

Oil Well the Damage Control Machinery

Sharpen focus on energy pricing, exports

Opec reckons oil supply will fall below demand later this year. Projections for the annual average price of crude are creeping up. Saudi Arabia's Aramco and the UAE's Abu Dhabi National Oil Company (Adnoc) estimate full flows through the Persian Gulf will be restored in 2027 — if the US war on Iran ends immediately. IEA says the oil market is heading into a 'red zone' by July-August as global oil reserves are dumped into the market. Even an imminent resolution of the Hormuz standoff will require months of follow-up action to stabilise shipping trade, replenish reserves and restore production. Oil-importing nations may be willing to pay a premium on supplies from less politically-sensitive sources than West Asia.

None of this is good news for India, which has begun to transmit fuel price hikes to consumers. Previous experience shows transmission will be gradual, but it must be of an order to compress demand. There is no such flexibility over fertilisers amid the prospect of an erratic monsoon. Pass-through of the price surge in plastics will be more substantial, with a broad impact on core inflation. All this upsets India's growth-inflation dynamics. Fiscal pressure of incomplete transmission of fuel and fertiliser prices will harden interest rates. Monetary policy will, likewise, reset the interest rate cycle in the context of the energy shock. A tightening policy environment will try to keep the growth sacrifice low.

In India's case, energy shocks are reinforced by capital flight. Current and capital accounts turn adverse and require central bank intervention to stabilise the rupee. India's vulnerability to the current crisis is underscored by the rupee's extraordinary decline. The economy needs to build resilience through diversification of energy sources. A decade of crises should sharpen policy focus on energy pricing and exports. India has built up a reputation for crisis management. It must leverage this accomplishment to structural changes that lower its susceptibility to imported energy inflation.

Breakfast of Michelin Star Champions

Why is 'the most important meal of the day' treated as a utilitarian refuelling stop rather than its own top-of-the-line destination? Michelin, that gold standard for gastronomic excellence, ignores breakfast as a category, preferring foams and reductions served at 8 pm. Why not elevate the 8 am plate — and palate? Consider Tokyo's ryokan breakfasts: grilled fish, miso soup and pickles arranged with the precision of a kaiseki dinner. Or the cultural peaks of croissants and cafe au lait at Caffè de Flore in Paris. Ricotta hotcakes and scrambled eggs at Bill's in Sydney is a modern Australian breakfast legend. At MTR in Bengaluru, dosas and idlis are imbued with heritage flair. Not to forget brun masks and chai at Mumbai's Britannia & Co. Michelin should codify such experiences, rewarding chefs who transform mornings into art.

Michelin stars are earned for cultural authenticity, signature dishes, ambience and heritage, consistency and craft. It's time to also savor the gaze to 'nihari', the ultimate rye breakfast from the Arabic 'nahar', literally meaning early morning. 'Michelin Breakfast Guides' can nudge hotels to perfect their dosas or pancakes with aplomb and style.

There is the danger, of course, of over-formalisation. Nobody wants a 12-course omelette. But just as Michelin introduced a dedicated street food category in 2016 — the undisputed crown jewel being Raan Jay Fai in Bangkok, famous for its legendary crab omelette and drunken noodles cooked over charcoal, which has retained its 1-star since 2018 — it can certainly adapt to the breakfast table. If Michelin truly wants to capture culinary culture in all its multi-palate glory, it should certainly take the meal that begins each day as seriously as the one that ends it.



THINK ABOUT IT

The solitary act has given rise/reverted to a communal one

Reading the Crowd Vs Reading (Alone)

Reading is, by design, an antisocial act. You and another human whispering in your head. And, then, we invented the book club and literary soiree that dragged this private communion into gatherings over hummus, opinions and tea. Then there are author readings. The writer, who spent 3 mths/ yrs in another solitary act — writing — is thrust before an audience that claps politely while hearing aloud what they could have read silently. It's like watching a hermit explain why solitude is best — while surrounded by 200 strangers. But, maybe, this isn't so strange after all. Before the book was invented, stories and information dissemination were communal. Homer declaimed epics to crowds, pundits read out the Upanishads, griots sang histories. Reading alone is an historical anomaly. The book club is just society's attempt to restore the original group therapy session that was storytelling. Still, the comedy remains. We solemnly debate whether Mr Darcy was misunderstood, as if Jane Austen were waiting in the kitchen to clarify. We nod gravely at metaphors, then argue over wine about whether Devdas Mukherjee was 'relatable' in Sarat Chatterjee's novel. In truth, the book club and lit fest are less about books than about clubs and fest. Reading is one thing, the ancillary activities — entertaining, illuminating as they may be — quite something else.

SWAMISPEAK India's solar crisis has been failure of planning, coordination and infra

Victim of its Stellar Success



Swaminathan S Anklesaria Aiyar

On two occasions in May, price of electricity on Indian Energy Exchange fell zero. How can something so crazy happen when the country is in the grip of a severe energy crisis? Because India has been installing solar energy faster than local demand can absorb it, and the surplus can neither be stored (lack of battery storage) or transmitted to zones needing power (insufficient transmission lines). So, even as India boasts of record expansion of solar capacity, more is being shut down.

The worst problem is in Rajasthan, a desert state with enormous solar potential but limited industrial demand. Since the summer of 2025, solar and wind projects there have suffered severe curtailment, with some forced to shut down completely during peak daylight hours. An ETE report revealed that the state had been curtailing up to 80% of solar generation for weeks because of low demand.

Rajasthan simply cannot absorb all the power it generates, while the national grid lacks sufficient infrastructure to carry the surplus to power-deficient regions. Meanwhile, fresh solar installations are rising faster than ever. Policymakers have focused overwhelmingly on adding renewable generation capacity without simultaneously building transmission systems, storage facilities and demand-management mechanisms needed to integrate that power into the national grid. Solar parks have grown explosively in Rajasthan and Gujarat because of abundant sunshine and vast tracts of cheap desert land.



Reinvent the wheel

But consumers are in industrial and urban centres hundreds of kilometers away. Without storage batteries, daytime surplus can't be stored and released in the evening, during peak demand time. Without adequate transmission

India's strategy has treated generation, transmission, storage, demand management as silos, not parts of an integrated ecosystem

lines, solar generation can get stranded. Coal-based power stations in Rajasthan can reduce generation up to a point. But shutting them down completely is undesirable since a cold restart is expensive and uses much fuel oil. When solar generation first began, adjusting thermal load was easy. But now that renewable capacity has shot up, Rajasthan cannot cope.

Delays in commissioning critical transmission lines — especially the 765 kV Kheri-Narela double circuit line, the 765 kV Bhadra II-Sikar II line, and the 400 kV Narela-Maharani Bagh line — have exhausted available transmission margins. More than 4 GW of renewable capacity lacks proper evacuation capability, and the gap keeps rising. Rajasthan has over 35 GW of solar capacity, 27% of the national total. Since last summer, 3-4 GW of solar capacity has been curtailed, with some projects experiencing complete daytime shutdown. Industry estimates place financial losses at ₹250 cr or far

plexity of integrating massive intermittent renewable capacity into the grid.

India's renewable strategy has tended to treat generation, transmission, storage and demand management as separate silos, instead of parts of an integrated energy ecosystem. Solar projects were approved faster than evacuation systems could be built. Developers invested billions, assuming transmission infrastructure would arrive on schedule. Instead, projects in Rajasthan have been deferred by 18-20 mths because of transmission delays, only to face further postponements.

The solution requires much more than simply adding batteries, though storage remains important. We must fast-track critical transmission infrastructure while synchronising renewable generation approvals with evacuation capacity. Delays in land acquisition, environmental clearances and regulatory approvals for transmission projects must be minimised.

Demand management is equally critical. India needs incentives for electricity consumption during solar peak hours. Time-of-day pricing could encourage industries and agricultural users to shift consumption to midday when solar generation is highest. Demand-response programmes could help smooth grid fluctuations and absorb excess RE.

Regulatory reforms are also necessary to ensure solar projects remain profitable. Renewable projects require stronger 'must-run' protections, compensation mechanisms for curtailment, and contractual safeguards recognising transmission development as a 'change in law' event under power purchase agreements. Better forecasting and scheduling systems must coordinate renewable generation with grid demand more intelligently.

India's solar crisis is not a failure of technology or installation. It is a failure of planning, coordination and infrastructure. Let us correct this forthwith.



Solar parks have grown explosively in Rajasthan and Gujarat. But consumers are in industrial and urban centres hundreds of kms away

ChatGPT SHAIRI OF THE DAY

There once was an ED sleuth named Dev, Who met ICE agents keen to decompress. They swapped raids by the pool, Said, 'Due process is so cool!' Then karaoke Police sang with great finesse.

COAL POWER FOOTPRINT

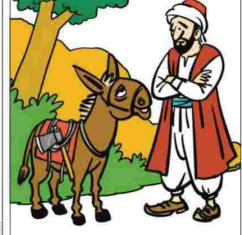
Coal power capacity continues to expand, but its growth and persistence are increasingly driven by decisions in a limited number of countries. Just 10 countries accounted for nearly 90% of operating coal power capacity worldwide in 2025. In case of capacity addition last year, the share of top 10 contributors was 95%.

Total operating coal power capacity & addition in 2025, GW		Newly operating capacity, 2025	
Top 10	Total operating capacity	Top 10	Newly operating capacity
China	1,242.3	China	28.8
India	230.7	India	10.0
US	184.4	Indonesia	4.0
Indonesia	60.7	Bangladesh	1.3
Japan	54.6	S Korea	1.1
S Africa	47.5	USAfrica	0.8
S Korea	41.7	Pakistan	0.7
Russia	37.2	Vietnam	0.7
Germany	32.0	Russia	0.2
Vietnam	27.7	Mongolia	0.2
World:	2,203 GW	World:	97.4 GW

Notes: The remaining total operating capacity is spread across 63 countries. Newly added 2025 capacity also includes the Philippines, Kazakhstan, and Zimbabwe. Source: Global Energy Monitor

Bell Curves

By R Prasad



Not all forty can be thieves, Ali Baba!

Crack the ABC on IBC



Arijit Barman

When Supreme Court initiates proceedings on its own over mounting debts in NCLT, it drives home the point that the decade-old IBC has increasingly become judicialised, and plodding. The latest high-profile litigant is Anil Agarwal. Back in 2018, Tata Steel was not allowed to revise its bid for Electrosteel Steels by lenders, even after verbal assurances during an insolvency process. Vedanta walked away with the bankrupt steel works. But when Agarwal locked horns with Gautam Adani this year to stake claim over the sprawling assets of Jaiprakash Associates, it was Vedanta's revised offer that was jettisoned for allegedly missing the deadline. Vedanta screamed foul play and petitioned against the committee of creditors' (CoC) 'capricious exercise' of power.

NCLT ruled against Agarwal. But the Jaypee matter has once again unleashed a debate over arbitrary decision-making by financial creditors, lack of transparency, favouritism, cherry-picking a winning bid, and possible CoC conflict of interest.

Companies that get referred to IBC have zero equity value left in them. Quicker the resolution, faster the recovery of invested capital of banks and trade creditors. Long-drawn litigations only widen the conflict between legislative intent and actual outcomes. Till late last month, resolutions of 383 applications seeking approval remain pending, with delays of as long as 738 days, more than double the timeline. Unlike Britain, where the administrator is the final arbiter, in India, it's still CoC that sits at the head of the table, while the administrator is the orchestrating agency, or resolu-

tion professional (RP), behaves like a sidekick. There is an inherent conflict in the biggest claimant is also the driver of the entire exercise, with disproportionate influence on operations and distribution of proceeds.

Driving consensus within CoC is always a time-consuming endeavour. Relying on its discretionary wisdom to swing the final voting is also ironic, since it was the same commercial wisdom that led many creditors in the committee into the mess in the first place. These self-inflicted victims can hardly act as referee and receiver.

In IBC's formative years, lenders were given extra teeth to counter truant plutocrats who had gamed the banking sector. Today, most of those highly indebted corporations are under the hammer. Bank NPAs are no longer a systemic risk. It's time to reengineer the code further.

Like a true interim CEO, the RP should be the de facto facilitator, responsible for running the company and acting as the last word on all commercial and strategic issues. That also means taking ownership of the bidding process, being responsible for running the company and acting as final arbiter. But he or she should also be personally liable and open to any challenge by the NCLT oversight mechanism. Logically, his remuneration should also be in sync with the risks and taken.

India needs a fast-maturing RP ecosystem to be without fear or favour; it should be IBC's top priority to insulate it from criticism, and empower it to make the best judgement call, and make it accountable for its own skin. RP's independence is also important to retain the en-



Quicker, more open consensus: 'Last Supper', 1930, Jamini Roy

STEP UP TO THE PLATE

Ali Barbour's Cave Restaurant

Diani Beach, Kenya

Hidden away on Kenya's southern coast lies Ali Barbour's Cave Restaurant, a stunning fine-dining sanctuary that feels more like a secret whispered among travellers than a name on glossy online lists. Set within a coral limestone cave estimated to be 180,000 yrs old, the restaurant's ambience is nothing short of magical: candlelight flickers against rugged stone walls, the ceiling opens to reveal a canopy of stars, and the soft murmur of the nearby ocean completes the spell. It is a place where time seems suspended, and every detail conspires to heighten

the romance of the evening. The menu is a celebration of the sea, with freshly caught lobster, prawns and snapper prepared in ways that marry Swahili tradition with Mediterranean finesse. Signature dishes like coconut crab curry and grilled octopus showcase bold flavours and delicate craftsmanship, while desserts — tropical sorbets and rich chocolate mousse — are paired with carefully selected South African wines.

Founded in the 1980s, Ali Barbour's Cave remains committed to preserving the natural beauty of its setting while offering cuisine that is sustainable and deeply rooted in local culture. It quietly delivers an exquisite experience: a dining journey where nature, history and gastronomy converge in unforgettable harmony.

Chat Room

Concerns Over Growth, Inflation

Apropos 'Bond Won't Help This Time' by Ashish Gupta (May 27), as millions of Muslims converge on Mecca for the Hajj, pilgrims join processions of millions of Muslims converging on Mecca for annual rituals. As we understand from Abraham and other prophets, tawhid, the oneness of God, must link deep within us. God repeatedly tested Abraham. He saw God in a dream, ordering him to sacrifice his only son, Ismail. When he was about to sacrifice his son, God was pleased and stopped him. Muslims celebrate the survival of Ismail and Abraham's devotion by giving alms to the homeless and needy. Allah (God) marks the end of Hajj. The Eid is celebrated by remembering sacrifices of Prophet Abraham, patron of all Abrahamic religions. Let his blessings shower on us.

Mitigate Effects Of Heatwaves

This refers to the Edit, 'Heat, Certainly Not Part of Cool Vibe' (May 27). Super El Niño is likely to be the hottest year yet, even as rising mercury levels adversely affect health and productivity. There is a need to assess the impact of the current heatwaves across India.

dition economic activity. Since it is an annual phenomenon, construction practices need to be modernised so as to impede the heat flow. Cooling interventions need to be in place, and tree canopy cover needs to be extended substantially. At the individual level, avoiding direct sunlight and constant hydration can ward off effects of the heatwave.

Vijay Mullaji
By email

Money Saved is Money Earned

Apropos the Edit, 'Umping Dead PSUs' (May 26), it was government policy that government has no business to be in business. Loss-making PSU should be closed, restructured or merged with profitable ones in a time-bound manner. The task should be made easier. ATTI Ayoy, which should call regular meetings with the administrative ministry to review the progress. Only then can sick PSUs be closed and government can utilise its resources elsewhere. Usha Agarwal
Jaipur

Letters to the editor may be addressed to edit@timesofindia.com



Editor's TAKE

The Quad speaks: Is Beijing listening?

The Quad meet in Delhi was a reminder that the group has a potential to take on China and is a force to reckon with in Indo-Pacific

When the foreign ministers of Quad countries – the United States, India, Japan, and Australia – met in Delhi, they sent a message to the world – Quad is here to stay and will be proactive in defending the cause it stands for – to keep Indo-Pacific free from power play. Some had been declaring the Quad's demise, pointing to the fact that its national leaders haven't met since 2024. Critics often question its relevance in a world where ideology and persuasion is waning fast. Yet the very convening of this ministerial – on Indian soil, in the shadow of a recent Trump-Xi summit – proved that the Quad is a potent force. The timing of the New Delhi meeting follows US President Donald Trump's visit to China and is widely understood as a signal that US engagement with Beijing does not diminish Washington's commitment to the Indo-Pacific Quad framework. India's decision to host the meet underscored urgency over protocol. It is not denying that the Quad has always been diplomatically coy about naming its primary concern. The grouping does not describe itself as an anti-China alliance, instead framing its purpose around constructive regional contributions. However, the China variable remains the unspoken organising principle behind nearly every agenda it takes up. This meeting was no different. While the closure of the Strait of Hormuz was on the agenda, the top priority was China.

The agenda was substantive – confirm cooperation in critical minerals and emerging technologies – two domains where China's dominance poses risks. Supply chain resilience, maritime security in the Indo-Pacific, and the governance of next-generation technologies rounded out the strategic priorities. For Australia, Japan, and India, the task is to continue investing in their national security as the most effective way to ensure Washington that they are powerful in their own right and capable of countering China and do not depend on the United States. This is no small thing. Both India and Japan carry unresolved territorial disputes with Beijing – the Galwan shadow still lingers over the Himalayas, and Chinese vessels continue to test nerves around the Senkaku Islands.

The biggest takeaway of the Delhi meeting was that the US has not abandoned the Indo-Pacific. As part of the summit brief, the potential sale of US weapons to Taiwan likely featured, and Rubio was expected to receive private support from his Quad colleagues. This is quiet but consequential diplomacy – the kind that is vital for balance of power. The Quad entered 2026 carrying the weight of a full year of Indian chairmanship that concluded without the Leaders' Summit. It was meant to produce – a gap whose strategic cost is real, since prolonged silence carries a reputational cost. It was thus a necessary course correction.

The way forward is clear, if demanding. The Quad must move from signalling to delivery – on critical mineral supply chains, on maritime domain awareness, on semiconductor and AI governance. A Leaders' Summit must follow. China will not be deterred by meetings alone; it responds to capability, cohesion, and credibility. Quad has the mettle but it must show it.



VIVEK AGGARWAL | SHAH FAESAL

India stands today as the world's third-largest economy in purchasing power terms, posting growth rates among the highest globally, with record foreign exchange reserves and equity markets at historic highs. Across a world riven by geopolitical conflict, supply-chain fractures, and shifting alliances, India has demonstrated macroeconomic resilience that most nations can only aspire to.

And yet, a curious paradox persists. Every time the rupee moves – from 85 to 87 to 90 against the dollar – headlines speak of "decline", citizens express alarm, and a narrative of weakness takes hold. This perception is not merely inaccurate. It is damaging to the economic confidence that sustains growth itself.

A civilisation that understood value long before the \$ existed

India's monetary culture dates back to ancient times. The subcontinent was minting coins as early as the 6th century BCE, with the silver punch-marked karshapana circulating across the Gangetic plains. When Pliny the Elder wrote in the first century CE that Rome was hemorrhaging fifty million sesterces annually to India for spices, textiles, and precious stones, he was not describing charity – he was describing a trade surplus. Gold coins minted in India were widely trusted for their purity and were used extensively in trade and commerce.

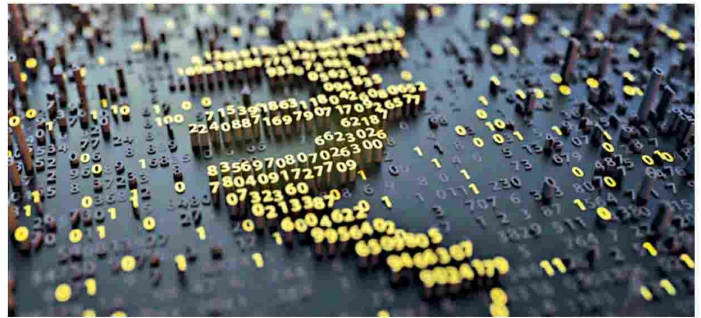
A civilisation with this monetary depth cannot reduce the worth of its currency – or the confidence of its people – to the daily movement of a bilateral exchange rate. The true strength of a currency lies not in how many units equal a dollar, but in the productive capacity, institutional resilience, and civilisational confidence that stand behind it.

The fallacy of exchange rate absolutism

The fundamental error in public discourse is

The Rupee's real worth: Time for a new narrative?

India is the world's third-largest economy. Its currency deserves to be judged by what it builds and buys – not by an exchange rate inherited from history



LET THE RUPEE BE JUDGED BY WHAT IT BUILDS, WHAT IT BUYS, AND WHAT IT ENABLES FOR A BILLION PEOPLE STRIVING TOWARDS PROSPERITY. THAT IS ITS TRUE VALUE – AND THAT IS THE STORY INDIA MUST HAVE THE CONFIDENCE TO TELL

Vivek Aggarwal, IAS, is Secretary, Ministry of Culture, Government of India. He has previously served in financial intelligence, urban infrastructure, digital agriculture, and economic governance

Shah Faesal, IAS, is an officer working in the creative economy division of the Ministry of Culture, Government of India

dailyopinioner @TheDailyPioneer The Pioneer

treating the nominal exchange rate as an absolute verdict on currency strength.

The Japanese yen trades at roughly 155 to the dollar; the South Korean won at over 1,500. Are these falling economies? Japan is the world's fourth-largest economy, while South Korea is a technological powerhouse. Exchange rates reflect historical denomination choices and monetary policy – not economic weakness.

What matters is purchasing power within the domestic economy. The World Bank's International Comparison Program places India's GDP at approximately \$18 trillion in PPP terms – third globally, behind only the United States and China. One rupee buys considerably more in India than its dollar-equivalent would in America. The Big Mac Index by The Economist is often cited as a popular indicator suggesting that the Indian rupee is undervalued against the US dollar, based on the lower price of McDonald's burgers in India compared to the United States.

The strategic advantage of a competitive currency

A rupee that is not artificially strengthened serves a vital function: it maintains export competitiveness. Remittances reached a record \$135.4 billion in FY2024-25. A stronger nominal rupee would reduce the rupee value of these inflows, directly diminishing earnings for millions of families. Export sectors from pharmaceuticals to textiles to software benefit from a competitive exchange rate. This is not an argument for a persistently weaker rupee, but for a currency strategy aligned with India's own economic

conditions and national interests, ensuring exchange-rate policy serves India-first monetary priorities.

The path forward

Internationalising the rupee through bilateral trade settlement, and advancing the digital rupee through India's CBDC initiative, offer pathways to reduce dependence on dollar-clearing. Prime Minister Shri Narendra Modi's recent call for Indians to choose made-in-India products, moderate gold imports, and favour domestic tourism is not merely a patriotic appeal – it is sound economic policy. Gold imports are a major drain on foreign exchange; every rupee spent on domestic tourism circulates within the national economy rather than financing outflows.

India holds unparalleled potential in heritage tourism. With 44 UNESCO World Heritage Sites and living traditions spanning millennia, it offers experiences unavailable anywhere else on earth. The recently inscribed 'Maratha Military Landscapes' add to a portfolio of globally unique experiences that can strengthen both economic activity and the currency's underlying domestic demand base.

Atmanvishwas as economic policy

For an economy growing at record rates with historically low inflation, the currency exchange rate is a data point, not a destiny. Let the rupee be judged by what it builds, what it buys, and what it enables for a billion people striving towards prosperity. That is its true value – and that is the story India must have the confidence to tell.



PICTALK



A young woman applies henna on a hand during the Eid al-Adha festival in Mushaidabad district, West Bengal. PHOTO: PTI

KUSHAN MITRA

2ND OPINION

I have to credit the arrival of cable television in India for my enduring love and passion for Arsenal Football Club, or 'The Arsenal', as some might choose to call it. And the joy that has erupted across the world at this storied football club winning their first English Premier League title in 22 years has been unprecedented.

And it is the sheer spread of the support, from the rich boroughs of London to the slums of Kampala, Uganda, from extreme left-wing politicians like Jeremy Corbyn to right-wing economists like Niall Ferguson, from New York Mayor Zohran Mamdani to Barron Trump. Few national football titles have ever brought so much happiness to so many disparate people.

Even in India, the small cohort of Arsenal fans I associate with share extremely different opinions on politics and



economics. Some work in government, some are top corporate leaders, but we were all sending each other Congratulations messages after the club won its title. I feel some of it was a release, after two decades of sometimes being in the doldrums and sometimes pretending before imploding, or what commentators called 'bottling it'. This one felt deserved.

And why deserved? Not just because, under their manager Mikel Arteta, they have become an extremely strong team, a physical side that plays well off the ball and is deadly at set-pieces, but because of something else, I feel. Arsenal did not manipulate the books, despite being owned by one of the richest sports empires in the world under Stan and Josh Kroenke. This is unlike the massaging of the Financial Fair Play rules by teams like Chelsea and especially the Abu Dhabi-owned

Manchester City, although these charges are yet to be resolved. Arsenal played fair, and that will show, as the team will likely close this year with over a billion pounds in revenue, making them one of the most valuable and profitable sports teams in the world.

And that is why fans across the world love Arsenal, because they have played fair. They could have also thrown money at the problem and washed off the sins of an oil-garch or oil tycoon. They did not; they played within the rules, they funded their stadium with their own money, and they sold their best players to stay afloat. Many of their current stars, particularly England striker Bukayo Saka, as well as Brazilian striker Gabriel Martinelli, are home-grown talents who rose through the ranks. In fact, the youngest ever EPL winner is 16-year-old schoolboy Max Dowman, a rising star of the Arsenal academy brought into the first team. They revived the faltering careers of some, like team captain and Norway midfielder Martin Odegaard. They spent judiciously; yes, they did spend a lot on England midfielder Declan Rice, a record sum.

But this is an organic team like no other in global football. Many other teams, and indeed even columnists on cultural issues, are just stocked at the level of joy and happiness Arsenal have brought. It certainly made me a very happy person.

The writer is Director and the Printer & Publisher of The Pioneer

DIGITAL EXPERIENCE

www.dailyopinioner.com

facebook.com/dailyopinioner @TheDailyPioneer
instagram.com/dailyopinioner linkedin.com/in/ThePioneer

MARKETS UNDER PRESSURE AMID GLOBAL UNCERTAINTY AND VOLATILITY

The Nifty 50 continues to face volatility and downward pressure amid escalating geopolitical tensions in the Middle East, a weakening rupee, and elevated crude oil prices. The benchmark index recently slipped below the 24,000 mark due to profit booking and mixed global cues, underlining the importance of informed investing and disciplined money management during uncertain times. Lingering tensions between the US and Iran have heightened concerns over global supply chains and shipping routes. As a result, crude oil prices have remained elevated. Since India is one of the world's largest oil importers, higher crude prices fuel inflationary pressures and widen the current account deficit.

rupee has touched fresh lows against the US dollar, making imports more expensive and weakening overall economic sentiment. Global uncertainty, coupled with strong economic data from the US, has also triggered sustained selling by foreign institutional investors, leading to liquidity outflows from Indian markets. Investor sentiment remains cautious due to fears of prolonged inflation, high borrowing costs, and uncertainty over future interest rate cuts by the Reserve Bank of India and the US Federal Reserve. In such a climate, market participants are advised to closely monitor sector indices. Value index crude prices fuel inflationary pressures and widen the current account deficit.

At the same time, the Indian JAYANTHY K BANJARI | MUMBAI

Please send your letter to the info@dailyopinioner.com. In not more than 250 words. We appreciate your feedback.

LETTERS TO THE EDITOR

Cockroach Janata Party under legal scanner

The growing popularity of the 'Cockroach Janata Party', created by Abhijeet Deepke, has sparked controversy over the alleged manipulation of figures and the commercialisation of serious public issues. In a petition filed before the Supreme Court, Advocate Raja Choudhary has sought an investigation into what he describes as the seemingly unconstitutional activities of the party. According to the petition, the movement has attempted to exploit serious court proceedings by turning them into a 'viral spectacle' on social media platforms. While the initiative reportedly began as a satirical response to issues affecting the youth, critics argue that it has gradually transformed discussions on unemployment, public grievances, and political participation into matters of controversy and sensationalism.

Concerns have also been raised regarding the repeated use of references to the judiciary in online campaigns. Legal experts believe that such actions could invite stricter scrutiny from authorities. The matter may even fall within the Central Government's jurisdiction to examine whether the party's 'X' (formerly Twitter) account poses concerns related to public order or national security.

YUGAL KISHORE SHARMA | FARIDABAD

Pope Leo XIV's warning on the AI race

Pope Leo XIV's encyclical raises concerns that go beyond theology. It highlights how corporate giants increasingly shape the development, deployment, and regulation of artificial intelligence. When technological progress moves faster than the wisdom needed to govern it, the benefits are often concentrated among the powerful, while the risks are borne by the wider public. What is needed is not resistance to technology, but stronger accountability. Independent oversight bodies, mandatory transparency from AI developers, and legal frameworks that hold companies responsible for foreseeable harms are essential. Several democracies have already begun taking meaningful steps in this direction.

India, too, stands at a crucial moment where present policy choices will have long-term consequences. A regulatory approach focused only on rapid AI adoption, without addressing concerns such as data governance, algorithmic bias, and labour displacement, may prove short-sighted.

SM JEEVA | CHENNAI

Legacy of the Saxophone Colossus

The passing of legendary jazz saxophonist Sonny Rollins at the age of 95 marks the end of an extraordinary era in world music. Widely regarded as one of the greatest innovators in jazz history, Rollins transformed the genre through unmatched improvisation, fearless experimentation, and deeply reflective artistry. Iconic albums such as Saxophone Colossus, Tenor Madness, and Freedom Suite inspired generations of musicians across the globe.

His journey reflected humility and the belief that artistic excellence must be accompanied by personal growth and self-discovery. In 1968, he took a break from his successful music career and travelled to Mumbai in search of spiritual understanding and inner peace, which he found in Powai. Among his many honours were the Grammy Lifetime Achievement Award, the National Medal of Arts, and the Kennedy Center Honors for his contribution to American culture. Despite retiring in 2014 due to pulmonary fibrosis, Rollins remained an immortal symbol of creative restlessness and intellectual curiosity.

VIDYASAGAR REDDY KETHIRI | KANPUR



Dubare tragedy: The dangerous illusion of 'tamed' elephants

The tragedy raises urgent questions about the continued use of captive elephants for tourism, festivals, and processions in the name of tradition, even as shrinking habitats, broken elephant corridors, and rising human interference intensify conflict between humans and wildlife



BK SINGH

This week's tragedy at Dubare elephant camp in Kodagu district, deep inside Karnataka's Western Ghats, questions the decision of the authorities to permit tourists to bathe captive elephants in the waters of the Cauvery river. This camp is located deep within forests dominated by the movement of wild elephants. All captive elephants in this camp were not born in captivity; many were captured from the wild and later tamed in such camps. It is not fair to conclude that tamed elephants have shed all their wild characteristics and fully obey the command and control of their masters—mahouts and kavadis. There have been instances in the past where elephants have killed their masters—mahouts and kavadis. There have also been instances where elephants did not obey the commands of the mahout and ran amok, inflicting casualties and death among crowds.

Captive elephants are often subjected to torture by mahouts using iron ankush. Wild elephants can cause bleeding and septicaemia. The footpads of elephants are frequently injured from walking on paved roads. Though camps have treatment facilities under the supervision of veterinary doctors, bleeding from earlobes and footpads is often neglected, and the elephants continue to suffer.

Let me examine in this piece how far we are justified in taking elephants for processions during special occasions and marriages, which are largely a regressive, and how far we are justified in continuing age-old traditions where tourists are permitted to pour water and rub the elephants' bodies while standing beside them. On several occasions, I have personally failed to convince the Karnataka government not to use captive elephants during Mysuru Dussehra. The argument advanced was 'why discontinue traditions?'

Captive elephants were extensively used in dragging timber logs across hilly terrain in forested areas in the past. The Forest Department maintained elephant camps for such operations. However, maintaining these camps was always costly, which restricted their expansion. As forestry operations have now been scaled down and tree felling in hilly terrain prohibited in the interest of conservation, these camps have largely lost their relevance.

Now, bureaucrats and politicians see these camps as permanent centres for training wild elephants that stray out of forests, damage crops and property, and threaten human lives. Earlier, the Karnataka Forest Department carried out khedda operations to capture only a few elephants needed for logging operations. However, with the advent of safer tranquillising techniques, more and more wild elephants are being captured. The department often comes under public pressure to capture elephants straying into villages. The argument advanced is that the elephant population in the wild is increasing due to conservation, and the excess population must therefore be brought into captivity. Wild elephants involved in conflicts, when translocated several hundred kilometres away into another elephant habitat, have often returned to their original homes within weeks, strengthening the argument for bringing such elephants into captivity.

In an era when elephant habitats are continuously fragmenting and shrinking owing to the expansion and widening of linear infrastructure, diversion of forests for mining, industries and development projects, and unauthorised encroachment on forest land, wild animals—especially elephants—are left with little option but to migrate in search of food, shelter, and water, thereby straying into human settlements.

The spread of invasive species and forest fires has also degraded elephant habitats. Palatable plant species and bamboo forests have suffered extensive damage, forcing elephants to move out of forests regularly. Elephant corridors that once provided migratory routes have been occupied by humans. Human settlements and cultivation inside forest pockets have expanded, to the detriment of conservation.

Captive elephant camps like Dubare are them-



The Pioneer SINCE 1838

DUBARE CAMP ALSO HAS TOURIST LODGES RUN BY THE STATE-OWNED JUNGLE LODGES AND RESORTS (JLR). ONE OF THE ACTIVITIES OFFERED TO TOURISTS IS BATHING THE CAMP ELEPHANTS, WHILE ANOTHER IS JEEP SAFARIS THROUGH NEARBY FORESTS TO VIEW WILD ANIMALS. IT HAS ALSO BEEN FOUND THAT THE ENTIRE CAMP AND JLR PREMISES LIE WITHIN A CORRIDOR HISTORICALLY USED BY WILD ELEPHANTS

The writer is a retired Head of Forest Force, Karnataka, and teaches Economics at the Karnataka Forest Academy
 @dailyPioneer
 @TheDailyPioneer
 The Pioneer

selves islands of human activity within forests. As part of their daily routine, camp elephants are released into forests during the daytime, where they interact with wild elephants. Fights between captive and wild elephants are reported regularly. There have even been instances where captive elephants were killed by wild tuskers. Aggression is a natural part of elephant behaviour and cannot always be controlled by a mahout's ankush. Sometimes, the animals can surprise us.

About a decade ago in Karnataka's Kalaburagi district, an elephant in a procession kicked its mahout in full public view. The kick was mild and the mahout survived the scare. Feeling insulted, the mahout attempted to attack the elephant with an ankush. The elephant became even angrier and kicked him with such force that he fell nearly 20 feet away and died. Elephants killing their mahouts is not uncommon, and such incidents have been reported from across the country.

Within a herd, stronger elephants are also known to target weaker members. This is what happened at Dubare earlier this week. A tusker attacked a makhna (another male elephant without tusks) while tourists were permitted to bathe the herd. The hostility had likely built up over time, and on that fateful day, the tusker chose to attack the makhna in full view of tourists. The makhna collapsed onto a female tourist bathing it, crushing her to death. The tusker continued attacking the makhna until the mahout managed to calm it down. Despite the best treatment provided at the camp, the makhna died the following day.

Dubare camp also has tourist lodges run by the state-owned Jungle Lodges and Resorts (JLR). One of the activities offered to tourists is bathing the camp elephants, while another is jeep safaris through nearby forests to view wild animals. It has also been found that the entire camp and JLR premises lie within a corridor historically used by wild elephants. Blocking this corridor has disrupted elephant movement and intensified human-elephant conflict.

There are other forest pockets in Kodagu that have been granted for coffee estates. These estates too obstruct elephant corridors. More than 10,000 acres of coffee estate owned by Tata lie within this corridor. The entire estate is fenced, diverting elephants into human settlements and aggravating conflict. Sometimes elephants break through the fencing and enter the estates, threatening workers' lives. Even the narrow roads inside coffee estates are covered by drooping coffee branches on both sides, limiting visibility. Estate management must ensure better visibility and safer movement.

This is a vicious cycle. As wild elephant movement is obstructed, incidents of conflict increase, and every human death places additional pressure on the Forest Department to capture the elephants involved and bring them into captivity. The continued operation of such elephant camps and JLR facilities is not in the interest of conservation.

Such elephant camps should be downsized in a phased manner, and corridors must be restored by removing fencing in Tata Coffee estates and around JLR properties. Tourists should not be allowed near camp elephants, and under no circumstances should close interactions be permitted. Tourist viewing areas should instead be cordoned off, allowing visitors only to observe elephants bathing in the river from a safe distance.

Yogi Adityanath: Calling a spade a spade in politics



YOGESH KUMAR DUBEY

Many a time, I cast my eyes on the Indian political realm as a scholar of English literature. Just as a seasoned English professor can instantly recognise Francis Bacon's measured prose, Shakespeare's poetic style, or George Bernard Shaw's sharp satirical bite from a single sentence, I have grown used to identifying the familiar rhythm of our political leaders' speeches over decades.

That rhythm is predictable: defensive, roundabout, and deliberately evasive. Whether it is Congress, the Samajwadi Party, the BSP, or any other party, the script remains largely the same—"The people will decide", "This is a conspiracy", "Everything will be fine", or "An inquiry will be conducted". The language is soft, safe, and wrapped in layers of political correctness, designed to dilute the question rather than answer it.

Then came Yogi Adityanath in 2017, and the entire tradition of political language was shattered. Yogi introduced a direct, unvarnished, and often blunt style that is rarely heard from the chief ministerial pulpit. He says what he thinks, with minimal embellishment and almost no diplomatic coating. This approach has won him fierce admirers and equally fierce critics.

The most memorable example remains his interview on Aap Ki Adalat with Rajat Sharma. When asked about the death of gangster Mukhtar Ansari, any conventional politician would have taken refuge in standard lines: "The matter is under investigation", "We respect the court", or "We have done nothing wrong". Instead, Yogi replied with characteristic bluntness: "He had to die anyway." He added that a man responsible for many murders cannot escape his fate forever. The sentence instantly became part of political folklore—hailed by some as refreshing candour and condemned by others as insensitive.

This is not an isolated incident. Yogi's entire linguistic pattern stands apart. On the bulldozer action against mafia properties, he repeatedly declared: "The bulldozer will run on mafia properties, not on the huts of the poor." He famously said, "Criminals will either go to jail or meet the Lord." While issuing a 24-hour ultimatum to land mafias, he warned that anyone who grabs the land of the poor would face the bulldozer with no mercy. In the same breath, he added, "We do not perform the aarti of criminals."

Even before becoming Chief Minister, his speeches carried the same sharpness. He once remarked about the Ram Temple, "When no one could stop the disputed structure from being brought down, who will stop the temple from being built?" On cow slaughter and pollution in the Ganga, he asked pointedly whether



animal blood flowing into the river did not count as pollution. On encounters, his standard response has been: "If a criminal fires at the police, the police will certainly retaliate."

These examples illustrate the linguistic revolution Yogi has brought to Indian politics. Traditional leaders weave intricate webs of words; Yogi strikes with them. The results are visible: crime rates in Uttar Pradesh have declined significantly, according to government data; major gangsters like Atiq Ahmed and Mukhtar Ansari have been neutralised; and the mafia ecosystem has been shaken. Infrastructure projects, expressways, and investments have moved forward alongside the bulldozer drive.

Yet this very language has also generated deep controversy and polarisation. Critics argue that it creates fear among minorities, heightens communal tensions, and erodes the courteous traditions of Indian democracy. They see it as majoritarian rhetoric that prioritises strongman imagery over inclusive governance.

I remain conflicted about this change. On the one hand, I admire the rare transparency—finally, a leader who rises above wordplay and speaks plainly. Such candour is uncommon in Indian politics. On the other hand, I worry whether this bluntness is further dividing society.

Yogi Adityanath's no-nonsense, plain-speaking style has redefined Indian politics in a fundamental way. Ordinary citizens love this language because it contains no deception and no false promises. They feel they have finally found a leader who can place a criminal in the dock without looking at caste or religion. Yogi's directness reassures the public that the rule of law is being applied in its true spirit—justice will be the same regardless of the offender's community.

This new idiom has become a model not just for Uttar Pradesh but for national politics. The question is no longer whether political language should be soft or harsh, but whether it is honest and effective. Yogi has proved that the courage to call a spade a spade can itself become a powerful political force.

The author is an Associate Professor at the University of Delhi. He writes regularly on political and social issues
 @dailyPioneer
 @TheDailyPioneer
 The Pioneer

Great Nicobar: Between strategic destiny and environmental responsibility



KRIPA NAUTIYAL

The renewed controversy surrounding the ₹81,000 crore Great Nicobar Island project, triggered by Rahul Gandhi's recent visit to the island, has once again brought into focus a larger national dilemma: how should India balance economic imperatives in an increasingly contested Indo-Pacific region? The debate is both necessary and healthy in a democracy. However, what is worrying is the manner in which some sections are attempting to portray the project solely as an ecological disaster while completely ignoring the island's immense strategic and economic significance for India's future maritime posture.

Having spent nearly five years in the Andaman and Nicobar Islands during my service years, I have often wondered why such a strategically located territory—situated near one of the world's most critical maritime chokepoints—remained under-utilised for decades. Great Nicobar is not merely another remote island. It is India's southern sentinel at the mouth of the Malacca Strait, through which a substantial portion of global trade and nearly three-fourths of China's energy supplies transit every year. Any nation with long-term strategic vision would naturally seek to develop critical infrastructure in such a location. The proposed

project includes an international container transhipment terminal at Galathea Bay, a dual-use military-civil airport, power infrastructure, and an integrated township. Critics see environmental destruction; strategic thinkers see India finally awakening to maritime realities that regional powers have understood for decades.

One does not have to travel far to witness how geopolitics shapes island development. The Indonesian archipelago, located close to Great Nicobar, has undertaken extensive maritime and infrastructure expansion to secure its strategic interests and economic future. Across Southeast Asia, nations are rapidly building ports, logistics hubs, and surveillance infrastructure to strengthen their position in the Indo-Pacific competition. India cannot afford strategic hesitation while others consolidate influence around us.

This is particularly important in the present geopolitical environment, where maritime competition in the Indian Ocean Region is intensifying. The Andaman and Nicobar Islands provide India with a natural strategic advantage unmatched by any other regional power. To neglect this advantage would be strategically irresponsible.

At the same time, it would be equally irresponsible to dismiss genuine ecological and tribal concerns. Great Nicobar is ecologically fragile, falls in Seismic Zone V, and hosts rare biodiversity, including the endangered leatherback turtle. The Shompen and Nicobarese tribal communities possess unique cultural identities that deserve the highest degree of protection and sensitivity.

I have personally been fortunate to interact with the friendly and dignified Shompen tribals during



several visits to Great Nicobar. Their simplicity, self-sustaining lifestyle, and deep connection with nature leave a lasting impression on any visitor. Development cannot and should not become an excuse for cultural erasure or insensitive displacement. However, it is equally important not to romanticise isolation in a manner that permanently condemns such regions to underdevelopment and strategic irrelevance. History shows that large infrastructure projects inevitably involve some degree of displacement or ecological alteration. The real test of governance lies in how responsibly and humanely these challenges are managed. If rehabilitation becomes necessary, it must follow internationally accepted norms and ensure livelihood security, cultural continuity, healthcare, education, and dignified resettlement. Environmental safeguards too must remain scientific, transparent, and continuously monitored. Development and conservation need not always be opposing forces if approached with accountability. At the same time, opposition to the Great Nicobar project also reflects a larger lack of

strategic vision. In today's world, maritime infrastructure, island territories, logistics hubs, and surveillance systems are central to national security. India cannot afford to remain strategically content in the Indo-Pacific region. I am reminded here of a deeply unfortunate episode from my own professional experience concerning Narcondam Island. Based on operational recommendations, the government had approved the installation of a radar system on this strategically located island as part of our maritime domain awareness and static sensor chain.

The proposal had received clearance from the Ministry of Defence because of its immense importance for maritime surveillance. However, in 2012, under pressure from certain environmental groups and NGOs, the proposal was rejected by the Environment Ministry on the grounds that the island's hornbill population might face regenerative issues due to radar installation in a very small corner of the island. Consequently, the radar had to be shifted elsewhere, leading to significant maritime surveillance gaps in a strategically sensitive region.

This episode remains a classic example of how excessive bureaucratic caution and narrowly framed environmental objections can sometimes undermine national security interests. Some experts believe that non-approval of this radar was due to pressure from certain external powers through some voluntary groups. Environmental protection is undoubtedly essential, but strategic blindness can prove equally dangerous.

India today stands at a crucial strategic crossroads. The Indo-Pacific is rapidly emerging as the epicentre of global power competition. China's

maritime expansion, port acquisitions, dual-use infrastructure projects, and naval outreach across the Indian Ocean are no longer speculative concerns; they are visible realities. In such an environment, strengthening the Andaman and Nicobar Islands is not an option but a necessity.

The Great Nicobar project should therefore not be viewed through the simplistic binary of "development versus environment". It must instead be approached as a national mission requiring balance, scientific planning, transparency, environmental sensitivity, and strategic clarity. Constructive criticism is valuable. Alarmism that paralyses national initiatives is not. India's strategic planners must ensure robust ecological safeguards, protect tribal rights, and minimise environmental damage. Yet the nation must also recognise that opportunities of this magnitude are rare, and countries rise by anticipating future geopolitical realities.

Great Nicobar offers India a major opportunity to strengthen maritime security, expand regional influence, generate employment, and project power responsibly in the Indo-Pacific. Debate must continue, but with strategic maturity rather than emotional absolutism. National development, environmental stewardship, and tribal welfare are not mutually exclusive. With political will and careful planning, India can achieve all three together.

The author is a retired Additional Director General of the Indian Coast Guard and has served in the Andaman and Nicobar region for five years in various capacities, including Commander of the entire region
 @dailyPioneer
 @kripanautiyal
 dr-kripa-nautiyal-bb7773219

Opinion

THURSDAY, MAY 28, 2026

Informal economy blues

Official data shows overall growth but manufacturing needs focused attention

INDIA'S GROWTH STORY depends on the health of the vast number of unincorporated non-agricultural enterprises — which are not legally registered as companies — that belong to the informal sector. These small businesses contribute 28 to 30% of the nation's output of goods and services or GDP and 40% of employment. These enterprises are not just stand-alone entities but also support the incorporated or formal sector by acting as suppliers and services providers, thereby forming an integral part of the domestic value chain. The official narrative on the latest quarterly edition of the National Statistical Office's annual survey of unincorporated enterprises (ASUSE) for January-March 2026 highlights the robust year-on-year growth of 16.7% in the number of unincorporated enterprises and 15.5% in employment. This indicates "healthy labour market growth" in the informal sector which is a major provider of jobs in the economy.

However, these key metrics must be considered over a longer period to assess the health of the informal sector, especially manufacturing, as it has borne the brunt of various shocks that have buffeted the economy. While the January-March 2026 numbers are largely driven by the unincorporated services, manufacturing deserves attention as it was hit by Covid-19 and earlier disruptions like demonetisation which took high-value notes out of circulation in November 2016 and the implementation of the goods and services tax in July 2017. As cash accounts for a bulk of transactions, demonetisation struck a body blow to informal manufacturing enterprises who do not have shuttles, forcing daily wage earners to return to their villages. There were 1.1 million fewer workers even a decade later, according to ASUSE 2025, as against 36 million before demonetisation in 2015-16, although enterprises were marginally up by 8.6%.

Although the January-March 2026 numbers indicate growth in unincorporated manufacturing enterprises and employment, their relative importance shrank to 27% from 28% in January-March 2025. There is no warrant to infer a nascent recovery considering the plight of the handloom and handicraft industry that are exemplars of informal manufacturing. This segment supports nearly 6.5 million establishments employing 11.3 million workers, which would be 26 to 28% of the total 24.8 million informal manufacturing enterprises with 40.6 million workers. A survey of this sector in six states by the Institute for Human Development and the Crafts Council of India found that most handloom and handicraft units operated on a small home-based scale and reported declining production over the past decade. The lot of workers was no better with a gross value added per worker of ₹270 a day, which is below the prescribed minimum wages.

While the latest quarterly data indicates an impressive services-led growth of enterprises and employment, a nuanced picture emerges on unincorporated manufacturing that hasn't fully recovered from the shocks over the past decade. Unincorporated trading enterprises have done no better either when compared to January-March 2025. The travails of the handloom and handicraft industry must be captured better in ASUSE data for focused policy attention. The Ministry of Statistics and Programme Implementation is reportedly willing to incorporate sector-specific suggestions to improve its surveys to generate granular and actionable data for this segment. This is a step in the right direction as it will more accurately reflect the health of the informal economy, especially manufacturing. The official narrative will then be better informed as to whether the sector is showing resilience or continuing stress.

DeepSeek is now running three AI races at once

WHEN DEEPSEEK RELEASED its highly anticipated V4 model last month, it landed not with a bang but a whimper. There were no declarations of a new "Sputnik moment" and global markets shrugged.

The muted reaction made sense on the surface. V4 Pro may be the most capable Chinese model released to date, according to an analysis by the US National Institute for Standards and Technology. But the same research found that the gap between DeepSeek and American frontier AI was widening, not shrinking. The model lagged top Silicon Valley offerings by roughly eight months, across tasks including reasoning and math, the NIST said. DeepSeek's R1 model, released last year, was only about three months behind. But the Hangzhou-based lab is no longer just trying to catch up, it's now trying to run three AI races at once.

Company leaders are chasing artificial general intelligence, or building systems that can match or surpass humans at most tasks, the elusive goal that obsesses Silicon Valley. To get global users hooked on low-cost offerings, DeepSeek has also collapsed the price of advanced AI. And the firm is trying to push China towards a future less dependent on American chips. The question now is whether the three ambitions can reinforce one another, or eventually pull the company apart.

DeepSeek said on Saturday that it was making permanent a 75% discount on its latest model that was initially set to expire at the end of the month. That effectively makes running V4 Pro about 12 times cheaper than OpenAI's GPT-5.5 and some 19 times cheaper than Anthropic's Claude Opus 4.7, according to a breakdown by third-party benchmark Artificial Analysis. For developers, it begs the question of why pay so much when "good enough" AI is significantly cheaper.

That's a challenge to Silicon Valley, but it's just as much a threat at home. Chinese AI firms were already locked in a bruising race for users, with prices falling and profitability looking increasingly distant. Some rivals had just begun trying to persuade customers to pay more for their services. DeepSeek made that trend much harder to sustain.

The tactic appears to be luring global developers. DeepSeek's V4 Flash model topped this month's ranking of large language models by token usage (the units of data processed by a model, often used as a proxy for adoption), according to data from OpenRouter. The dataset captures just a slice of AI habits, but it is widely watched because it is one of the few available.

But the discount also begs a broader question. DeepSeek had previously disclosed that costs would fall sharply once a new supply of Huawei Technologies' Ascend 950 chips came online later this year — though it has not said whether that explains the latest cut. If domestic hardware is enabling the price-slashing, that would suggest that China can build advanced AI with less reliance on American chips. And it might explain why the performance gap with US models has widened.

DeepSeek's latest release didn't trigger last year's market panic in part because new domestic competition has now made cheap Chinese AI ubiquitous. And DeepSeek is not likely to unsettle Anthropic or OpenAI inside large US enterprises anytime soon. The reputational and regulatory scrutiny still attached to made-in-China real estate, especially when the US and China still treat the technology as a contest for strategic supremacy. DeepSeek has to compete on reliability, trust and security as much as cost.

But for startups, developers, and even governments in the rest of the world, price is often the main constraint. DeepSeek's ultra-low-cost AI becomes the pragmatic choice and a soft-power win for Beijing. And by maintaining its open-weight approach, meaning the latest model can be downloaded and run locally by users with the necessary hardware, it also eases at least some privacy concerns.

There is a popular narrative that Chinese tech firms are less AGI-obsessed than their Silicon Valley peers. Washington leans too heavily on it. Leaders from Zhipu AI to Alibaba Group Holding and now DeepSeek have emphasised AGI as an overarching strategic goal. Whether it's achievable in the US or China remains an open question.



CATHERINE THORBECKE
Bloomberg

THE INSOLVENCY and Bankruptcy Code (IBC) completes 10 years, one criticism continues to dominate the public discourse. Too many companies, the argument goes, are going into liquidation. The criticism is emotionally appealing. A system that liquidates more firms than that rescues appears, at first glance, to have failed in preserving businesses and jobs. But the criticism misunderstands the insolvency law.

In many cases, liquidation is evidence of the framework functioning exactly as intended. A modern insolvency regime has two equally legitimate outcomes. It must rescue viable firms through restructuring. But it must also close unviable ones swiftly so that capital, labour, land, and entrepreneurial energy move to more productive uses. Economies grow not merely by preserving firms, but by continuously reallocating resources away from inefficient enterprises towards more competitive ones.

Economists have long recognised that productivity growth in dynamic economies arises from "creative destruction", where inefficient firms exit and resources migrate towards more productive enterprises. An insolvency framework that systematically discourages exit risks weakening productivity growth itself. A market economy requires not only the freedom to succeed, but also an orderly mechanism to fail.

The IBC was enacted precisely to enable this transition. Before 2016, India's insolvency regime was excessively preservation-oriented. Laws such as the Sick Industrial Companies Act trapped firms in prolonged rehabilitation attempts, even where there was little prospect of revival. Capital remained locked in unproductive enterprises, bad loans accumulated, and both corporate and banking balance sheets weakened.

The IBC introduced a fundamentally different philosophy: a time-bound, market-driven process where creditors and investors determine whether a business deserves revival or exit. It recognised that failure is inherent in a competitive market economy. Competition displaces ineffi-

MS SAHOO
RAGHAV PANDEY
Respectively Emeritus Fellow, Insolvency Law Academy, and former Chairperson, IBC, and Director, Post-Graduate Insolvency Programme, National Law University, Delhi



cient firms, innovation displaces the old order, and resources must continuously move towards more productive uses.

Yet India appears to have over-internalised the case for rescue, but under-internalised the legitimacy of exit. Institutional practice increasingly displays a preference for revival over liquidation. Successive amendments have progressively widened the rescue window, while judicial approaches often treat liquidation as something to be avoided except as a last resort. This risks weakening the economic logic of insolvency law.

The purpose of insolvency law is not to preserve companies at all costs, but to resolve financial distress efficiently. Where a business remains viable, rescue creates value because the firm possesses "going concern surplus", the additional value from keeping assets, employees, customer relationships, and organisational systems together. But where this surplus no longer exists, liquidation becomes economically desirable. Repeated attempts to revive unviable firms destroy value, delay resource reallocation, weaken credit discipline, and create enterprises that survive without competitive tests. There is also a moral hazard concern. If markets begin to believe that insolvency law will systematically prioritise preservation over exit, the disciplining effect of insolvency weakens. Credit allocation becomes less efficient, lenders grow more cautious, and viable firms ultimately bear the cost through tighter credit conditions and higher capital constraints. Rescue should emerge from genuine economic

viability, not from institutional discomfort with liquidation. If creditors and markets believe that a company retains going concern value, they will produce a credible resolution plan. If they do not, liquidation should follow swiftly and efficiently.

The perception that India liquidates excessively is unsupported by comparative evidence. As of March 2025, 4,422 companies had completed the corporate insolvency resolution process. Of these, 1,419 ended in approved resolution plans while 3,003 proceeded to liquidation. These numbers are not unusual. Mature insolvency jurisdictions such as the UK and Australia report similar, and in some cases even higher, proportions of liquidations within formal insolvency systems.

This is because formal insolvency everywhere deals primarily with the most distressed subset of firms. Most financially troubled companies resolve distress outside court through refinancing, restructuring, asset sales, or negotiated settlements. Firms that eventually enter formal insolvency are usually those where private rescue efforts have already failed, and economic viability is seriously doubtful. Consequently, liquidation rates are naturally high across jurisdictions.

The condition of firms entering the IBC is therefore critical. A large proportion of firms proceeding to liquidation were already defunct before entering insolvency. On average, the value of their assets was barely 5% of the claims against them. Four-fifths had ceased operations years earlier, but possessed negligible going concern

value, and had little prospect of revival. Expecting such firms to be revived through insolvency resolution is a misunderstanding of both economics and commercial reality. In such cases, continued attempts at revival only delay value realisation, increase costs, and trap scarce resources in unproductive enterprises.

The effects of the rescue orientation are now becoming visible. Liquidation rates have moderated in recent years. However, this appears to have come at the cost of both timely resolution and value preservation. The average time to arrive at a resolution plan in 2025-26 was 886 days. Similarly, the value realised under resolution plans during January-March 2026 was only 23% of admitted claims. The trend underscores an important reality: not every distressed company is capable of rescue.

As the system matures, India may now be ready for differentiated insolvency pathways. At present, every corporate debtor must first undergo the resolution process, and liquidation follows only if it ends up with no approved resolution plan. But many firms are manifestly beyond rescue from the moment they enter insolvency. Requiring such firms to undergo a full resolution process merely delays the inevitable, erodes value, increases costs, and burdens institutional capacity.

Several mature jurisdictions, including the US, permit direct liquidation proceedings where rescue is commercially unrealistic. India should seriously consider a similar framework. Allowing creditors or adjudicating authorities to place evidently unviable firms directly into liquidation would preserve value, accelerate resource reallocation, reduce process costs, and allow the insolvency system to focus its energies on genuinely viable businesses.

The success of the IBC should not be measured by how many firms are kept alive. It should be measured by whether the system efficiently preserves viable businesses and closes unviable ones. Rescue should emerge from genuine economic viability, not from policy anxiety about closure. Liquidation is not a pathology of insolvency law, but an integral part of market efficiency.

A new lexicon of Indo-US ties



HARSH V PANT
Vice President, studies and foreign policy, Observer Research Foundation

MARCO RUBIO'S first visit to India as US Secretary of State this week was never meant to produce dramatic headlines or transformative breakthroughs. At a moment when India-US ties had begun to show signs of strain under President Trump's renewed "America First" orientation, Rubio's presence in India represented an exercise in strategic reassurance. The stops in Kolkata, Agra, Jaipur, and New Delhi were choreographed not merely as diplomatic engagements, but as symbols of continuity in a relationship that both sides increasingly recognise as indispensable to their geopolitical ambitions.

Since Trump's return to the White House, India had grown uneasy about Washington's tariff-heavy economic policies, renewed transactionalism in trade negotiations, and signs of outreach towards both Pakistan and China — developments that generated familiar anxieties about American reliability. India's strategic community has long understood that while the US views India as an important partner, Washington's global priorities can shift quickly depending on domestic political compulsions. Rubio's visit was therefore aimed less at announcing a new era and more at preventing strategic drift.

The most substantive outcome was the signing of the framework on critical minerals. Though technical in appearance, the agreement carries profound geopolitical implications. In many ways, it captures the central logic underpinning contemporary India-US engagement: the search for resilient supply chains outside Chinese dominance. Rare earths and critical minerals today occupy the same strategic space that oil did during the Cold War.

China's near-monopoly over critical mineral processing has emerged as a maj-

or vulnerability for the West and its partners. The US has increasingly sought "friend-shoring" arrangements to diversify its strategic assets, and India is uniquely positioned in this framework. New Delhi possesses significant mineral potential, a growing industrial base, and political willingness to participate in supply-chain diversification without formally aligning against Beijing. For India, the agreement offers access to technology, investment, and integration into emerging strategic industries.

The emphasis on trade and energy cooperation during Rubio's visit also reflected a mutual recognition that economic tensions cannot be allowed to overwhelm broader strategic convergence. Rubio's effort to reassure Indian leaders about progress towards a broader trade arrangement was politically significant, even if concrete outcomes remain limited.

Energy emerged as another important dimension of the discussions. With instability in West Asia, global energy markets remain deeply volatile. The US sees India not only as a major energy consumer but as a strategic market for American LNG and oil exports. New Delhi, meanwhile, continues its delicate balancing act — seeking energy security through diversified imports while avoiding excessive geopolitical entanglement. The conversation on energy cooperation highlighted how India-US ties are increasingly driven by pragmatic calculations rather than ideological affinity.

Defence and strategic cooperation remained central to the visit's agenda. Dis-

The significance of Rubio's visit lies in what it reveals about changing global politics: India-US partnership today is driven not by sentimentality but by converging structural interests

ussions on maritime security, strategic technologies, and counter-terrorism underscored the expanding scope of bilateral engagement. The invitation extended by Rubio to Prime Minister Narendra Modi to visit the White House signalled Washington's desire to maintain political momentum at the highest levels.

Yet what is striking about the relationship today is the degree to which it has moved beyond traditional defence cooperation into new domains of strategic and geopolitical competition.

India also used the opportunity to raise concerns about tighter US visa rules, a politically sensitive issue. Unlike many other strategic partnerships, India-US ties possess a substantial political dimension that often cushions political disagreements. Rubio's acknowledgment of people-to-people ties reflected an understanding in Washington that immigration curbs, if mishandled, could generate unnecessary friction.

Rubio's participation in the Quad Foreign Ministers' Meeting added a wider Indo-Pacific dimension to the visit, helping inject fresh momentum into a grouping that had appeared subdued in recent months. The announcements on maritime security, port infrastructure, undersea cables, and energy security highlighted its gradual transformation into a platform for practical cooperation. The proposed joint port project in Fiji, for example, reflects the Quad's growing emphasis on infrastructure diplomacy in the Pacific Islands, a region where Chinese influence has expanded steadily over the past decade.

Importantly, the Quad continues to avoid the language of formal alliance-building. This flexibility is what gives the bloc durability. India, in particular, remains deeply uncomfortable with treaty-based security structures that could constrain its strategic autonomy. Instead, the Quad functions as a mechanism for issue-based coordination among like-minded democracies seeking to shape the Indo-Pacific balance without provoking military confrontation. The advancement of the Quad Critical Minerals Initiative reinforced the strategic logic visible in the bilateral India-US agreement. Across Indo-Pacific, supply chains have become instruments of geopolitical competition. Control over technology, infrastructure, and strategic resources is now central to statecraft.

The broader significance of Rubio's visit lies in what it reveals about the changing nature of global politics. The India-US partnership today is driven not by sentimentality but by converging structural interests. Both countries recognise the challenge posed by China's rise, both seek resilient supply chains, technological competitiveness, and a stable Indo-Pacific maritime order. Yet both remain cautious about overcommitment.

For India, strategic autonomy continues to define foreign policy thinking. New Delhi values closer ties with Washington but remains unwilling to become part of any overt treaty-based engagement. For the US, India is indispensable but also frustratingly independent. This tension is unlikely to disappear.

Rubio's visit may not have altered the strategic landscape overnight, but it reinforced the underlying trajectory of one of the 21st century's most consequential partnerships.

LETTERS TO THE EDITOR

Semicon ambition

Apropos of "Beyond chip plants" (FE, May 27), the Tata Electronics-ASML partnership for the Dholera fabrication plant is a crucial step towards building

technological resilience. Resilience means reducing vulnerability in critical sectors through deeper capability creation. India should focus strongly on chip design, semiconductor R&D ecosystems, and advanced skill

development. Building IP and high-end technological expertise must become national priorities. Greater international partnerships can accelerate innovation and strengthen domestic capabilities. Only a

comprehensive ecosystem approach can make India globally competitive in semiconductors.
—PV Prakash, Mumbai

Write to us at letters@expressindia.com



A thought for today Suppose the stars are just our grief reflected back to us

VICTORIA CHANG, poem

Yin & Yang Of Quad

India needs more FDI from Chinese companies, while doing more for Indo-Pacific. Learn from Southeast Asia

Speak softly and carry a big stick is an adage attributed to Theodore Roosevelt. With Quad foreign ministers' meeting in New Delhi this week, the India-US-Japan-Australia grouping appeared to be channelling the spirit of the former US president. The meeting resulted in a series of initiatives in areas such as critical minerals, energy security and maritime surveillance. There's also a plan to build a port in Fiji. Of course, the elephant in the room is China, which was quick to denounce the Quad meeting as an exclusive clique.

India, for its part, has been clear that Quad is not directed against any third country. That's clever. Managing China requires India to walk a tricky tightrope, juggling historical territorial issues, economic interdependencies, and regional strategic questions. This is where India needs its own version of 'speak softly and carry a big stick'.

A sweet spot that smartly combines economic enticements and strategic national security guardrails. In March, GOI approved Press Note 2 to allow non-controlling stakes of up to 10% in Indian firms, without prior govt approval. It also pitched a 60-day expedited approval process for investments in priority manufacturing sectors. Both with an eye to accelerating FDI from China.

Note, China has never been a major source of FDI for India - a mere \$2.5bn between April 2000 and Dec 2025. It's not that Chinese companies are shy of investing. But the fact is, despite recent loosening of rules, India still isn't attractive enough for large investments, especially in manufacturing - from poor infra to weak enforcement of contracts. And then there are the soft issues - ease of living and working, quality urban spaces, and recreational facilities that entice foreign companies to set up shop. Anecdotally, Japanese businesses don't invest in countries without quality golf courses.

Without serious Chinese FDI inflows in non-strategic sectors, China is more likely to view India from the prism of regional strategic calculus, where our interests don't often align. But higher FDI inflows will force Beijing to think in terms of win-win strategic partnership. Conversely, without a fast-growing economy, India can't do more for the Indo-Pacific anyway when it comes to tamping down on China's hegemonic tendencies. New Delhi should learn from Southeast Asia - Chinese FDI inflows into ASEAN rose from less than \$4bn in 2010 to \$17bn in 2023, despite all their differences. Even Philippines, with its strident opposition to China in South China Sea, is selectively receiving Chinese investments in its infra projects. Time India steps up its own game.



Look Up. Stop

The stars whisper, why the heck are we killing each other? Our borders are invisible from space

Growing up in a Manipur village, Ronaldo Laishram would spend nights looking up at the stars. Children have done this for a long time. Maybe even those who roamed African savannas where Homo sapiens evolved. Maybe even the questions that the stars make us whisper have remained the same: What is all of this, and what am I doing in it? Now leading a research team at the National Astronomical Observatory of Japan, Laishram can attempt the answers in an epistemic way. He's found a 12.6bn year old galaxy protocluster and chosen to name it after Manipur's beloved Loktak Lake. Along with this stark reflection: "Earth is very small...and here we are killing each other."

Scientists arrive at this perspective, both peering into the far corners of space from down here, and looking back at Earth from up there. On one side, Apollo 14 astronaut Edgar Mitchell called the profound cognitive shift experienced while viewing Earth from space, "instant global consciousness". On the other, when Voyager 1 took the famous 'Pale Blue Dot' image of this planet in 1990, from some 6.4bn km away, it made Carl Sagan call out the terrible absurdity of inhabitants of one corner of this pixel visiting endless cruelties on the scarcely distinguishable inhabitants of some other corner. The Subaru and James Webb telescopes that Laishram works with today are capturing different data, with the same message. "Look again at that dot. That's here. That's home. That's us." The borders we kill for are invisible from star distance. They don't exist in any cosmic sense.

Plus, for all our searching, we have yet to find life anywhere else. Meaning, a) what we have here is extraordinarily rare, and b) nobody will be coming to rebuild what our wars destroy. But if thinking like this begins with gazing at the stars, and we can no longer see them in our cities, are even the seeds of peace becoming an endangered species?



Yes SIR, But Also No SIR

Good that SC recognised voting as a constitutional right. But, for that to have meaning, ensuring inclusion in voter rolls must be EC's positive duty. And the burden of justifying exclusion must shift to it. The judgment doesn't address that

Aditya Prasanna Bhattacharya

Supreme Court yesterday upheld the EC's Special Intensive Revision of SIR of electoral rolls in Bihar. The judgment answers four questions: whether EC had the power to conduct SIR, whether that power was exercised proportionately, whether the procedure violated the statutory scheme, and whether EC can scrutinise citizenship of voters. On each count, the court ruled in EC's favour, except to say EC can't be the final arbiter of citizenship. So, Bihar SIR stands, and what SC has sanctioned will now be repeated across the country.

On a positive note, this is the first time that SC, in a majority opinion bearing directly on the franchise of individual voters in direct elections, has recognised the right to vote as a "constitutional right", not merely a statutory one. This is a welcome departure from the orthodox position. For decades, SC treated voting as a mere statutory right, giving Parliament and EC wide discretion over its content and conditions.

But this elevation is immediately drained of consequence. The court holds that compliances, such as documentary verification, do not, by themselves, infringe the right to vote. The relevant question, the court says, is only whether compliances are so onerous that they negate the right altogether. This is the same deferential standard that a statutory right would attract.

A constitutional right, on the other hand, should do much more. It should impose a positive duty on EC to ensure inclusion, and shift the burden of justifying exclusion onto it. It should recognise that the right to vote is impaired not only when it is abolished, but also when citizens are made to

navigate burdensome or uncertain procedures to retain it. The judgment does none of this.

One area where SC deploys another constitutional principle - free and fair elections - as the primary justification for SIR. In Bihar, approximately 47L voters were excluded from the final roll. EC justified this in the name of electoral integrity. SC accepted this argument, relying on EC's "institutional expertise". There is, of course, no dispute that clean electoral rolls are essential to electoral legitimacy. But when integrity of the roll is treated as a value that can override rights of individual voters, "free and fair elections" is invoked not to safeguard the franchise, but to justify its curtailment.

This is a persistent structural problem. The Constitution gives EC enormous powers under Article 324. Over the years, SC has read this provision very liberally, treating EC as the institutional guarantor of free and fair elections.

But empowering the guarantor of elections is not the same as protecting the rights of voters. An EC which overrides power by its responsibility to protect a voter, is akin to a gatekeeper whose only job is to keep people out.

In the legal architecture of SIR, SC effectively gives EC a blank cheque. It is free to conduct sweeping, state-wide re-verification exercises whenever it considers necessary, with broad procedural discretion, and only the softest judicial constraints. While SC repeatedly acknowledges the importance of safeguards, all it asks is whether

some safeguards exist on paper, and not whether they are robust enough to protect the franchise.

One area where SC does draw a line is citizenship. It holds that while EC may conduct a limited inquiry into citizenship for electoral purposes, it cannot finally determine who is or is not a citizen. Exclusion from the roll just means inability to vote, not loss of citizenship. If a person's name has been deleted from the 2003 roll because EC thinks they are not a valid citizen, it must refer the matter to the competent authority under the Citizenship Act, 1955, which should

decide the issue before the next election. This prevents SIR from becoming a backdoor citizenship determination exercise. While this will work in practice remains to be seen.

The deeper difficulty is that the judgment departs from the historical logic of Indian democracy. The story of universal adult franchise in India is one of inclusion. The franchise expanded from 3% under Government of India Act, 1919 to 20% under the 1935 Act, and then to universal adult suffrage under the Constitution. The preliminary electoral rolls for the first general elections were prepared under the draft Constitution even before any statute existed, because the framers regarded the franchise as a constitutional necessity that could not wait for ordinary legislation.

The institutional design of EC reflected the same commitment. A single, centralised EC was preferred because the drafters had discovered that provincial govts were attempting to disenfranchise vulnerable groups. The Commission was given a constitutional status not to create an efficient bureaucracy but to prevent exclusion.

This judgment appears to invert that founding logic. It places the burden on the citizen to prove their place in the electorate, rather than on the state to justify their removal. It privileges the EC's constitutional power while giving short shrift to the individual voter's constitutional right.

SC reached the right conclusion on the status of the right to vote. But a constitutional right that imposes no duty on the state, shifts no burden onto EC, and meets away the moment "free and fair elections" is invoked, is of limited use to millions of voters, who may find themselves on the wrong side of the next revision exercise.

The writer is a research scholar at University of Cambridge

East Bengal, Arsenal & What Football Still Means To Us

Yes, the game is now a shiny product that's marketed. Yes, following EPL teams shows colonisation of our imagination. But, when teams your heart beats for become champs, you feel something that can't be bought

Arghya Sengupta

There is a specific type of joy experienced only by supporters of clubs that win something, after a very long time. This is joy tinged with disbelief, almost panicked, as though it could slip away, any moment. East Bengal and Arsenal - league champions in the same season, after 22 years. More coincidence? The mathematics of this is so precise as to feel deliberate, as though some bored god of sporting destiny stood off by himself and decided it was time for the wait to end. For many like me, it feels too good to be true. Is it real, or will it, somehow, be taken away?

East Bengal comes first, for thousands of us, the way things inherited, rather than chosen always do. The red and gold was my mother's club before it was mine. The Maidan in the monsoon, Sukumar Samajpati steaming down the flank. Syed Naveemuddin coaching the club to glory. Chima Okorie scoring for fun. Krishna Das's wizardry. Names spoken with reverence usually reserved for deities. You don't choose a club like this. It chooses you through blood.

Arsenal arrived later, on cable television, yet another gift of Empire: the ability to beam the English game into living rooms across former territories. Nicolas Anelka moved through defences with the arrogance of a man who knew he was better than his peers. Tony Adams put his head on the line on every corner and free kick. This wasn't about Empire, brokering rights, or a new global order. It was about the beautiful game capable of providing joy like little else could. I was hooked.

This is why the Arsenal title this season produced for me something the East Bengal title did not. A charge of feeling arriving from somewhere oceanic and remote. At one level, this was genuine joy - not personal sadness, but the structural sadness of an Indian footballing culture so underfunded, so administratively catastrophic, so consistently failed, that some of its own supporters found their deepest emotional

satisfaction from a franchise 5,000 miles away.

Indian football did not fall its fans through bad luck. It failed them through decades of extraordinary institutional indifference. Federation politics as blood sport. Infra an afterthought, player safety and welfare, incidental. This is why a generation of fans took to Arsenal, and other Premier League clubs as if they were our own. It was never Arsenal, it was always "us". East Bengal slowly faded from active *adda*, though never from memory.

This is the colonised imagination doing what it was built to do. Premier League's emotional reach into

logic. Which is that the only way to make Indian football legible to modern sporting gaze is to purchase that legibility from the global marketplace.

But there was a version of Indian football, and football everywhere, in which the game was not a product seeking a market, but a community seeking expression. In which Maidan debates weren't "content" for streaming platforms, but secular ritual, a way of being Bengali in public - loud, unmanageable and quarrelsome.

Similarly, Nick Hornby went to his first Arsenal game because his father took him - the years that followed, an extended consequence of one afternoon. It isn't as if these don't happen in modern-day football. It's just that they're mere sideshows to the spectacle of a global financial project to sell video games and beer-channels, in which 22 players also kick a ball around, producing magic.

There is a song from *Dhanni Meye* - a Bengali movie classic of rival football clubs, lives lived in argumentative proximity - that describes what sport actually is beneath the economics. It's about community as a site of belonging.

Can sport still be centred around parents and children walking to grounds that belong to them or fellow supporters - not to private equity - in cities where the club is woven into local grammar, not paraded in by franchise agreement? The honest answer is that capital won this argument a few decades ago.

What remains is to find inside the sponsored kit and broadcast deal, human moments money can underwrite, but not manufacture. That astonishment when David Raya's header in the 22nd minute saved against West Ham United. The moment of brilliance from Edmund Lalrindika in Kolkata derby. The collective chant of East Bengal supporters.

After 22 years, somewhere in London, somewhere in India, a father or mother is explaining to their child the momentousness of this occasion, passing down something that cannot be bought. At least, not yet.

The writer is an East Bengal and Arsenal fan, in no particular order



Calvin & Hobbes



Sacred space



Laughter is anti-inflammatory. Crying is regulating. Hugging is immunoprotective. Singing is vagal toning. Dancing is neurogenic. Joy is a biological necessity.

Mark Hyman, longevity specialist

From 'Euw!' to awe

How do cockroaches feel about CJP fuss?

Bachi Karkaria



In 1916, columnist Don Marquis created 'archy' the cockroach. A free-verse poet in its past life, it clambered on the newspaper's typewriter at night to write about surviving New York with mehitabel, an alley cat who fancied herself to be Cleopatra reincarnated. He couldn't master the shift key, so archy wrote in capital letters, by merging the two, we can say that reviled roach has been reborn as that queen who reduced emperors to jelly. The CJP 'archy-tect' of the current brohaha, has 'mastered' the 'capital'. Dillil is trying to stamp on, spray and generally respond like aam janata does when a real cockroach crosses its path.

So I used what Parisi call 'baerari na kaan' (super-sharp cockroach ears) to listen in on my creepy, unevictable tenants. Bro-roaches preened at the newfound attention like first-time MLAs. Nymphs squealed in delight like the SoBo kind of getting a mention from stand-ups. A litigious type, long antennae quivering, demanded, "How dare that upstart CJP exploit our assiduously built brand without paying a crumb!" Let's sue it for ID theft/copyright violation/cultural appropriation."

Supporting this 'fight' not instinctive 'fight', a gully boy rapped a la Ranveer Singh, 'Kaun bola, mujhe na ho payega?/ Kaun bola?/ Kaun bola?/ Ab apna time aa gaya?' Dissing those who said the crushed can't do it, he proposed a Youth Front. 'Ours will be a party with a difference. We don't change colours when crossing the floor; we're retained our brown-black ideology for millennia. Plus, we never claim to end corruption while feeding off everything we can.'

A scarred veteran crawled out to draw. 'Oi, bachcha, cockroaches and netas are same-to-shame. We survived every extinction era; they swagger out of every national crisis. We squeeze through impossible gaps; they squeeze into ideological opposites. We thrive in the dark; they thrive by keeping public in the dark. We both scurry away when the light is switched on. And', he asked smugly, 'what do we both fear most?' Everyone stuttered, 'Chappals!'

Alec Smart said, "In Gymkhanas today, there's more weight-throwing than weight-lifting."

Farida Khanam

An ordinary moment can sometimes open the door to an extraordinary insight. This happened recently when one of my birds, a small bayrat, suddenly flew out of its cage.

It all happened within seconds. The bird managed to open the cage door and disappeared before I could react. I had always believed that such a small bird would not be able to fly far or fast. But reality proved otherwise. I stood there, looking from one tree to another, trying to trace its path, hoping to catch a glimpse of it again. But it was gone.

In that brief experience, it felt as though I had witnessed a small example of a much larger truth. The image of the bird escaping its cage brought to mind the condition of the human soul. Just as the bird had been confined

within a cage, the soul exists within the human body, contained and limited. Over time, we become so accustomed to this condition that we begin to assume it is permanent. The physical world around us becomes so familiar that we forget what we see is all that exists.

Yet, life gently reminds us that this is not the whole story. Quran points to this reality in a profound yet simple way: "Every soul must surely taste death" (Quran 3:185). The verse does not describe death as an end, but as a transition, an experience of every soul must undergo.

In another place, it is said: "You were heedless of this, now We have removed from you your covering, and your sight today is sharp" (Quran 50:22). This suggests that what appears hidden in

this world becomes clear beyond it. The bird's sudden flight mirrored this idea. Its disappearance did not mean that it ceased to exist. It simply moved beyond my field of vision.

In the same way, when a person dies, the soul does not vanish; it passes into a realm that lies beyond human perception.

Despite all advances in science and technology, the boundary between the seen and the unseen remains intact. In fact, such moments invite us to notice something we often overlook - that life is not merely about possession, but about passage. We hold things for a while, we experience them, and then they move on. Whether it is a bird, a moment, or even life itself, everything is part of a larger flow.



THE SPEAKING TREE

Last Day To Join Private Channel. **Closing entry for new members Now.**

◆ Indian Newspaper

- 1) Times of India
 - 2) The Hindu
 - 3) Business line
 - 4) The Indian Express
 - 5) Economic Times
- And more Newspapers

◆ International Newspapers channel

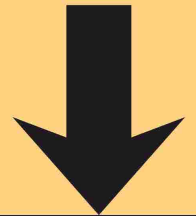
[European, American, Gulf & Asia]

◆ Magazine Channel

National & International
[General & Exam related]

◆ English Editorials

[National + International Editorials]



Click here
to join

◆ Lifetime validity at just 19 Rupees 

Trust me... this will be your best purchase of 2026

Capital Exit

For years, India's economic narrative rested on a simple promise: the world's fastest-growing large economy would inevitably become the natural destination for global capital. Yet an increasingly important question is now emerging from within India's own corporate sector. If India is truly the next great investment frontier, why are so many Indian companies deploying their biggest bets abroad? The answer lies not in nationalism or corporate disloyalty, but in economics. A visible shift is underway in India Inc's investment behaviour. Major conglomerates and mid-sized firms alike are increasingly acquiring foreign companies, establishing overseas manufacturing bases and diversifying into dollar-linked assets. On paper, these moves reflect confidence and global ambition. In reality, many of them are also hedges against domestic uncertainty. That distinction matters. The Indian economy today presents a paradox. Corporate profitability has improved sharply since the pandemic, stock markets remain elevated and the government continues to offer incentives for manufacturing and infrastructure expansion. Yet private sector investment inside India remains weaker than expected. Consumption growth has become uneven, job creation remains fragile and domestic demand has not kept pace with the optimistic projections surrounding the country's long-term growth story. Indian corporations are responding to these signals. For many firms, investing abroad increasingly offers advantages that India still struggles to consistently provide: easier access to financing, stable regulatory frameworks, proximity to Western markets and protection against trade disruptions. In a world shaped by tariff wars, supply-chain fragmentation and geopolitical uncertainty, overseas acquisitions are no longer vanity projects. They are insurance policies. The trend also reflects a deeper psychological transition within India's business elite: these decades-ago global outboard acquisitions by Indian companies were often framed as symbols of national arrival. Today's expansion appears less celebratory and more defensive. Companies are diversifying jurisdictional risk, currency exposure and future revenue streams. Many business families increasingly educate, live and invest abroad. Capital is following that globalisation of mind. This does not mean India is facing economic collapse. Far from it. Several Indian firms are becoming globally competitive. Multinational players with genuine technological and managerial capabilities. Access to foreign research, brands and distribution networks can strengthen Indian companies in the long run. But the larger signal cannot be ignored. When domestic corporations consistently choose overseas deployment over large domestic expansion, it suggests they are unconvinced that India alone can deliver the stability, returns and policy predictability required for sustained capital commitment. That should concern policy makers far more than temporary fluctuations in foreign portfolio investment. Government announcements, subsidies, tax breaks and industrial schemes. But long-term investment ultimately depends on confidence - not slogans. If India's own corporate leaders increasingly feel the need to internationalise their future, then the country's economic challenge is no longer merely attracting foreign capital. It is retaining the confidence of domestic capital itself.

Faith and Power

Diplomatic visits are rarely accidental. When America's top diplomat chooses to begin an India tour not with a defence facility, technology summit or strategic dialogue, but at the headquarters of a Catholic charity founded by Mother Teresa, the symbolism in the message becomes even sharper when that organisation once found itself temporarily paralysed by India's foreign funding regulations. The controversy surrounding the Foreign Contribution Regulation Act has long extended beyond bookkeeping compliance. It has evolved into a larger debate about the balance between sovereignty and civil liberty in an increasingly centralised Indian state. The law was originally framed to prevent foreign interference in domestic politics and to monitor questionable funding channels. No one should doubt the legitimacy of that objective. Every sovereign country regulates foreign money flows. The problem begins when regulatory power acquires the ability to selectively intimidate, freeze or structurally weaken institutions without transparent standards. Over the past decade, many non-governmental organisations have lost FCRA licences. Some were accused of financial irregularities, others of activities deemed contrary to national interest. Yet critics increasingly argue that the law's implementation has created a climate where humanitarian, religious and advocacy groups operate under constant uncertainty. Even temporary suspension of foreign funding can cripple hospitals, shelters, educational projects and relief networks that depend heavily on overseas donations. The earlier licensing crisis involving the Missionaries of Charity became internationally significant precisely because the organisation occupies an unusual moral space. That episode therefore transformed a technical regulatory dispute into a broader question about institutional trust, state discretion and religious freedom. What now worries sections of the international community is not merely licence cancellation but the possibility of deeper encroachment through proposed amendments that could expand government authority over the assets of foreign-funded organisations. If administrative lapses can eventually place schools, hospitals or charitable properties at risk of takeover, then the issue moves beyond compliance into the realm of overreach. India's defenders will argue that Western governments themselves maintain stringent oversight of foreign influence operations and politically funded NGOs. That is absolutely correct. Democratic credibility though depends not only on the existence of regulation but on the perception of fairness, proportionality and due process. A strong state is expected to distinguish between hostile interference and legitimate humanitarian activity. The timing of renewed scrutiny also matters. India today seeks greater global leadership, expanded strategic partnerships and recognition as a democratic counterweight in an unstable world order. That ambition inevitably brings closer examination of how domestic institutions function. Questions about civil society restrictions, minority rights and bureaucratic concentration of power are no longer purely internal matters once India positions itself as a global democratic model. The Kolkata visit was therefore not just a gesture of faith. It was a reminder that in modern geopolitics, symbolism can become diplomacy, and recognition can become reputation. Of course, the fact that the visit was by a senior official from America - a country which in recent times has brushed aside all inconvenient rules of engagement - denudes that symbolism.

Strategic Architecture

By simultaneously strengthening ties with Gulf energy producers and European technology powers, New Delhi is attempting to create a more resilient external economic architecture. The challenge, however, will be translating diplomatic momentum into sustained implementation. Strategic partnerships, investment commitments and innovation corridors ultimately matter only if they produce measurable economic and technological gains.

Prime Minister Narendra Modi's five-nation tour to the United Arab Emirates, the Netherlands, Sweden, Norway and Italy was not merely another diplomatic exercise. It was a strategic response to one of the most serious economic and geopolitical challenges confronting India today: the combined pressure of global energy instability and a rapidly changing international order. Coming amid the deepening crisis in West Asia and rising oil prices, the visit reflected New Delhi's attempt to secure energy supplies, attract investments, deepen technology partnerships and reposition India more firmly within an emerging Europe-Middle East strategic corridor.

The timing of the visit was critical. The ongoing conflict in West Asia has once again exposed India's structural vulnerability as one of the world's largest energy importers. Rising crude oil prices have already placed significant pressure on India's current account deficit, foreign exchange reserves and inflation management. Financial markets reacted sharply, with the rupee touching record lows and equity markets showing volatility. Prime Minister Modi's appeal for austerity, fuel conservation and reduced non-essential imports before embarking on the tour underscored the seriousness of the situation. In that context, the diplomatic outreach was as much about economic stabilisation as it was about foreign policy.

The UAE leg of the visit was perhaps the most consequential from an immediate strategic standpoint. Modi's eighth visit to the Emirates demonstrated how central Abu Dhabi has become to India's external economic and energy strategy. The India-UAE relationship has steadily transformed over the last decade from a traditional buyer-seller energy partnership into a multidimensional strategic alignment involving defence, logistics, infrastructure, technology and investment. The agreement on a framework for strategic defence cooperation indicates that the partnership is now entering a more security-oriented phase.

This shift is significant because the Gulf region is undergoing major geopolitical realignments. The recent closure of critical maritime routes during the Iran crisis highlighted the vulnerability of global energy flows. India therefore needs dependable regional partners capable of ensuring continuity of supply and broader strategic coordination. The UAE's decision to move beyond OPEC constraints and potentially increase oil production could benefit largely on India at a time of global energy uncertainty. Agreements on strategic petroleum reserves, LNG supply and expanded energy cooperation suggest that New Delhi is attempting to build longer-term safeguards against future disruptions. More importantly, the India-UAE relationship is no longer confined to hydrocarbons. Cooperation in renewable energy, civil nuclear technology, strategic reserves, currency settlement mechanisms and clean energy transition indicates the emergence of a far more comprehensive economic partnership.

UAE sovereign wealth investments in India's infrastructure and energy sectors also reflect growing confidence in India's long-term growth trajectory. In many ways, the UAE now occupies a unique position in India's foreign policy - simultaneously acting as an energy partner, investment source, logistics hub and geopolitical bridge to West Asia.

The European leg of Modi's visit revealed another important dimension of India's evolving diplomacy. Europe is no longer seen merely as a trade partner but increasingly as a strategic and technological collaborator. The strengthening of ties with the Netherlands, Sweden, Norway and Italy reflects India's desire to diversify partnerships in critical sectors such as semiconductor, artificial intelligence, green technology, critical minerals and advanced manufacturing. In the Netherlands, the elevation of ties to a Strategic Partnership carried both symbolic and practical significance. Dutch expertise in semiconductors, renewable energy, maritime infrastructure and logistics aligns closely with India's developmental priorities. The cooperation between Tata Electronics and ASML is particularly important because semiconductor manufacturing has become central to geopolitical competition and supply chain resilience.

India's push to emerge as a trusted manufacturing hub requires precisely these kinds of technology partnerships. The return of the historic Chola-era Laccidion Plates also added a civilisational dimension to the relationship. Such gestures matter because they reinforce the broader narrative that India seeks to project globally - a modern technological power rooted in a deep history and cultural identity.

The Sweden and Norway visits highlighted the growing importance of the Nordic region in India's foreign policy calculus. Traditionally, India's engagement with Europe focused largely on major powers such as France,



Germany and the United Kingdom. The deepening partnership with Nordic countries indicates a recognition that future economic competitiveness will increasingly depend on collaboration in green technologies, sustainability, innovation and digital infrastructure. Sweden's strengths in AI, quantum technology, telecommunications and industrial innovation complement India's ambitions to become a global manufacturing and technology hub. The India-Sweden Joint Innovation Partnership 2.0 and the proposed AI and Technology Corridor demonstrate a forward-looking agenda that goes beyond conventional trade diplomacy. Similarly, cooperation in critical minerals and rare earth supply chains is strategically significant because access to these resources is becoming essential for the global clean energy transition.

Norway's importance lies primarily in the blue economy, maritime technology and green transition sectors. India's focus on green shipping, renewable energy and ocean sustainability reflects a growing recognition that climate policy and economic policy are now inseparable. The Green Strategic Partnership with Norway and the broader India-Nordic framework position India to benefit from Europe's technological leadership in sustainability-related sectors.

At the geopolitical level, the India-Nordic alignment in response to global uncertainties messaging. The emphasis on a rules-based international order, democracy, multilateralism and opposition to terrorism reflected increasing convergence between India and European democracies. While India continues to maintain strategic autonomy, its engagement with Europe is becoming more politically aligned in response to global uncertainties.

Italy marked the culmination of the tour and perhaps the clearest indication of India's broader European ambitions. The elevation of India-Italy ties to a "Special Strategic Partnership" suggests a deliberate attempt to build stronger strategic convergence with southern Europe and the Mediterranean region. Italy's support for the India-EU Free

Trade Agreement and its participation in emerging connectivity initiatives such as the India-Middle East-Europe Economic Corridor are particularly important. The Indo-Mediterranean vision jointly articulated by Prime Ministers Modi and Giorgia Meloni reflects an evolving geopolitical imagination in New Delhi. India increasingly sees itself not merely as a South Asian power but as a central player connecting the Indo-Pacific, the Gulf and Europe. This emerging connectivity architecture could reshape trade routes, supply chains and geopolitical alignments over the coming decades.

The visit also revealed the growing economic confidence of Indian diplomacy. Modi consistently projected India as a destination for investment, manufacturing and technological innovation. Whether in Gothenburg, Oslo or Rome, the message was clear: India wants to move from being seen as a market to being recognised as a strategic economic partner and global production centre. The emphasis on "co-creating" technologies in India and the slogan "Develop in India and Italy, deliver to the world" reflected this ambition. Yet the larger significance of the tour lies in how it captures the transformation of India's foreign policy under changing global conditions. India today faces a world marked by energy insecurity, technological competition, fragmented supply chains and geopolitical volatility. In such an environment, diplomacy is no longer confined to political relations alone. Energy security, semiconductor supply chains, critical minerals, green technologies and logistics corridors have become central elements of strategic statecraft.

Modi's five-nation tour demonstrated that India is adapting to this reality with increasing sophistication. By simultaneously strengthening ties with Gulf energy producers and European technology powers, New Delhi is attempting to create a more resilient external economic architecture. The challenge, however, will be translating diplomatic momentum into sustained implementation. Strategic partnerships, investment commitments and innovation corridors ultimately matter only if they produce measurable economic and technological gains.

Nevertheless, the tour reflected a clear strategic direction. India is seeking to position itself as an indispensable economic and geopolitical bridge between Europe, West Asia and the Indo-Pacific. In an era of global fragmentation, that may prove to be one of the most important pillars of India's rise.

ANAND KUMAR
The writer is Associate Fellow, Manohar Parrikar Institute for Defence Studies and Analyses

CHINADAILY

Quad against regional need for stability

US Secretary of State Marco Rubio is scheduled to meet with his counterparts from India, Australia and Japan in New Delhi on Tuesday. The meeting is intended as preparation for a summit of the Quad leaders in November. However, the prospects of that have diminished due to changing geopolitical dynamics and strained relations stemming from differences among the group's members. The Quad foreign ministers' meeting therefore appears more symbolic than substantive. Since its inception in 2007, the so-called Quadrilateral Security Dialogue has been much like a choir seeking harmony but never quite achieving it, leaving the group struggling to find its

voice. While it operates under the banner of promoting a "free and open Indo-Pacific" - a dubious notion given that the region has been free and open - its core function is often perceived to be containing China. By fostering bloc politics, this exclusionary approach directly contradicts the region's need for openness and inclusiveness. The Quad's vulnerabilities have become increasingly evident.

The United States' unilateral foreign policies, prioritizing US interests, appear to have eroded the political support essential for the Quad's cohesion. The US administration's imposition of high tariffs

on India has strained ties between the two countries. This transactional attitude toward allies seems to have destabilized the Quad's already fragile framework. Additionally, each Quad member's separate economic ties with China further complicate the group's dynamics. The recent visit by the US leader to China helped to stabilize the bilateral relationship. And China has again overtaken the US to become India's largest trading partner, with bilateral trade surpassing \$155 billion last year. Moreover, China-Australia trade has entered a renewed growth phase after several years of tension. Divergences among the four nations on

security, economic and geopolitical fronts present challenges to forging a unified strategy within the Quad. Each country has different national interests and priorities, which often lead to conflicting approaches. The US shifting strategic priorities, including its skepticism toward multilateral institutions and security alliances, have also diluted its commitment to the Quad. Meanwhile, India's emphasis on maintaining its strategic autonomy and its historical nonalignment policy sometimes result in hesitance to fully commit to collective security measures that might compromise its "independent stance". Even if the Quad manages to continue in some form, it risks becoming a symbolic presence.

ways that benefit only a limited section of society while occupying land that belongs to the people of India. These clubs enjoy enormous advantages because of their location, historical privileges, and subsidized arrangements. Yet ordinary citizens have no access. In a democratic republic, public resources should serve the broader public interest rather than remain confined to a privileged few. Bringing such clubs under government possession or converting them into publicly managed cultural, sports, and community centres could ensure wider access and greater transparency.

Letters To The Editor | editor@thestatesman.com

Inevitable

Sir, Appropos "Sail to Salon", a society doesn't collect in a single day. It begins the moment people start valuing slogans over solutions, image over integrity and endless debates over honest work. When intellectual pride becomes disconnected from the struggles of ordinary people, progress slowly turns into performance. No civilization can move forward by glorifying victimhood without igniting productivity, discipline, innovation and self-respect.

A culture that discourages creators, entrepreneurs, thinkers and hardworking youth eventually pushes its brightest minds away. And when talent leaves, decline becomes inevitable.

The real danger is not economic failure, it's the normalization of mediocrity. When loyalty matters more than merit, when noise becomes louder than wisdom and when power replaces purpose, institutions lose their soul.

A strong society is built by people who create opportunities, not just narratives. History remembers civilizations that built, inspired and transformed, not those that remained trapped in ideological comfort while the world moved ahead.

Yours, etc., Aditya Kamble, Kalaburagi, 25 May.

Select few

Sir, This refers to "Gymkhana club members weigh legal, other options after Centre's notice to vacate premises". The order by the Central government draws the curtains on the club's more than century-old tale of colonial decadence and postcolonial privilege. We should remember that the club has been associated with alleged financial irregularities and opaque management. The continuing existence of highly exclusive institutions such as Delhi Gymkhana Club on prime public land raises an important question of fairness and accountability. Many of these clubs were established during the colonial period and continue to operate in

Ambiguity over LWE-aided growth of insurgency

TUHINA S. SINHA

On the night of 28 May 2010, India witnessed one of the darkest acts of Maoist violence in its modern history. At around 1.30 AM, the Jnaneswari Express travelling through West Midnapore in West Bengal was derailed after suspected Maoist saboteurs tampered with railway tracks between Khemasuli and Sardha stations. Moments later, an oncoming goods train rammed into the derailed coaches.

The carnage was horrific. At least 148 innocent passengers were killed and more than 200 injured. Entire families were shattered in a matter of seconds. Mangled train compartments, bodies strewn across tracks, and desperate cries for help became haunting images etched into the nation's memory.

Sixteen years later, the Jnaneswari Express tragedy remains far more than a railway disaster. It stands as a grim symbol of a period when India's response to Left-Wing Extremism was marked by hesitation, ideological confusion, and strategic drift. The decade of the UPA government between 2004 and 2014 saw the Naxal movement expand dangerously across large parts of India, even as New Delhi often appeared uncertain about how to confront it.

The consequences of that uncertainty were devastating. From the mid-2000s, Naxalism was no longer a localized insurgency confined to remote pockets. It had evolved into a deeply entrenched armed movement operating across what came to be known as the "Red Corridor" - stretching through Chhattisgarh, Jharkhand, Odisha, Maharashtra, Andhra Pradesh and parts of West Bengal.

In many tribal regions, Maoists had effectively established parallel authority structures. "Jan adalats" dispensed brutal kangaroo justice. Contractors, traders, mining operators and even poor villagers were forced

to pay levies. Schools were destroyed because Maoists viewed education infrastructure as symbols of state penetration. Roads were blown up repeatedly to isolate villages and obstruct security movement. Young tribal boys and girls were indoctrinated and recruited into armed squads.

The writ of the Indian state weakened in several interior districts. Yet, much of the political discourse in Delhi during those years remained trapped in intellectual ambiguity. A powerful section within the ruling establishment insisted on viewing Naxalism primarily through the prism of poverty, underdevelopment and tribal alienation. Certainly, these socio-economic realities existed and demanded urgent redressal. But reducing Maoist violence merely to a developmental issue often led to dangerous moral equivalence between the democratic state and an armed insurgency openly committed to overthrowing constitutional order. That distinction mattered.

For ordinary villagers living in Bastar or Lalgarh, this was not an abstract academic debate about "root causes." It was a daily struggle for survival. Schoolteachers were executed as alleged police informers. Panchayat representatives were assassinated. Villagers refusing to cooperate with Maoists were publicly punished. Entire communities lived in fear of both the gun and the uncertainty surrounding state response.

Security personnel operating in dense forest terrain frequently felt they were fighting a war without clear political backing. The lack of strategic clarity at the top bedeviled the Maoist leadership. They sensed divisions within the political and intellectual establishment and exploited them ruthlessly. The result was a series of increasingly audacious attacks.

In April 2010, just weeks before the Jnaneswari tragedy, 76 CRPF personnel were massacred in Dantewada. The Balimela ambush in Odisha had already exposed the

growing operational sophistication of Maoist groups. Later came the horrific Jhiram Ghadi attack in 2013, where senior political leaders were targeted and killed in Chhattisgarh.

These were not isolated incidents. They reflected a steadily escalating insurgency that had gained confidence during years of inconsistent policy response.

The Jnaneswari Express attack was particularly significant because it demonstrated that Maoist violence could strike far beyond forested conflict zones. The derailment occurred in Jungle Mahal, an area where Maoist influence had grown rapidly amid political instability and weak governance. The targeting of a civilian train revealed the sheer disregard Maoists had for innocent human life despite their claims of fighting for the marginalized.

Yet even after such incidents, the national response often oscillated between limited security action and renewed calls for dialogue. This inconsistency created operational breathing space for insurgent groups.

One of the most misunderstood chapters of that era was the emergence of Salwa Judum in Chhattisgarh. To portray Salwa Judum merely as a "state-sponsored militia," as much of the urban commentary did at the time, is to ignore the desperation that gave birth to it. For many tribal communities in Bastar, Salwa Judum represented a spontaneous expression of resistance against Maoist intimidation. Villagers wanted schools to function, roads to be built, markets to reopen, and their children to grow up outside the shadow of armed extremism.

Led prominently by Mahendra Karma, the movement reflected the frustration of ordinary Adivasis who felt abandoned between Maoist coercion and state incapacity.

This does not mean that excesses did not occur. They did, and they deserved scrutiny. Human rights concerns could not and should not be ignored. But the broader national conversation frequently became one-sided, focusing almost exclusively



The front page of The Statesman dated 28 May 1926

on alleged state excesses while underplaying the systematic brutality unleashed by Maoists on tribal populations themselves. That imbalance had consequences. The Supreme Court's 2011 ruling against the Special Police Officer system weakened local anti-Maoist resistance structures considerably. Many villagers who had openly opposed Maoists suddenly found themselves vulnerable again. When Mahendra Karma was assassinated in the Darbha Valley attack in 2013, it was not merely the killing of a political leader. It was a symbolic elimination of one of the strongest tribal voices challenging Maoist domination.

Looking back, the UPA years can justifiably be described as a "Decade of Drift" in India's battle against Left-Wing Extremism. The central failure was not simply tactical. It was intellectual and political.

India struggled to define the conflict clearly. Was Maoism merely a manifestation of socio-economic deprivation? Or was it a violent ideological movement seeking to dismantle democratic institutions through armed revolution? The inability to answer that question decisively delayed coherent national strategy.

Fortunately, the years that followed saw a more integrated and determined approach emerge. Counter-insurgency operations became sharper and more coordinated. Simultaneously, roads, mobile connectivity, banking

access, welfare delivery and tribal outreach improved significantly in many previously inaccessible regions. The lesson gradually became clear: security and development are not competing approaches—they must move together.

Today, Maoist influence has receded substantially across several former strongholds. That progress has come at enormous cost—paid by security personnel, tribal civilians, political workers and ordinary citizens caught in the crossfire.

As India marks the 16th anniversary of the Jnaneswari Express tragedy, remembrance alone is not enough. The country must also remember the policy failures that allowed the crisis to deepen during that era. Internal security threats cannot be confronted through ambiguity. Democracies can and must address poverty, injustice and underdevelopment. But no democratic state can afford confusion when faced with organized violence aimed at destroying constitutional order itself.

The 148 passengers who died that night in West Midnapore were not casualties of an abstract ideological conflict. They were victims of a national failure to recognize the scale and seriousness of a growing insurgency in time.

Their memory should remain a permanent reminder that when the state drifts, extremism advances.

(The writer is a national spokesperson of BJP and an acclaimed author.)

100 Years Ago



The front page of The Statesman dated 28 May 1926

OCCASIONAL NOTE

If we regret the Corporation's decision to change Central Avenue into Chittaranjan Avenue, it is not because we dissent from the desire to honour and perpetuate the name of Mr. C. R. Das. It is natural and admirable that there should be a general wish to have visible memorials of him in the city with which he was so closely identified, and of which he was Mayor when he died. He was Calcutta's first Mayor, he was a man of vision, he has left a mark on the memory and the heart of Bengal. But Central Avenue was already neatly and suitably named. The name described its purpose; it was a glimpse of municipal history in itself; it was simpler and shorter than what has been decided on, and simplicity in street nomenclature is desirable. Some other new street might have been selected to bear the new name. In general we think that the re-naming of streets is to be deprecated. Russa Road is well established; as Ashutosh Road, which is proposed, it will preserve the name of the great educationist who lived in it. But old names linger for decades, and some confusion is inevitable. Central Avenue is a new name, and no doubt will soon be forgotten. How many remember that there was once a Central Road, which we know as Harrison Road? The name seems destined to displacement.

News Items

PUNJAB JAIL EVILS

DRASTIC REFORMS IN VIEW

SIMLA, MAY
CONSIDERABLE changes in the administration of the Punjab jails are contemplated by the Punjab Government as the result of the inquiry conducted recently by the Committee specially constituted last November to inquire into the allegations as to the existence of corruption, unauthorized punishments and unauthorised indulgences in the Punjab jails, and to pay special attention to the question of prisoners' diet on its bearing on the alleged malpractices.
The Committee consisted of Mr. G. F. Lumsden, I. C. S., (President) Justice Jialal and Sheikh Abdul Qadir (barister). The members report is abundant extending to 33 pages of printed foolscap, and the Punjab Government has given consideration to the more important recommendations, while other points are still under consideration. A resolution published along with the report says the Punjab Government accept most of the recommendations of the committee, and further announce that at the forthcoming meeting of the Punjab Legislative Council in June the necessary legislative and financial proposals will be put before it to give effect as far as the available funds permit to as many of the decisions as can be worked out in time for the meeting.

MR. A. J. COOK

COLLAPSE DUE TO OVERWORK

(BRITISH OFFICIAL WIRELESS.)
RUGBY, MAY
FOR the third time within a week Mr. A. J. Cook, secretary of the Miners' Federation, collapsed while speaking at a meeting yesterday.

Overwork and overstrain are stated to be the cause of these attacks. After receiving medical attention his condition improved, and he hopes he may be able to resume his journey to London to-day.

LED THE RIOTERS

HULL COUNCILLOR SENT TO PRISON

LONDON, MAY
ARCHIBALD STARK, a member of Hull City Council and of the Watch Committee, has been sentenced to three months' hard labour and fined £20 under the emergency regulations. The police alleged that he was the leader of a gang of strikers who held up omnibuses in Hull during the strike.
—Reuter.

Steps to transform Bengal's health system

DR PRABIR KUMAR SEN

Approval of Ayushman Bharat in the very first cabinet meeting of the newly formed government in West Bengal is not merely a fulfilment of an electoral promise, but much more. The major shift clearly signals towards convergence of the state with the national mainstream and alignment of healthcare delivery more closely with the national health financing and governance framework.

West Bengal stands at a defining moment of a health care system crisis. After years of institutional decay, fragile healthcare, poor outreach, fragmented recruitment system, governance failure, political misadventure, corruption, unregulated middlemen ("tout's"), weak accountability, and erosion of public trust, the challenge before the new government is to rebuild its credibility from the ground up.

A functioning health system must guarantee equitable access, organizational discipline and efficient resource allocation. West Bengal

has progressively weakened across all these dimensions. With a population of nearly 99 million, one of the highest population densities in India, and substantial rural and vulnerable populations requiring equitable access to healthcare, the challenge is enormous.

Reform in the health sector is high on the agenda of the new Government. A couple of days after assuming office, Chief Minister Suwendu Adhikari discussed with health officials immediate measures like real-time monitoring of bed availability across government hospitals, ensuring zero patient refusal, institutional coordination to explore seamless patient referral to Central or private hospital networks (which have 10-15 per cent free bed agreements) in the event of bed shortages in state-run facilities, ambulance tracking in real time, enforcing zero tolerance against touts and corruption networks, strengthening of hospital security and so on. The first task of the new government must be restoring operational discipline and public trust.

Equally important is implementation of an e-filing system to improve



efficiency, transparency, and accountability in administration for time-bound decision-making, real-time monitoring, and meaningful communication between state headquarters, districts, sub-districts and beyond. Rapid comprehensive resource mapping within the first few months would help identify shortages, underutilized facilities, critical gaps in rural and vulnerable areas, and priorities for immediate intervention and long-term health system strengthening.

Complexities of the challenges for strengthening the health system

of West Bengal are deeply rooted in fragmented financing, weak district health services, overcrowded tertiary hospitals, manpower shortages, poor governance, and inadequate regulation of the rapidly expanding private healthcare sector.

The focus must be on measurable performance indicators like quality, efficiency, utilization, access, learning, sustainability, health outcomes, financial protection, and public satisfaction. Attention should be on transparent recruitment, strengthening primary healthcare, streamlining service delivery, uninterrupted supply chains, and stronger referral linkages.

Strategic stewardship through intelligent planning, strong regulation, accreditation systems, coordination between health and non-health sectors, and integration of the private sector into broader state health planning is important. Digital health as a system enabler must also be fully utilized for surveillance, interoperability, telemedicine, referral systems, and accountability. Meaningful integration of mobile-based digital platforms with health systems can

strengthen outreach services, improve efficiency, support evidence-based planning, and build resilient, transparent, and people-centered healthcare systems.

Primary healthcare remains the backbone of the health system. "Ayushman Arogya Mandir" which the previous Government was reluctant to rebrand, now needs to be transformed into functional comprehensive primary healthcare hubs bringing healthcare services closer to the homes of people, particularly in underserved rural, peri-urban, and vulnerable communities.

The new government under strong leadership has a historic opportunity to transform the state struggling with health system fatigue into a national model of equitable, resilient, and people-centric healthcare with strong political will to critically empower every citizen in accomplishing rights of health and wellbeing aligning with the Prime Minister's vision of Viksit Bharat.

(The writer is former Principal Advisor, Ministry of Health and Family Welfare, Government of India.)

Crossword | No. 293474

Yesterday's Solution

ACROSS

- Courage? Makes an error about one retrating (6)
- The main sections working for run of personnel (6)
- Bealm most disorder? (9)
- legatory leader, around US city backing sceptical commentator? (8)
- Wage Fuss (5-2)
- Particle new to performances (4)
- Planck, and not recalled after brief time (7)
- Dismissed article in meadow that's turned shabby (5,2,4)

- Hospital involved in remarkable cure gets decoration (5)
- Beam when admitted by the French Queen (5)
- Director and lead actor making early (9)
- Good lines about active spies being very resented (7)
- Set up H2O around near of chate? Absolutely (5-2)
- Name given to excellent city (5)
- Arranged slam-dance festival (5,2,4)

- Like a social structure expected to return in autumn? (6)
- Finishing game, ready to get engrossed in periodical (8)
- Abandonment of rule in mine is producing chest disease (9)
- incompletely operate part of farm being out of practice (8)

- Roman playwright in time before on one occasion expressing love (7)
- near Montpellier, turning influential (7)
- Provides kit for a cricket club, English, during various tours (9)
- One has a bad experience with daughter leaving (5)
- Crowd surrounding University church told stories about finally going thanks (4,7)
- Disputed promissory note

- stuck into early section of book? (11)
- Mistake if kept in bound and frightened (9)
- A lot of ridiculous events held up skilled worker (9)
- Accepting defeat, mostly recover, talking devious course? (7)
- A rumour about ready money getting 171 (7)
- Chance to forgo start of grueling walk (5)
- "Boring thing" (diminishing male jacket) (5)

NOTE: Figures in parentheses denote the number of letters in the words required. (By arrangement with The Independent, London)

The Tribune

ESTABLISHED IN 1881

Quad initiative

Pact on critical minerals augurs well for the bloc

THE critical minerals framework, backed by nearly \$20 billion in public and private investment, is a key initiative by the Quad, which is struggling to stay relevant amid a bipolar world order. The member nations — India, the US, Japan and Australia — have signalled that the pursuit of strategic resources is no longer merely economic — it is deeply geopolitical and security-driven. The latest pact is prompted by China's overwhelming dominance in rare earths and critical minerals — resources vital for electric vehicles, semiconductors, batteries, drones and advanced defence systems. With China accounting for nearly 70 per cent of global rare earth mining and possessing significant processing capacity, many nations have become vulnerable to supply disruptions and export controls.

As India makes a push for clean energy, digital manufacturing and defence modernisation, access to reliable supplies of lithium, cobalt, nickel and rare earth elements has become a strategic necessity. The separate India-US agreement on mining, processing, recycling and investment demonstrates New Delhi's intention to reduce dependence on China while integrating itself into trusted global supply chains.

Importantly, the initiative is not limited to resource extraction. It includes financing mechanisms, export credit support, recycling technologies, geological mapping and cooperation against unfair trade practices. Indeed, critical minerals require an entire ecosystem, not isolated mining projects. The Quad's broader agenda — covering maritime security, energy resilience and Indo-Pacific infrastructure — indicates that it is evolving into a more concrete coalition. China's criticism of "exclusive groupings" and "bloc confrontation" is not surprising. Yet Beijing's own use of export curbs has engendered the very counterbalancing alliance it opposes. The Quad's challenge now is to implement the ambitious agreement on critical minerals. Large investments, regulatory coordination and sustainable mining practices will determine whether this framework becomes a viable counter to Chinese hegemony.

Drying Haryana

Groundwater degradation threatens soil health

HARYANA's groundwater crisis has entered a dangerous new phase. For years, the debate revolved around the rapidly falling water table caused by excessive extraction for the paddy-wheat cycle. Now, a study by Chaudhary Charan Singh Haryana Agricultural University has revealed an equally alarming reality: barely 32% of the state's groundwater remains suitable for high-quality irrigation. The problem is no longer just about the quantity of water available underground, but also about its deteriorating quality. Large parts of Haryana are now confronting salinity, sodicity and chemical imbalances that gradually reduce soil fertility and agricultural productivity. In some districts, over-extraction has drained aquifers; in others, canal seepage and poor drainage have produced waterlogging and salt accumulation. Together, these twin crises expose the ecological limits of Haryana's Green Revolution model.

The state's dependence on water-intensive paddy cultivation remains at the centre of the problem. Subsidised electricity, assured procurement and MSP incentives continue to encourage indiscriminate groundwater pumping. Farmers cannot be blamed entirely for responding rationally to the economic signals created by policy. Yet the long-term consequences are becoming increasingly visible beneath the fields themselves.

Crop diversification must move from policy rhetoric to economic reality. Farmers require assured procurement and market support for less water-intensive crops such as maize, pulses and oilseeds. Techniques like direct-seeded rice, micro-irrigation and groundwater recharge need wider implementation, while canal systems require better drainage management. Most importantly, groundwater quality mapping must become central to district-level agricultural planning. Haryana's food security model cannot survive if its soil and aquifers continue to degrade simultaneously. The warning signs are visible. If corrective action continues to lag, the state risks transforming one of India's most productive agricultural regions into an increasingly water-stressed and chemically damaged landscape.

ON THIS DAY...100 YEARS AGO

The Tribune.

LAHORE, FRIDAY, MAY 28, 1926

Duty of leaders

UNREASONABLE as it was, both on account of its obvious untenability and evident bias, the suggestion of Maulvi Abul Haye, M.L.A. made to the Punjab Government a few days ago to prosecute Dr Moonje for certain observations he made in his address delivered as President of the Punjab Provincial Hindu Conference recently held at Ambala, has been treated by the Punjab Government exactly in the manner it deserved. The suggestion was untenable because, although certain portions of Dr Moonje's address might be regarded as ill-considered or ill-advised, no interpretation could be put on it which could support the suggestion that there was incitement of hatred between different classes or communities. The whole of the speech was aimed at asking the Hindus to wake up to a realisation of their weakness and of the necessity of strengthening themselves by internal organisation, and it exhorted them jealously to guard their self-respect, the honour of their women and their ancient culture. To say of such a speech that it was calculated to promote a spirit of communal hostility is utterly unfair and unjust. And Haye's bias in making this suggestion for prosecution is proved by his subsequent silence in respect of several fiery speeches made by Muslim leaders soon after he had conceived such anxious desire for the maintenance of communal amity through official prosecution.

Don't turn RBI into govt's cash cow

The Central bank can smooth the path, but it cannot permanently change the road

AJIT RANADE
NOTED ECONOMIST

A falling rupee is usually treated as a macroeconomic problem. It raises the cost of imports, worsens inflationary pressures, unsettles investors and dents national pride. But India's recent experience has produced a curious paradox. The same rupee weakness that creates external stress has also produced a fiscal bonanza for the Union government.

The Reserve Bank of India's defence of the rupee — by selling dollars from its reserves — has yielded large realised profits, which are then transferred to the Centre as surplus. The RBI is thus not merely managing the currency. It is increasingly becoming a fiscal stabiliser, almost a treasurer to the government. This deserves more scrutiny.

The RBI Central Board has now approved a record surplus transfer of Rs 2,86,588 crore to the Union government for FY2025-26. This is higher than the previous record of Rs 2,68,590 crore in FY2024-25, Rs 2,10,874 crore in FY2023-24 and Rs 87,416 crore in FY2022-23. The latest transfer is reportedly backed by robust RBI earnings, including gains from large dollar sales to support the rupee and higher income on foreign assets.

Nearly Rs 2.9 lakh crore is not a rounding-off item. It is close to 8% of the Centre's revenue receipts. It gives the government fiscal breathing space without raising taxes, cutting expenditure or borrowing more from the market. At a time of elevated crude prices, geopolitical uncertainty and pressure on the fiscal deficit, this is a very useful cushion. But that is exactly why it is worrying. A cushion can quietly become a habit.

The arithmetic is simple. The RBI accumulated dollars over many years when the rupee was much stronger. When it sells those dollars today at a weaker exchange rate, it books a rupee gain. This is not merely a paper gain from



SHIFT: The RBI is not merely managing the currency. It is increasingly becoming a fiscal stabiliser. FILE PHOTO

revaluing foreign exchange reserves. It is a realised gain from actual dollar sales. Under the economic capital framework, unrealised revaluation gains on gold or foreign exchange are not meant to be distributed. But realised income from forex operations can flow into the RBI's income and then into its surplus transfer to the government.

This means rupee weakness has produced a fiscal windfall. That is an uncomfortable sentence, but it captures the paradox. The same depreciation that hurts importers, raises the cost of oil, reduces India's dollar GDP and unsettles foreign investors also boosts RBI profits when dollars are sold.

This matters for another reason. If India's nominal GDP grows by 10% in rupee terms, but the rupee depreciates by more than 10% against the dollar, then India's GDP in dollar terms barely grows. This is not merely statistical trivia. Global rankings, investor perceptions and geopolitical heft are measured in dollars. A country can grow fast domestically and yet appear stagnant internationally if currency depreciation wipes out the gain. Persistent rupee weakness can therefore become a strategic concern.

But that does not mean the rupee must be defended at any cost. India is a current account deficit economy. It imports much more oil, gold, electronics and critical inputs than it exports. It also has a higher infla-

India is attractive as a market, but not always easy as a place to build, operate and retain capital.

tion rate than the US over the medium term. Some depreciation of the rupee is natural. It can even be desirable. A weaker currency acts as a shock absorber. It protects export competitiveness, discourages non-essential imports and prevents the economy from pretending that external imbalances do not exist.

The danger is not depreciation itself. The danger is disorderly depreciation. That is where the RBI rightly intervenes: to reduce volatility, prevent panic and anchor expectations. But defending a level is different from managing volatility. If the market believes that the RBI will always protect a particular exchange rate, then large importers and dollar borrowers may under-hedge their exposures. An artificially strong rupee subsidises imports, penalises exports and delays adjustment. The eventual correction then becomes more painful.

There is also a fiscal morality

issue. If defending the rupee produces large RBI profits, and those profits help the Centre reduce its deficit, then depreciation begins to have a hidden fiscal upside. That is not a healthy incentive structure. No government should start treating the central bank's forex operations as a recurring revenue source.

India's fiscal system already has an inbuilt support mechanism for government borrowing. Through the statutory liquidity ratio, banks are required to invest a substantial share of their deposits in government securities. This creates a captive market for sovereign debt. It is legal, long-standing and part of India's financial architecture. But it is still a form of financial repression: household savings are partly channelled into government borrowing by regulation. If, in addition, the government becomes dependent on large RBI surplus transfers, the line between monetary authority and fiscal support begins to blur.

The RBI is not the finance ministry. Its job is price stability, financial stability, currency management and monetary credibility. It is also a banker to the government, but that should not turn it into the government's cash cow. Elected governments naturally prefer more spending, lower borrowing costs and convenient financing. That is precisely why monetary institutions need insulation.

The rupee story is also linked to India's external financing chal-

lenge. Gross FDI inflows may look healthy, but net FDI has weakened sharply because of repatriation, disinvestment and outward flows. Foreign companies and private equity investors are exiting at attractive valuations. Indian equity markets remain expensive partly because domestic SIP (systematic investment plan) inflows have become sticky and powerful. The SIP habit is good for financialisation and household participation in markets. But it has also created a strong domestic bid that prevents a sharp market correction despite large FII (foreign institutional investor) outflows.

This raises a sensitive question. Are Indian domestic investors, through SIPs and IPO (initial public offering) subscriptions, indirectly facilitating profitable exits for foreign investors? In many recent marquee IPOs, a large share of the money raised has gone not into fresh capital for the company but into offers for sale by existing investors. New investors buy the promise; old investors take the cash. This is not illegal. It is how markets work. But when it becomes widespread, it deserves scrutiny.

There have also been many high-profile foreign exits or partial exits: Holcim, Ford, Harley Davidson, Citibank's retail business, Metro AG, GM, Cairn, Lafarge, parts of Vodafone's story, Disney's restructuring, Whirlpool's dilution and others. Each case has its own explanation. But taken together, they point to a larger discomfort. India is attractive as a market, but not always easy as a place to build, operate and retain capital.

This does not mean foreign confidence has vanished. Google's data centre plans, Meta and Google's investment in Jio, and other strategic investments show that global capital still wants exposure to India. But there is a difference between entering India for digital scale and committing patient capital to deep manufacturing. India needs durable FDI, not merely valuation-driven entry and exit.

In this context, the rupee is not just a number on a screen. It reflects oil dependence, gold imports, external financing gaps, portfolio flows, domestic market valuations and confidence in doing business. The RBI can smooth the path, but it cannot permanently change the road.

Credit: The Billion Press

THOUGHT FOR THE DAY

The government needs all the revenues it can get. — Arvind Panagariya

The high cost of borrowed success

JYOTI SHARMA

SOME encounters stay with us not because they are extraordinary, but because they quietly reflect the society we live in — its values, failures and unspoken compromises.

A few years ago, while teaching spoken English and grammar at an institute, I met a student whose story has stayed with me. He had joined the class to improve his English reading and writing skills, and within just a month, his progress was remarkable. His grammar improved rapidly, his understanding was sharp, and it was obvious that he was an intelligent student. I asked him, "You are so good at learning. Why didn't you focus on English earlier?"

He paused before answering with startling honesty. "Mam, *Mainu kade loth hi main payi*" (Mam, I never really had to). His father was a local politician, and throughout his school years, nobody had pressured him to study seriously. Connections and influence ensured that he passed every class without difficulty. He even admitted that during some board exams, someone else wrote his papers for him while he slept in the classroom!

Surprised and curious, I asked him, "If things were always managed for you, then why did you decide to join English classes now, after finishing your education so many years ago?" He replied: "Mam, *bank valon bheje text message samajh nahin aunde*" (I can't even understand the messages sent by the bank). There was regret in his voice — the regret of someone who had suddenly discovered the price of borrowed success. He had finally realised what those "favours" had actually cost him.

Being a teacher, I felt deeply disappointed. Not because one good student had been pushed through the system dishonestly, but because so many adults around him had failed him. That conversation returned to my mind amid the NEET controversy.

What are we protecting when we normalise unfairness in education? A leaked paper may offer a temporary advantage to a few students, but its long-term damage reaches far beyond examination halls. Slowly and silently, it teaches young minds that effort is optional, integrity is negotiable and influence is more valuable than hard work.

But education is not merely about securing admission into colleges. It is about preparing individuals for situations where no recommendation, influence or shortcut can rescue them. Parents, institutions and influential people often mistake protection for support. In reality, they may only be postponing failure. The tragedy is that young people often realise this only when the world finally stops offering shortcuts.

The writer is a Mohali-based English teacher

LETTERS TO THE EDITOR

Make NTA efficient

Appropos of "Medical education needs a clean-up", suggestions like including school board marks for selection in medical colleges, a separate entrance test for every state and private colleges holding their own tests appear impractical. NEET was introduced to overcome the above-mentioned shortcomings. Admissions based on school board marks can't ensure fairness. Likewise, separate entrance tests across numerous states would multiply administrative challenges. Allowing private medical colleges to conduct their own entrance tests would commercialise medical education. Change for the sake of change can prove disastrous. All available resources should be directed towards making NTA efficient.

RAJESH GOYAL, CHANDIGARH

Nurture critical thinking

Appropos of Nehru's legacy of science & right to question; the former PM understood that India's progress depended not merely on political freedom but on the development of a scientific temper. Unfortunately, the present regime appears more focused on glorifying mythology and promoting emotional narratives than nurturing critical inquiry and evidence-based thinking. In an age dominated by misinformation, India urgently needs to revive Nehru's vision of scientific temper to strengthen innovation and lead the nation towards genuine progress.

BALBIR SINGH KAKKAR, JALANDHAR

Quality matters, not quantity

Refer to "Effects of Agnipath scheme"; the proportional strength of Agniveers vis-a-vis regular soldiers will keep on increasing every year. Probation is the best method of selecting the best workers. This method is seldom used because of its high cost. We are incurring that cost in training our Agniveers, but we send 75% of them out because of the binding 25% limit. We must decide upon a cut-off based on quality and not quantity.

LT COL HARBAJ SINGH (RETD), HISAR

Water diversion plan not viable

Refer to "Government mulls diverting Indus water to HP"; the proposal of diverting the flow of the Chandra river to the Beas is not a technically and economically viable decision. The Chandra is fed mostly by the melting snow, not rain. By diverting this water to the Beas, all hydro projects on the Chenab will be deprived of water flow, resulting in lesser power generation. Diversion of water to the Beas basin will have very little impact on Pakistan because flow in the Chenab at the Akhnow barrage from May to September varies from 30,000 to 5 lakh cusecs. 1.10 MAF of additional flow in Bhakra and Pong dam reservoirs will hardly be able to meet the existing deficiency of water faced by Punjab and Rajasthan.

RN MALIK, GURUGRAM

Double whammy for students

Refer to "Re-valuation mess"; it's hard to imagine students' plight who have worked hard for months preparing for the Class 12 CBSE examination. The future of young students seeking college admissions rests on these marks. After NEET paper leaks, the chaotic CUET mess has been a double whammy for them. Their future hangs in balance as they are forced to deal with uncertainty.

MONA SINGH, BY MAIL

Restrict quota benefits

Refer to "Reservation reset"; it is a matter of grave concern that the children of SC IAS/IPS/IFS officers and other elite services snatch the rights of the marginalised sections. It is necessary to exclude such groups from reservation benefits. The poor continue to remain immersed in poverty and remain ignored. Indian politics revolves around the caste factor; none of the political parties dares to speak against this issue, fearing an adverse impact on their vote bank.

RAJ KUMAR KAPOOR, ROPAR

Letters to the Editor, typed in double space, should not exceed the 200-word limit. These should be cogently written and can be sent by e-mail to: Letters@tribuneindia.com

Detect, Delete, Deport: Bengal's new doctrine



SHIKHA MUKERJEE
SENIOR JOURNALIST, KOLKATA

ALL new governments start with a bang. The Suvendu Adhikari government, the first Bharatiya Janata Party government in West Bengal, is moving at insta-delivery speed as it puts in place markers and messages that will differentiate it from all past state governments. The markers are redefining the social landscape in visible ways, like the hurriedly established holding/transit centre in Malda's English Bazar, that now contains nine suspected infiltrators, identified as Bangladeshis. The nine persons were intercepted, not arrested. They were not produced in any court to legalise their detention.

There are other markers too, like moving the biggest Eid namaz gathering from its old spot, the iconic Red Road—in reality a black-topped road that cuts through the sprawling Brigade Parade Grounds. The message is unambiguous: Muslims may not occupy public spaces like roads for prayer meetings, as they have done for decades; they must be confined to and tucked away, where they are permitted to do so, by the new order.

There was a 1950 law on animal slaughter that was more violated than observed, with indifferent implementation. The Adhikari government, in line with its Hindutva ideological roots, has cracked down on the brisk trade in cows that preceded Eid al-Adha, celebrated with offerings of gurabi (sacrifice). Cattle markets that would usually be busy with cows on sale are mostly empty. People who had reared cows anticipating profits to be made through sales are now anxious because of debts piling up and no market for their goods.

Shops that once advertised beef as part of their menu have removed the items from the list. The non-availability of beef is a moment of rupture between modern Bengal and BJP-ruled Bengal, ending the time-honoured ritual of young liberal-progressive Hindus breaking the taboo, cutting free of orthodox and family constraints and declaring their transition into independent, critical adults.

The new order of things is a May 23 directive from the West Bengal government to district magistrates "in accordance with MHA (Ministry of Home Affairs) guidelines." The order requires the district administration to take initiative/appropriate action for setting up of holding centres in the district for apprehended foreigners as well as for released foreign prisoners awaiting deportation/repatriation.

Explaining the new orders, Chief Minister Suvendu



ARBITRARY: The arrest-hold-transit-deport method is obviously not perfect, it is error-prone. ANI

Adhikari emphasised that "taxpayer money" would not be squandered on setting up "detention centres", as was done in Assam. Instead, holding centres would serve to hold detected suspected foreigners before they are deported to their home countries.

The guidelines allow police to arrest suspected illegal immigrants/infiltrators without warrants, who can be held for verification by the local district administration and then handed over to the Border Security Force, apparently bypassing the due process of law.

Since Adhikari keeps repeating "Detect, Delete, Deport" like a mantra to ward off catastrophe, it should be presumed that his ready-to-be-deported illegal immigrants/infiltrators are those whose names have been deleted. That poses the risk of cases like Shunali Khat

As a good newbie should, Adhikari is following orders issued by the Home Ministry that the Mamata gov't had declared it would not implement.

toon's. A pregnant mother picked up by the Delhi police as a suspected Bangladeshi in June 2025, she was pushed over the border into Bangladesh, where she was detained in prison. The Supreme Court, on her father's appeal, instructed that she be brought back on 'humanitarian grounds.' Shunali Khattoon came home and voted in the April 2026 election, as an Indian citizen, verified and deemed eligible by the Election Commission. Her return was not a 'humanitarian' matter; it was her right to return because she was an Indian citizen.

The other problem with the mantra is that one category of voters—under adjudication for logical discrepancies—adding up to 27 lakh by one count, or 32 lakh by another, are waiting to be heard by tribunals set up by the Supreme

Court. The tribunals will decide on their eligibility as voters. Beyond that, these persons, if dissatisfied by the tribunals' findings, can go back to court. About 99% of the 1,400-plus cases decided by the tribunals, before the second phase of voting on April 29, were found to be eligible to vote.

The arrest-hold-transit-deport method is obviously not perfect. Indeed, it is error-prone because it can be arbitrary. The Kilmar Abrego Garcia case in the US underscores the nature of the problem of acting in haste. Garcia, a US citizen, was picked up and deported to a maximum security prison in El Salvador.

The modus operandi of the Adhikari government on sending suspected illegal immigrants/infiltrators of foreign origin, that is Bangladeshi or Rohingya, is similar to US President Donald Trump's second-term priority of swooping down on and scooping up illegal aliens, sending them to holding centres and transit camps and deporting them even as the constitutionally guaranteed due process of the law had not dealt with the specific cases of arrest and detention. The difference, however, is that in US, suspected illegal aliens are covered by the constitutional guarantee of due process and the Trump administration, like the BJP government, has had to walk back on specific cases of deportation because the courts in the US and India have not upheld these deportations.

As a good newbie should,

Adhikari is following orders issued by the Home Ministry that the Mamata Bengal government had declared it would not implement. In December 2025, in the Lok Sabha, Union Home Minister Amit Shah had declared "our party's policy on infiltrators is Detect, Delete, Deport." The Opposition's policy is to normalise infiltration." Since Shah made this statement during the debate on electoral reforms and the Special Intensive Revision, it seems reasonable to assume that the purification of the voter list—separating the eligible from the ineligible—will be the easy-to-follow checklist.

Deportation is what West Bengal will do as a good gatekeeper, protecting its Hindu majority from being swamped by "demographic change", especially in the border districts adjacent to Bangladesh. How Bangladesh as the destination for the deported will react is not Adhikari's problem. His job ends with handing over the detected for deportation to the Border Security Force. The international consequences of deportation on a large scale, given the limited legal remedies and protections under the Immigration and Foreigners Act, 2025, will be the responsibility of the Narendra Modi government at the Centre.

Past Bangladesh governments have rejected India's contention of its nationals masquerading as Indian citizens. It will be up to the new Tarique Rahman government to handle any problem that follows from Adhikari's actions.

How Iran has unified Israel's regional rivals



SHYAM BHATIA
LONDON CORRESPONDENT, THE TRIBUNE

veiling Iran's leadership." The phrase attracted little attention. Yet it points towards one of the least examined geopolitical developments in modern West Asia: Israel's growing network of tacit regional partners.

Even as Washington continues indirect contacts with Tehran, regional anxieties about Iran's missile capabilities, proxy networks and nuclear ambitions have quietly accelerated new patterns of security cooperation across West Asia and the Caucasus.

For years, many of these relationships existed in the shadows. In January 2010, alleged Mossad operatives moved through Dubai hotel corridors disguised as tourists and tennis players during the assassination of Hamas commander Mahmoud al-Mabhouh at the Al Bustan Rotana hotel in Dubai. Dubai police later released extensive CCTV footage showing surveillance teams changing wires, monitoring elevators and tracking the target through hotel lobbies.

The Dubai police chief, Lt Gen Dhahi Khalaf Tamim, declared afterwards that he was "99% if not 100%" certain that Mossad had carried out the operation.

The assassination triggered diplomatic outrage at the time. European governments protested over the use of forged passports, while Gulf officials publicly condemned the killing.



EQUATION: New patterns of security cooperation have arisen across West Asia and the Caucasus. REUTERS

Yet 16 years later, the geopolitical landscape has changed dramatically.

The covert contacts and intelligence understandings that once operated through hotel rooms, commercial fronts and unofficial intermediaries have increasingly become formalised through the Abraham Accords and expanding regional security cooperation.

Today, Israeli businessmen travel openly to the United Arab Emirates. Cyber-security partnerships are publicly advertised. Defence officials attend the same conferences. Intelligence coordination against Iran is no longer merely whispered about in diplomatic circles. What was once deniable has, in part, become institutionalised.

The most intriguing relationship may be with Azerbaijan.

The relationships remain deliberately ambiguous because public opinion across the Arab world still imposes limits on overt alignment with Israel.

The small, oil-rich former Soviet republic shares a long border with Iran and maintains deep security ties with Israel. During a 2016 visit to Baku, Benjamin Netanyahu openly acknowledged the scale of the relationship, declaring: "The contracts signed between Israel and Azerbaijan amount to \$5 billion."

"The remark was widely reported at the time by Reuters and Israeli media.

The Stockholm International Peace Research Institute (SPIRI) has since documented extensive Israeli arms sales to Azerbaijan, including drones and missile systems, which later proved decisive during the Nagorno-Karabakh conflict.

Iranian officials have repeatedly voiced concern about Israeli influence on their northern frontier. In 2021, Iran's Supreme Leader, Ali

Khamenei, issued an unusually pointed warning against the presence of "foreigners" in the region bordering Iran—language widely interpreted as referring to Israel.

Tehran's anxieties are heightened by demographics. Millions of ethnic Azeris live in north-western Iran, creating fears among Iranian security officials that outside powers could exploit ethnic tensions and separatist sentiment.

Further west lies another discreet Israeli partnership: the Kurds. Relations between Israel and Kurdish groups date back decades, particularly in northern Iraq. Israeli officials have periodically expressed support for Kurdish autonomy as a strategic counterweight to hostile regional states.

In 2014, Netanyahu publicly stated: "The Kurds are a fighting people who have proven political commitment and political moderation." The comment was interpreted internationally as a rare public acknowledgment of longstanding informal ties.

The Kurdish regions also offer geography valuable to intelligence services: mountainous borders, smuggling routes and difficult terrain extending into Iran.

Further south, the UAE has emerged as perhaps Israel's most sophisticated regional partner since the Abraham Accords normalised relations

in 2020. The UAE's Ambassador to Washington at the time, Yousef Al Otaiba, described the accords as creating "a better path" for the region—diplomatic language that masked rapidly expanding security and technological cooperation. Trade between Israel and the UAE accelerated sharply after normalisation, especially in cyber-security, surveillance systems and artificial intelligence.

Even Saudi Arabia, despite lacking formal diplomatic relations with Israel, has quietly moved closer through parallel fears of Iran's missile programme and regional proxy network.

The result is a West Asia that would have been almost unimaginable a generation ago, once regionally isolated, increasingly operates within a loose but expanding ecosystem of states and non-state actors linked less by ideology than by a shared determination to contain Iran.

The relationships remain deliberately ambiguous because public opinion across the Arab world still imposes limits on overt alignment with Israel.

Yet ambiguity itself has become part of the strategy. In today's West Asia, alliances are often expressed not through treaties, but through cyber cooperation, intelligence exchanges, drone technology and quiet understandings conducted far from public view.

QUICK CROSSWORD

ACROSS

- Transit (7)
- Happen again (5)
- Easily annoyed (5-8)
- Condescend (5)
- Overlook an offence (7)
- Detestation (6)
- To the opposite side (6)
- Never growing old (7)
- Wealth (5)
- Barely honest dealings (5,8)
- Country bumpkin (5)
- Allieviate (7)

Yesterday's Solution

Across: 1 Miami, 8 Alarmist, 9 Sting, 10 Howitzer, 11 Vital, 12 Sty, 16 Guyana, 17 At odds, 18 Dim, 23 Admit, 24 Aspiring, 25 Tepid, 26 Vermouth, 27 Stand.

Down: 2 Intrigue, 3 Maniacal, 4 All out, 5 Trait, 6 Fizzy, 7 Story, 12 Sad, 13 Yam, 14 Cold feet, 15 Addition, 19 Ignite, 20 Mave, 21 Spurn, 22 Brook.

DOWN

- Sat for an artist (5)
- Random guess (4,2,3,4)
- Deeply felt (7)
- Country of south Emspe (6)
- To mature (5)
- Confirmatory (13)
- Reparation (7)
- Rumour (7)
- Droll (7)
- Loan shark (6)
- Drive out by force (5)
- Blockade (5)

SU DO KU

YESTERDAY'S SOLUTION

6	5	2	4	7	9	1	8	3
7	3	9	8	1	2	6	4	5
4	8	1	3	6	5	7	2	9
9	6	3	2	5	8	4	7	1
1	2	8	9	4	7	3	5	6
5	7	4	6	3	1	8	9	2
2	4	7	1	9	3	5	6	8
3	9	6	5	8	4	2	1	7
8	1	5	7	2	6	9	3	4

CALENDAR

MAY 28, 2026, THURSDAY

- Shaka Sarwat 1948
- Jyeshtha Shukla 7
- Jyeshtha Purnimite 14
- Hijri 1447
- Shukla Paksha Tithi 12, up to 7:58 am
- Varyan Yoga up to 3:55 am
- Chitra Nakshatra up to 8:09 am
- Moon in Libra sign

FORECAST

CITY	THURSDAY		18-17 HRS
	SUNSET	FRIDAY	
Chandigarh	41	23	MIN
New Delhi	43	28	MIN
Amritsar	42	23	MIN
Bathinda	46	24	MIN
Jalandhar	42	23	MIN
Ludhiana	42	24	MIN
Bhivani	45	31	MIN
Hisar	44	28	MIN
Sirsa	46	27	MIN
Dharamsala	32	19	MIN
Manali	26	14	MIN
Shimla	28	20	MIN
Srinagar	27	13	MIN
Jammu	41	25	MIN
Kargil	20	08	MIN
Leh	21	07	MIN
Dehradun	38	22	MIN
Mussoorie	27	19	MIN

TEMPERATURE IN °C

INTERNATIONAL EDITORIALS



TUESDAY OPINION



The United States is no longer the Rebel Alliance

BY EVAN GOTTESMAN

The release of the new Star Wars movie, “The Mandalorian and Grogu,” brought a bizarre memory to mind.

“Happy May the 4th to all, including the Radical Left Lunatics,” said a White House online post last year, along with an image of a buff, lightsaber-wielding President Donald Trump flanked by two bald eagles. “You’re not the Rebellion — you’re the Empire.”

If some of the most powerful people on the planet consider their enemies “the Empire,” then how do they see themselves?

Americans struggle to reckon with using power responsibly because they’ve been trained to always consider themselves rebels. For half a century, Star Wars has reinforced this upstart identity. Ten months after the U.S. bicentennial, audiences watched the all-American trio of Mark Hamill, Carrie Fisher and Harrison Ford take on a deep-space empire whose officers seemed to be recruited exclusively from the British Isles, their posh accents a familiar cinematic shorthand for tyranny.

About the Brit-as-villain Hollywood trope, Variety’s Tim Gray once quipped, “Perhaps all this stems back to the American Revolution — Yankees have passed down a mistrust of the English to each new generation.”

Like grown men who still play with their childhood Star Wars toys, many Americans nurture a self-image that seems not to have matured much past revolutionary Yorktown. There’s a discomfort in identifying with power, even power used for good, that seems baked into the American psyche. And that discomfort is a dangerous anachronism.

The perpetual rebel always needs enemies, even after reaching the apex of power. This is why the Trump White House brands its enemies as ‘the Empire’ and the president, by implication, a rebel.

The country was founded on rebellion, and many Americans tend to think the rebel instinct is good, an admirable impulse in itself. The exception is the Civil War, but even the Confederates considered themselves political heirs of America’s “revolutionary fathers” and the Lost Cause of the South stubbornly persists in many quarters.

The revolutionaries of 1776, by contrast, succeeded. And successful rebels are rebels no more; they become the establishment. The power they acquire isn’t inherently good or bad. What matters is how it’s wielded.

After all, many of the world’s harshest dictators were once insurgents too. Mao Zedong? Communist Chinese rebel. Kim Il Sung? Korean rebel against Japanese occupation in the 1930s and ‘40s.

The perpetual rebel always needs enemies, even after reaching the apex of power. This is why the Trump White House brands its enemies as “the Empire” and the president, by implication, a rebel. Trump, without a hint of irony, rails against a supposed Deep State — from his perch in the Oval Office. There’s nothing wrong with telling a David and Goliath story every so often. It becomes harmful when it’s the *only* story told.

Luke Skywalker and friends take down the Empire at the end of 1983’s “Return of the Jedi.” Nominally, their rebellion evolves into a New Republic, but that’s a footnote in the Star Wars chronology. When our heroes return in Disney’s sequel trilogy, the writers hit a Death Star-sized narrative roadblock, taking out the Republic and returning to the old paradigm, the sides superficially rebranded as the “Resistance” and “First Order.”

Moviegoers never learn why the rebellion triumphed as an uprising but failed as a republic. For citizens of a modern democracy like the United States, this would be a far more useful lesson than another interstellar replay of 1776.

Is the solution to this politically stunted storytelling ... another Star Wars film?

Maybe. “The Mandalorian and Grogu” is the first Star Wars theatrical release in seven years. It’s fun, if not exactly groundbreaking, but it does offer one critical difference from the movies that came before it. The film takes place in the generation between the original and sequel trilogies, meaning it’s stuck with the New Republic that other entries discarded.

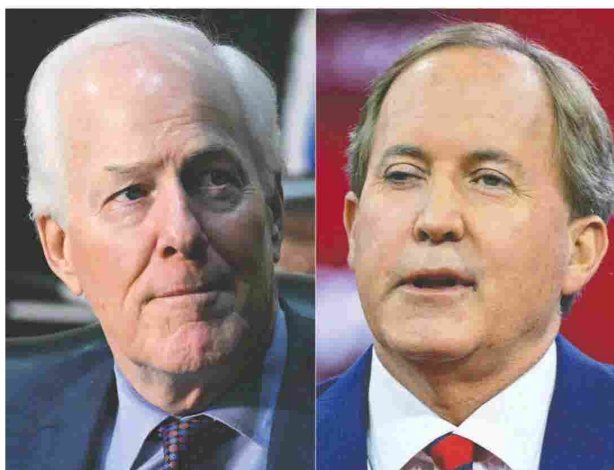
This geopolitical (galactopolitical?) reality is hammered home in a few paragraphs of scene-setting text in the film’s opening, explaining that the Republic is hard at work “uniting the galaxy.”

Don’t get me wrong. The made-to-sell-Baby-Yoda-dolls flick isn’t laser-focused on state-building. But it is the first Star Wars film that isn’t allergic to power. The good guys are really in charge. The titular Mandalorian desperately wants to be identified with the state. He doggedly reminds multiple creatures and characters that he works for the New Republic. A villain even coughs up “We’re outside of your jurisdiction!” as a serious retort.

Amid the action, one officer, played by Sigourney Weaver, provides a compelling summation of the new galactic government’s mission: “Protecting everything the rebellion fought for.”

That’s a challenge Americans must consider as their earthbound republic approaches its 250th birthday. The country is an established democracy and a global superpower, not a ragtag band of minutemen. Two and a half centuries after independence, the question Americans face is not how to beat an empire, but how to use power without becoming one.

Evan Gottelman is the managing editor of Next Move and director of communications and special projects at the Renew Democracy Initiative.



Sen. John Cornyn, left, and Texas Attorney General Ken Paxton.

CARINE HAJJAR

What I saw in Texas as its vicious GOP Senate runoff nears the finish

The quest to keep Texas red involves a surprising amount of Republican infighting. A vicious contest between Sen. John Cornyn and Ken Paxton, the state’s attorney general, has become one of the most expensive Senate primary races in history, with ad spending surpassing \$120 million. The winner of Tuesday’s runoff will face state Rep. James Talarico, the Democratic nominee, in the fall.

Cornyn, who serves on some of the Senate’s most powerful committees, has outspent Paxton 3-to-1, with millions going into scathing attack ads. Paxton has a checkered past — he was impeached but acquitted in the Texas legislature on charges including bribery and unfitness for office; he was indicted on securities fraud charges that were ultimately dismissed; and last summer, his wife filed for divorce “on biblical grounds.” Yet polling suggests he has pulled ahead of a senator who has been returned to office three times by Texas voters. And last week, Paxton secured the most valuable GOP contribution of all: an endorsement from President Donald Trump.

So far this cycle, the president’s imprimatur has proved effective in key Republican primaries across the country. But it’s unclear whether a gamble on Paxton will pay off in what promises to be one of the Senate’s most contested general elections.

It’s easy to see why the president anointed Paxton. The White House might be grappling with record-low approval, but during a campaign appearance at Midway BBQ in Katy, Texas, last week, Paxton was still spinning MAGA’s greatest hits. Before he took stage, a Paxton appearance on Fox News was streaming on video monitors around the venue as “YMCA” and other Trump-adapted anthems blared over the sound system. Congressional candidate Trevor Nehls warmed up a crowd he called “American First Patriots” who are united, he said, by love of country, law enforcement, the military, the good Lord and “our president” — in that order.

Supporters seemed just as willing to look past Paxton’s scandalous history as they have been for Trump’s. Retired teacher Lisa Jones Bevil told me, “Jesus Christ is the only one that was ever sinless,” but since she can’t vote for the Almighty, she’s “going to vote for somebody that is going to do the right thing.”

Wearing an “In God We Trust” T-shirt, Eric Brown told me that he doesn’t think the accusations made against Paxton “were correct in the first place.”

Once Paxton took the stage, he went straight for the red meat. The aroma of barbecue gave him a perfect excuse to mock Talarico for being a vegan (an allegation that Talarico denies). The ribbing didn’t stop there. Paxton took a page out of the Trump playbook and rattled off nicknames for his opponent, including Tofu Talarico and an audience submission, Talafreako.

Though Paxton on Thursday said he had decided to stop airing negative campaign ads against Cornyn, his supporters at the Midway event didn’t seem to like the senator any more than they do the opposing Democrat.

Brandon James, a landscaping company owner, called Cornyn a “RINO type” who “never gets things done.” Others expressed a desire for a fresh face in the Senate. James said one of his main concerns is “protecting legal gun owners.” Cornyn is still catching heat for working to pass gun-safety legislation in the aftermath of the horrific 2022 Uvalde school shooting.

Absent from Paxton’s stump speech was any mention of the Iran war or Americans’ growing dissatisfaction with the economy. As he listed legal challenges against the Democrats he has brought as attorney general, Paxton seemed to suggest that the country’s biggest problems were culture wars and hangovers from the Biden and Obama administrations.

Dunking on alleged herbivores and RINOs might work in a Republican primary. But Paxton runs the risk of ignoring some of voters’ biggest

worries in a state where the president’s net approval rating has been negative since last June. And despite Trump’s promises of a booming economy, affordability concerns loom large for undecided voters on both sides.

Though Cornyn continues to emphasize his loyalty to the president, he has been urging voters to consider Paxton’s vulnerability in a highly contested general election.

At a Thursday campaign stop at the Houston Association of Realtors office, the senator argued that he was the best candidate to hold off a blue advance in the Lone Star State. A key part of Cornyn’s pitch is integrity. Before the candidate took the podium, former Texas senator Phil Gramm choked up as he reflected on Cornyn’s “character” and “leadership.” Cornyn made a case that someone with Paxton’s “incredible baggage” risks losing the race to Talarico.

But polling suggests that Paxton’s tarnished reputation hasn’t been enough to give Cornyn a clear advantage in the general election. Even before Trump’s endorsement, a Texas Southern University poll had Paxton tied with Talarico, and Cornyn leading by one point — all within the margin of error.

When I asked Cornyn about the poll, he said that running a scandal-scarred Paxton against Talarico “would be like going to a boxing match with one hand tied behind your back.”

Cornyn, who is backed by senior Senate Republicans, also noted that the money it would take to get Paxton over the finish line in November would drain GOP coffers enough to risk “key Senate races” in Georgia, North Carolina, Michigan and New Hampshire.

If Republicans lose the Senate majority in November, seating a freshman GOP senator would be of limited value, especially compared with the political capital Cornyn has amassed in Washington since 2002. But canny politics and wise choices are not exactly Republican hallmarks in the age of MAGA.

Babel or Jerusalem? Pope Leo weighs AI and humanity.

BY GEORGE WEIGEL

At this jagged, violent and sometimes madcap moment in history, calling one’s first encyclical “Magnifica humanitas” (Magnificent humanity) may seem an exercise in papal naiveté. A close reading of Pope Leo XIV’s inaugural letter, released Monday and addressed “to men and women of good will,” reveals something quite different: a great and engaging hope born of Christian faith. That faith in turn underwrites a striking confidence in the human capacity to do better than we’re doing at present.

Given the exponentially accelerating technological change represented by artificial intelligence, Leo suggests in the encyclical that the civilizational choice before us is between Babel and Jerusalem. Babel, of course, was the brick tower built out of a technological hubris that resulted in chaos, conflict and a shattered, scattered humanity. The Jerusalem the pope has in mind is the holy city rebuilt by Nehemiah in the 5th century B.C. after its destruction and the Jewish population’s Babylonian exile. Jerusalem’s reconstruction, Leo writes, was “the shared responsibility of all: men, women, priests, artisans, heads of household, and young people,” an undertaking that “rebUILDS relationships before rebuilding with stones.”

The “primary choice,” he writes, “is thus not between a ‘yes’ or ‘no’ to technology;” What any technological innovation is used for is what counts. So is the idea of who we are as human beings — the implicit anthropology — that any technology embodies.

Leo concedes that “it is not possible to provide a single, comprehensive definition of AI,” given the rapidity of its development. He nevertheless lays down a marker in favor of the “grandeur of humanity” that strikes me as the encyclical’s sharpest, most compelling assertion, however many eyebrows it may raise in Silicon Valley:

“We must avoid the misconception of equating this type of ‘intelligence’ with that of human beings. These systems merely imitate certain functions of human intelligence. In doing so, they often surpass human intelligence in speed and computa-

AI systems ‘may imitate language, behavior, and analytical skills, or even simulate empathy and understanding, but they do not understand what they produce, for they lack the affective, relational, and spiritual perspective through which human beings grow in wisdom.’

tional capacity, offering tangible benefits across many fields. Yet this power remains entirely tied to data processing.”

Leo continues: “So-called artificial intelligences do not undergo experiences, do not possess a body, do not feel joy or pain, do not mature through relationships and do not know from within what love, work, friendship or responsibility mean. Nor do they have a moral conscience, since they do not judge good and evil, grasp the ultimate meaning of situations, or bear responsibility for consequences. They may imitate language, behavior, and analytical skills, or even simulate empathy and understanding, but they do not understand what they produce, for they lack the affective, relational, and spiritual perspective through which human beings grow in wisdom.”

In short: ChatGPT, Gemini, Claude and all the rest do not replicate “the experience of those who allow themselves to be shaped by life and grow over time through choices, mistakes, forgiveness and fidelity.”

The pope is no Ludite. He welcomes the fact that digital networks can build solidarity across previous chasms of distance. But as an experienced

pastor, Leo insists that neither the promise of progress inherent in AI, nor the Promethean transhumanist and post-humanist projects he brisks critics, can ever replace the biblical truth that “humanity flourishes not despite limitations, but often through them.”

What we often experience as a limit — “incapacity, illness, old age, suffering, vulnerability” — is in fact where we learn what truly enables our humanity: “compassion, as well as a sincere concern for the needs of others; a generosity that can emerge even in the midst of darkness and failure; spiritual experience and the worship of God.” Families that have come closer through the presence of a child with Down syndrome, psychiatrists who have helped wounded souls back to mental health, and those who offer exquisite personal care to the elderly weakened by dementia will all recognize the countercultural but humanizing truth Leo teaches here.

Arguments in the weeks and months ahead will likely center on the pope’s proposals for guiding and regulating the hypersonic evolution of AI. Several critical points that form the intellectual and spiritual scaffolding on which Magnifica Humanitas is built shouldn’t get lost in the policy debate, however. Like the point that human dignity is inalienable and ineradicable, not a benefic bestowed by the state ascribed by socioeconomic status. And the point that, however confused our human condition, “creation bears the imprint of an original goodness” that we are to “bring to fulfillment.” And the point that “true progress always stems from a heart open to others, an intelligence willing to listen, and a will that seeks what unites rather than what separates.”

In contrast to today’s cacophonous public “discourse,” Leo XIV speaks in Magnifica humanitas with an adult voice: a voice appealing to our highest aspirations rather than pandering to our worst prejudices or most virulent fears. That in itself is entirely welcome, and no small contribution.

George Weigel is a distinguished senior fellow at the Ethics and Public Policy Center. His books include “Witness to Hope: The Biography of Pope John Paul II.”

OPINION

The Washington Post

AN INDEPENDENT NEWSPAPER

EDITORIALS

This is the reality of European-style social spending



ILLUSTRATION BY YAN WU/THE WASHINGTON POST; ISTOCK

Imagine you're a single American worker earning an average wage. A gold coin represents the total your employer spends to compensate you: about \$79,000.

You don't receive all of it. Government takes a "tax wedge" of about 30 percent.

On your paycheck, this appears as your income tax (\$12,000), employer Social Security contribution (\$6,000) and employee social security contribution (\$6,000). The remainder is your take-home pay.

Americans look longingly at Europe, where many countries have relatively high social spending, and dream of bringing that system to the United States. U.S. politicians, aware of this desire, campaign on two falsehoods.

First, that the U.S. government does not already spend massively on pensions and health care. Second, that the only obstacle to bringing a European-style welfare state to the U.S. is a lack of taxes on the rich.

The reality is more complicated, and growing America's tax wedge brings serious risks in and of itself.

Some of the other wealthy countries in the world do indeed have more robust safety nets than America. Yet they don't rely on narrow taxes on their most wealthy citizens; rather, they're financed by broad levies on the middle class. And as rising defense spending squeezes national budgets, those already high taxes are rising.

Average tax rates on wages rose for the fourth consecutive year across the majority of the 38 countries that make

up the Organization for Economic Co-operation and Development (OECD). An average earner faced a tax burden of 35.1 percent in 2025, the highest level in a decade, according to a recent OECD report.

The leaders of too many OECD countries have overpromised, and now they're targeting income because it's easy to tax and guaranteed to bring in consistent revenue. Some countries have avoided increasing tax rates, but by not adjusting income thresholds to reflect inflation, they drag more workers into higher brackets.

Doing this is not free of consequences. The OECD report finds that the tax wedge grew in 24 countries compared with 2024, contracted in 11 and held steady in three. In 13 of the countries where the tax wedge grew, it was a direct result of a rising personal income tax as a percentage of labor costs.

Of the 11 countries where the tax wedge fell, nine cut their personal income taxes, including Australia, Denmark, Iceland, Ireland, Italy, Latvia, Portugal, Sweden and the United States.

The United Kingdom suffered the largest rise in taxes between 2024 and 2025 after the country increased its jobs tax.

The U.S. helps pull down the OECD average. America's tax wedge is the lowest of all advanced economies in the Group of Seven.

Households with children are squeezed harder than singles on average across the OECD. The difference in the tax wedge for a one-earner household with two children versus a single house-

hold fell to 8.9 percentage points, from a pandemic peak of 10 percentage points in 2021. This shows a reduced tax advantage for families.

The U.S., however, is particularly generous when it comes to fiscal breaks for one-earner families. When an average American family received an extra \$1 in wages, they kept 9.3 cents more of it than a single-earner household did.

But not all parents are treated equally. A single parent with two children in America earning 67 percent of the average wage loses half of any pay raise they get at work due to higher taxes and reduced benefits.

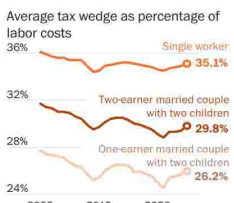
It's also worth noting that about half of federal spending in the U.S. goes to pensions and health care. Despite spending like some European countries, America keeps taxes low by running deficits.

Being the global reserve currency helps hide fundamental problems with this arrangement, but America's relatively low tax regime is not sustainable if politicians don't get sober about spending. The U.S. national debt, over \$39 trillion, has surpassed 100 percent of gross domestic product, an ignominious milestone.

The spending addition risks undercutting the rewards of economic policies that America is getting right. Last year, real wages rose 1.2 percent and post-tax income rose 4 percent. In simple terms, this means Americans are earning and keeping more of their own money.

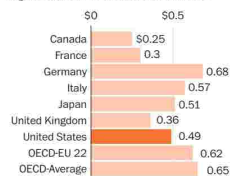
Economic growth can help alleviate fiscal pressures, and lower tax rates lead to higher growth.

The tax wedge for a single worker reached its highest level in a decade



For low-income single parents, a raise pays less than expected

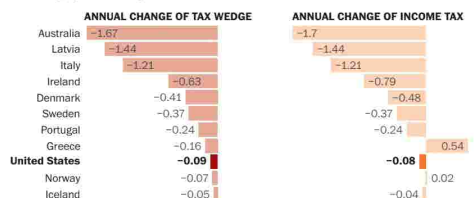
After a \$1 increase in gross labor costs, how much reaches a single parent with two children earning two-thirds of the average wage, after higher taxes and reduced benefits



Source: OECD Taxing Wages 2026

In 9 of 11 OECD countries with a declining tax wedge, the drop was driven by lower income taxes

Percentage point change from 2024 to 2025



Americans' wages increased as average tax rates declined

Annual percentage change in 2025



Change of wage is adjusted for inflation. Tax rate is based on the personal average tax rate of the average worker (single without children).

MICHAEL RAMIREZ



LETTERS TO THE EDITOR

Data centers should consider impacts to rural communities

The May 15 editorial "The right response to the data center backlash" argued that the United States must accelerate data center construction to remain competitive in the artificial intelligence race. That is true. AI is reshaping industries, national security and the economy. But farmers and ranchers are not opposing the technology. They are asking legitimate questions about property rights, water usage, power reliability, utility costs and whether local residents will have a meaningful voice in decisions that permanently reshape their communities.

Rural America has powered this country for generations. It produces the food, fuel and fiber that sustain the economy, while hosting pipelines, transmission lines and other infrastructure projects. But if the backbone of the AI economy is to be built in rural communities, those communities deserve transparency and a seat at the table before decisions are made, not after.

Missouri Farm Bureau members have expressed concerns about how massive data center demand could affect electrical reliability and affordability. As the editorial noted, residential electricity prices are expected to rise 5 percent nationally in 2026, on top of an 11.5 percent increase in 2025. These are exactly the kinds of issues state and local policymakers and regulators are supposed to evaluate carefully before approving projects of this scale. This outcry led us to propose the language that became the national policy on data centers for the American Farm Bureau Federation.

The United States can absolutely lead the world in AI innovation while also respecting private property rights, local decision-making and the communities helping power that growth.

The choice should not be between innovation and protecting rural communities. We can, and must, do both.

Garrett Hawkins, Appleton City, Missouri The writer is the president of the Missouri Farm Bureau.

I am the executive director of the Interstate Commission on the Potomac River Basin, the agency designated by Congress for the "integration and coordination of the planning for the development and use of the water" in the Potomac River watershed.

The ICPRB is neither for nor against data centers. Nonetheless, we do believe that decision-makers and the public need more data on data centers. D.C. and Arlington are the two most vulnerable cities in the U.S. to a cutoff of their drinking water because they have only one source of water (the Potomac River) and only a one-day backup supply. Should an extreme drought occur in 2050, an ICPRB study indicates, "serious water supply shortages are likely unless additional resources are added to the system."

Though national data suggest data centers account for a small portion of U.S. freshwater use, such averages obscure intense local and regional stress. The ICPRB projects that by 2050, data center water use in the D.C. area will increase to approximately 22 million gallons per day on average and more than 80 million at summer peak use.

Data centers should address the lack of transparency surrounding water use and water quality implications. Non-disclosure agreements hamper agencies, such as ours, from accessing site-specific water demands. Virginia's recently enacted bill requiring specified water users to report monthly volumes of potable and reclaimed water supplied to data centers and other users is a welcome first step. So is Maryland's legislation requiring an analysis of the likely environmental, energy and economic impacts of data center development in the state.

In short, the right response to the data center backlash is better transparency and more vigilance regarding water consumption.

Michael Nardolilli, Arlington

Business-friendly states will dominate AI

Regarding the May 2 editorial "Seattle's mayor waves goodbye to prosperity": For years, Americans have been voting with their feet, leaving costly, heavily regulated states for places that prioritize growth, investment and opportunity.

That's because Americans support lawmakers who let our free-market system work as intended, like those in Texas, where innovation is rewarded through reasonable regulation, a competitive tax climate and a willingness to quickly adapt to new industries.

Data centers are the latest opportunity for business-friendly states to dominate. They make the digital world possible by powering the most promising technologies, such as data storage, cloud computing and artificial intelligence. Data centers represent tax revenue, job creation and economic growth.

Advancing AI doesn't mean ignoring the risks, such as data privacy and energy use, but rather taking a targeted approach to enacting safeguards that address risk while still fostering growth and innovation.

Legislation such as Texas's Responsible AI Governance Act reinforces existing consumer protections and AI development while the Trump administration works with Congress to enact its national AI legislative framework. The framework outlines a plan for AI development that includes important safeguards protecting intellectual property and free speech while still prioritizing American AI innovation and dominance.

We must allow the market to flourish freely.

Kevin Brady, The Woodlands, Texas The writer, a Republican, is a former congressman from Texas. He is also an adviser to Americans for Free Markets.

COMMENT

Editorials

Foreign investment drawn to advantages of country's high-standard opening-up

The State Council Information Office announced on Tuesday that the seventh Qingdao Multinationals Summit will be held in Qingdao, Shandong province, from June 15 to 17, and that more than 350 foreign executives from 36 countries have confirmed their attendance.

This latest event, along with a flurry of recent international trade and investment promotion activities, highlights the confidence of foreign companies in the world's second-largest economy. The sustained influx of foreign investment into China, even as global foreign direct investment trends downward, is a testament to China's unique positioning in the world economy.

China's allure as a destination for foreign investment is evident in the latest data from the Ministry of Commerce: from January to April this year, 20,113 new foreign-invested enterprises emerged nationwide, a 6.8 percent increase year-on-year. This growth is not merely a fleeting trend but part of a broader trajectory that has seen the number of foreign-funded enterprises in China rise consistently over the past three years, surpassing 530,000 and collectively channeling over \$3.6 trillion into the economy.

More than 3,000 foreign-funded enterprises further expanded their investments in China during the same period, a trend also recorded last year which saw more than 8,000 foreign-funded companies make additional investment in China, up more than 10 percent year-on-year.

Against the undercurrents of the "decoupling" from China rhetoric and sluggish world economic growth, the latest data underscore that in a turbulent world, the Chinese market stands out as a beacon for foreign investors due to its predictability, reliability and steady growth.

The improvement of China's business environment — characterized by an increasingly shorter negative list, the rule of law and nondiscriminatory treatment — is another key factor driving the influx of foreign investment.

From January to April, the actual use of foreign capital in high-tech sectors reached 116.33 billion yuan (\$17.4 billion), reflecting a significant 20.3 percent increase year-on-year. These sectors alone accounted for 40.4 percent of the total foreign capital utilized in the country, up by 10.3 percentage points from the previous year. Within this realm,

areas such as R&D and design services, computer and office equipment manufacturing, and electronics and communication equipment manufacturing have witnessed remarkable growth, with year-on-year increases of 108.4 percent, 22.9 percent and 20.2 percent respectively. These statistics highlight a shift in foreign investment patterns, moving away from traditional manufacturing toward more innovative and technologically advanced industries.

As China continues to enhance its industrial foundation and research and development environment, it is ready to attract even more foreign investment eager to tap into its comprehensive value chain advantages in emerging technologies and new industries. This shift from "quantity" to "quality" in foreign investment is a clear indicator of China's evolving economic landscape, where innovation and high-end manufacturing are becoming the new pillars of growth.

The country's proactive approach is reshaping China's role from being the global manufacturing hub to a central node in the global value chain. The country's commitment to opening its market, particularly in the service industry, is evident as it accounts for over 70 percent of the actual use of foreign capital. The Ministry of Commerce has outlined plans to expand market access and create new advantages to attract foreign investment, particularly in sectors such as green transformation, intelligent manufacturing and digital services.

This is reinforced by the trend of investment from developed countries increasingly producing in China and utilizing advanced technologies developed by local Chinese companies to enhance the competitiveness of their entire operations.

This diversification reflects the broader transformation in China's economic development, driven by continuous market opening, reduced barriers to foreign investment, and the implementation of national treatment policies.

There is no doubt that China remains a magnet for foreign investors seeking growth and opportunity in an increasingly difficult global economy.

It is high time some in the West put to rest their parochial ideology and bias against China, and did more to build bridges than put up barriers. By recognizing the strategic importance of the Chinese market, businesses and policymakers can navigate the complexities of globalization in a way that promotes shared prosperity and sustainable growth.

Innovative response to choke-point chip tech

Moore's Law has been a cornerstone of the rapid advancement of digital technology over the past decades, although it is now confronting physical limits and diminishing economic returns.

For an industry conditioned to equate progress with nanometers, the Tau Scaling Law disclosed by Huawei on Monday is a challenge to the organizing logic of the semiconductor ecosystem.

Instead of continuing the increasingly expensive race to shrink transistors, Tau Scaling proposes that future chip performance gains can come from compressing the signal propagation time through architectural and timing innovations. Huawei has set a target of reaching a chip density equivalent to 1.4 nanometers by 2031.

Washington's export restrictions have attempted to cut China off from advanced lithography equipment, leading-edge foundries and portions of the global event-driven architecture software stack. Such measures were designed to slow China's progress in advanced semiconductors.

That is where Tau Scaling enters the picture. Instead of shrinking transistor dimensions from 3 nm to 2 nm and beyond, Huawei is extracting more performance from mature process nodes such as 5 nm and 7 nm by means of architectural optimization, timing compression, logic folding and system-level coordination.

Much of the underlying research — including asynchronous computing concepts, wave pipelining, and timing optimization techniques — can be traced back decades. What Huawei has done, under conditions where the traditional scaling route became inaccessible, is to revisit those ideas, combine them, enhance them and industrialize them.

In that sense, the emergence of Tau Scaling reflects a broader historical pattern in technology. Constraints often redirect innovation rather than stop it. So, if chip performance can be improved through architecture rather than lithography alone, then the balance of competition changes. The key question becomes not simply who owns the most advanced EUV machines, but who can design the most efficient systems using available manufacturing capabilities.

It would be premature, though, to declare that the arrival of Tau Scaling heralds the post-Moore era. Semiconductor history is filled with elegant concepts that struggled once they encountered commercial realities, ecosystem inertia, or commercial realities. Huawei's proposal faces several important ceilings.

Architecture cannot completely replace physics. Timing optimization can reduce inefficiencies, but signals still obey physical propagation limits. As chips become larger and workloads more complex, interconnect delays and synchronization overhead remain major bottlenecks.

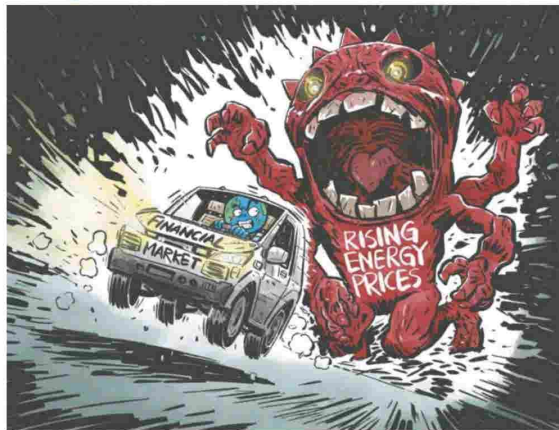
Logic folding and time-domain optimization introduce their own complexity penalties. The more aggressively a design compresses timing, the harder verification, debugging and manufacturing become. Commercialization will determine whether Tau Scaling becomes an industry framework. For Huawei's approach to become influential, other companies must adopt it, customers must validate it and developers must build around it. That process will take years, not conference announcements.

Even so, the broader lesson already stands. The semiconductor industry is entering a phase where innovation no longer relies exclusively on brute-force scaling and trillion-dollar capital expenditures. Architectural intelligence, software-hardware codesign, advanced packaging and system optimization are becoming increasingly important.

For China, that shift creates both an opportunity and a responsibility. The country still faces major gaps in lithography, materials, EDA tools and manufacturing equipment. But Tau Scaling demonstrates something equally important: when external pressure blocks one route, researchers will look for alternative routes and solutions can emerge through persistence, engineering discipline and targeted input.

The semiconductor race is no longer just about making things smaller. Increasingly, it is about making systems smarter. The challenge now is for more Chinese companies and engineers to push beyond incremental imitation and focus on resolving genuine choke-point technologies with the tools they already possess.

Cai Meng



Opinion Line

Reckless showboating ignores real risk of triggering trip wire

That warships from extra-regional countries, including the United Kingdom, France, Canada and Australia, glide through disputed waters in the South China Sea is purposeful showboating. The Report on the Military Activities of Non-US Extra-Regional Countries in the Western Pacific in 2025, published on Tuesday by the South China Sea Strategic Situation Probing Initiative, an international research network that recorded their appearances, reads more like the record of the cast performing on an increasingly crowded stage.

According to the think tank report, about 200 warships from 18 extra-regional countries operated in the region in 2025, while their military aircraft logged more than 20,000 sorties. These operations appear designed to mislead audiences back home rather than meet the actual security needs of the region.

A destroyer sails through contested waters, officials issue carefully worded statements about "shared values", commentators praise "firmness", and ministers collect photographs that project "toughness" without, theoretically, requiring sacrifice.

The problem with symbolic military gestures is that they rarely remain symbolic forever. International relations

theory has long warned that countries frequently drift toward confrontation not because anyone actively wants war, but because each side interprets the other's actions through entirely different emotional and strategic lenses. And once that spiral begins, every "routine" operation acquires an increasingly sharp edge.

Modern military systems are fundamentally ambiguous. A surveillance aircraft gathering information today may be viewed as mapping targets tomorrow. A destroyer exercising "navigation freedom" may also look like the opening scene of a blockade rehearsal. Military hardware does not come with subtitles explaining peaceful intent. Before long, these extra-regional countries will find themselves trapped inside an escalating choreography that nobody fully controls anymore. What makes the current trend particularly striking is how little many of these countries actually stand to gain.

One wonders how these same nations would react if distant countries began conducting naval patrols and military reconnaissance near their own coastlines, not to mention with equal intensity and frequency. This is why the moral certainty surrounding many of these operations

feels increasingly detached from strategic reality. The Western Pacific is not an abstract chessboard for symbolic posturing. It is a densely interconnected economic artery where even minor military incidents could send shock waves through global trade, supply chains and financial markets.

And history suggests that accidents happen most often in environments where everyone insists they are merely exercising their rights. The reality is that most countries in the region are far more interested in economic growth, trade and stability than in becoming supporting actors in an endless maritime pressure campaign. What they do not need is an expanding cycle of military theater masquerading as "strategic necessity".

There is a profound difference between maintaining stability and repeatedly testing how much pressure a volatile environment can absorb before something breaks.

And when that happens, the countries treating the Western Pacific like a stage for symbolic power projection may discover that applause is much harder to obtain once real consequences arrive.

— LIYANG, CHINA DAILY

What They Say

Major step toward rules for global carbon market

Editor's note: Earlier this month, China, Brazil and the European Union — founding members of the Open Coalition on Compliance Carbon Markets — held the first high-level meeting of the coalition in Florence, Italy. Dong Xiucheng, executive dean of the Institute for International Carbon-Neutral Economy at the University of International Business and Economics, and Weng Yujun, an associate researcher at the Institute of Energy, Environment and Economy at Tsinghua University, spoke to People's Daily Overseas Edition about the coalition's role in the development of a global carbon market. Below are excerpts of the interviews. The views don't necessarily represent those of China Daily.

Currently, the global carbon markets are characterized by uneven development and fragmentation. Countries have adopted different rules and standards for carbon pricing, and there are substantial barriers to cross-border carbon trading.

The establishment of the Open Coalition on Compliance Carbon Markets marks a significant step in implementing the consensus reached at COP30 in Brazil last year. The coalition aims to harmonize carbon market rules across countries, unify accounting standards, promote cross-border recognition of carbon credits, build a platform for policy discussions, share experiences in carbon market development, regulate international carbon trading and address the issue of market fragmentation.

The coalition's key focus areas include cooperation on monitoring, reporting and verification systems for carbon emissions, carbon accounting methods and rules for using high-integrity offsets.

The official launch of the coalition will promote the alignment of carbon pricing systems across countries, reduce regulatory conflicts and lower the costs of cross-border trading. This is aimed at establishing a fair and

more transparent global carbon pricing system.

The coalition will facilitate cross-border carbon trading, enhance coordination among countries in meeting their emissions reduction commitments and support the achievement of nationally determined contributions.

It will also accelerate the low-carbon transition of various countries through market-based approaches and guide the cross-border flow of green capital. By leveraging economic tools, the coalition will help the world achieve the temperature-control goals set out in the Paris Agreement, pool multilateral efforts for emissions reduction, and ultimately achieve the carbon neutrality target.

Carbon markets across the world have been designed differently. Given that developed and developing countries are at different stages of growth, the coalition adheres to the principles of openness, inclusiveness and voluntary participation. This approach promotes dialogue and cooperation among members on core aspects of carbon markets, helping to form a common framework for their development and further enhance global cooperation on carbon pricing. The coalition will promote the

effective implementation of Article 6 of the Paris Agreement by encouraging member states to coordinate on carbon emissions accounting and high-quality carbon credit standards. That China, Brazil and the EU — major economies from different regions — are working together to advance carbon market cooperation demonstrates their resolve to uphold multilateralism and jointly address climate change. This offers a new model for cooperation on global climate governance.

It is worth noting that members of the coalition differ in their carbon reduction foundations, economic development levels and available resources, which may pose challenges to the coalition's operations.

The international community needs to formulate unified rules for carbon accounting, carbon credit certification and trading. Developed countries should scale up technological and financial support for developing countries to narrow the gap between carbon markets in the Global South and Global North. Efforts should focus on expanding multilateral dialogue, encouraging more countries to join the coalition and improving the regulatory system for global carbon trading.

CHINA DAILY WORLDWIDE

Contact us at:

China Daily
15 Huixin Dongjie Chaoyang District,
Beijing 100029
News: +86 (0) 10 6491-8366
editor@chinadaily.com.cn
Advertisement: +86 (0) 10 6491-8631
ad@chinadaily.com.cn
Subscriptions: +86-400-699-0203
subscription@chinadaily.com.cn
App: www.chinadaily.com.cn/m/tdaily/html

China Daily UK
90 Cannon St, London EC4N 6HA, UK
+44 (0) 207 398 8270
editor@chinadailyuk.com

China Daily Asia Pacific
China Daily Hong Kong
Unit 1818, Hing Wai Centre, 7 Tin Wan
Praya Road, Aberdeen, Hong Kong
+852 3388 3311
editor@chinadailyhk.com
editor@chinadailyasia.com

China Daily USA
1500 Broadway, Suite 2800,
New York, NY 10036
+1 212 537 8888
editor@chinadailyusa.com

China Daily Africa
P.O. Box 27281-00100, Nairobi, Kenya
+254 (0) 20 622 9920 (Nairobi)
editor@chinadailyafrica.com
enquiries@chinadailyafrica.com
subscription@chinadailyafrica.com

VIEWS

Nataša Stanojević

China-Serbia cooperative leap from roads to robots

Serbian President Aleksandar Vucic's visit to China from May 24 to 28 comes at a time when China-Serbia economic cooperation has become a central pillar of Serbia's development strategy.

During the talks with Vucic on Monday, President Xi Jinping said that against the backdrop of a new scientific and technological revolution and industrial transformation, the two sides should expand cooperation in emerging sectors such as artificial intelligence, the digital economy, green energy and advanced manufacturing to foster new growth drivers.

The two countries signed more than 20 cooperation documents covering areas such as trade and economic relations and technology.

These developments indicate the evolution of China-Serbia cooperation and will inject fresh momentum into it. Nowadays, direct Chinese investments in Serbia have reportedly exceeded 7.2 billion euros (\$8.35 billion), with the total value of infrastructure and economic projects, including loans, surpassing 14 billion euros.

This influx of capital has had a transformative impact on Serbia, impacting infrastructure, industry, employment and trade. China is now one of Serbia's two largest investors and a leading foreign trade partner.

Ahead of his visit, President Vucic highlighted artificial intelligence, robotics and new technologies as key areas of cooperation, marking a new phase in bilateral economic relations.

China-Serbia cooperation initially focused on infrastructure, particularly under the Belt and Road Initiative. Serbia, a landlocked country strategically positioned between Central and South-East Europe, faced the problem of outdated transport corridors.

Chinese projects in roads, bridges, railways and energy facilities helped Serbia improve physical connectivity, strengthen links with regional corridors, expand production and attract investment. These infrastructure projects laid the groundwork for a broader economic agenda, reducing logistics costs and making Serbia more attractive for production and export.

The key question now is how to transform this infrastructure into industrial capacity, export growth and higher value-added production. The next phase of cooperation should be measured by how well connectivity supports manufacturing, technological upgrading and Serbia's integration into regional and global value chains.

This transition is already visible. Chinese economic engagement in Serbia has expanded into industries such as mining, metallurgy, rubber production and automotive components.

These manufacturing investments have a deeper long-term impact than infrastructure alone, creating employment, expanding exports and supporting supplier networks.

Serbia's industrial base, skilled labor and proximity to European markets



MA XUEJING / CHINA DAILY

make it an attractive destination for Chinese companies seeking to connect with European and regional supply chains. Notable industrial projects include Zijin in Bor, HBIS in Smederevo, Linglong in Zrenjanin, Minth in Lužnica and Sabac, Xingyu in Niš and Yanfeng in Kragujevac.

Zijin's investment in the Bor copper complex has significantly increased copper production and strengthened the role of copper in Serbia's export structure. In 2018, the Serbian government accepted Zijin's offer to acquire a 63 percent stake in RTB Bor, with the total investment package valued at \$126 billion.

Exporting raw copper ore has a limited effect on industrial development. But processing refined copper into plates, sheets or pipes creates higher value, requires more skills, supports related industries and strengthens the domestic industrial base. This is why the next stage of cooperation should focus on value-added production.

But a recent study shows that there is a shortage of skilled labor in Eastern Serbia and insufficient processing capacity, so a rapid shift toward an export structure based on processed

copper products is unrealistic. A more practical strategy would be to strike a balance between raw material exports and processed copper exports.

A similar logic applies to the steel sector. The acquisition of the Smederevo steel plant by HBIS was a significant example of Chinese participation in Serbia's existing industrial capacities. The steel plant was long plagued by unstable production and heavy losses. HBIS acquired the plant in 2016, reviving production and exports, and reestablishing the company as one of Serbia's most important exporters.

This shows that Chinese investment has not only created new projects, but also helped modernize Serbia's existing industrial capacities.

Another example is Shandong Linglong's tire plant in Zrenjanin, one of the largest Chinese greenfield investments in Serbia valued at 800 million euros. Linglong started building its tire factory in Zrenjanin in 2019, showing that Serbia is not only a destination for acquiring existing enterprises, but also a potential production base for new capacities.

Alongside Linglong, investments by Minth, Xingyu and Yanfeng point to a

broader trend of Chinese engagement in automotive components.

Though smaller than Zijin or HBIS, these investments are significant because they connect Serbia more directly with European automotive and industrial supply chains. This is especially relevant for Chinese investors.

If the first phase of China-Serbia economic cooperation focused on infrastructure, the coming phase may go beyond traditional manufacturing and emphasize high-technology and innovation-oriented sectors.

Recent announcements indicate that robotics, AI, digitalization and advanced industrial technologies are becoming part of the bilateral agenda.

The cooperation announced with the Chinese company AGIBOT Innovation in humanoid robots is especially noteworthy. While relevant statements suggest that Serbia could soon become a base for the mass production of humanoid robots, Vucic also announced that a robot factory could open in a few months in Sabac. This would be a qualitatively new type of Chinese investment in Serbia.

The China-Serbia joint laboratory for green steel manufacturing, jointly launched by the HBIS Group and the University of Belgrade, shows that cooperation in traditional

sectors such as steel can gradually move toward cleaner production, research cooperation and technological upgrading. It connects the older industrial pillar of cooperation with the newer priorities of sustainability, innovation and green transformation.

This initiative is important for Serbia because it diversifies cooperation with China, strengthens the country's export base and creates the possibility for deeper supplier linkages, technology transfer and skills development.

The strategic value of Chinese investment in Serbia lies in linking infrastructure, manufacturing and trade into a single development platform.

Roads and railways improve connectivity, but their full effect appears only when they support production, exports and industrial integration.

Mining and metals increase output, but their impact is greater when they move toward processing and higher value added. Greenfield investments create new jobs, but their importance depends on whether they become embedded in local supplier networks and regional value chains.

This is why the next phase of China-Serbia cooperation shifts from connectivity to productive capacity.

Infrastructure remains the foundation, but manufacturing is the test of maturity. If Serbia can use Chinese investment not only to build but also to produce, process, export and innovate, the cooperation will have a stronger and more sustainable effect on the country's development.

The author is a senior research fellow at the Institute of International Politics and Economics, Serbia.

The views don't necessarily represent those of China Daily.



Zhou Shuchun

The author is chief researcher at the China Watch Institute, China Daily.

Huge potential of tiny tokens powering AI revolution

In recent months, the term "token" has leapt from obscurity into everyday life as a buzzword alongside intelligent agents such as Lobster or Open-Claw. But this token is not the blockchain-based cryptocurrency unit.

Rather, it is the unit of measurement for large language model text processing. Just as we measure prose in letters or numbers, AI processes information by first breaking data down into bite-sized manageable tokens. Think of a token as the smallest Lego brick — the atomic particle — of AI-generated content.

Every time we use AI — whether asking a question or writing code — we invoke these atoms of AI language. Tokens, therefore, are an indicator of AI activity.

In this sense, token data not only reflect the dynamics of an economy in the AI era but also give rise to a new kind of economic logic.

At the beginning of 2024, China's average daily consumption of tokens was 100 billion. This shot up to a staggering 100 trillion by the end of 2025, and is now over 140 trillion.

This explosive growth of more than 1,000 times in a little over two years far exceeds the global average. Liu Liehong, head of the National Data Bureau, said, "The massive increase in daily token call volume indicates that China's AI development has entered a phase of rapid growth."

On the demand side, the token consumption frenzy indicates the widespread and frequent use of AI applications, reflecting the depth and breadth of AI empowerment across industries. It also points to a maturing ecosystem, hinting at a breakthrough in AI commercialization. As the world's largest internet economy, China is poised to be the epicenter of token economics.

On the other hand, this surge in token consumption reflects a supply-side momentum anchored in computing power. In the digital economy, data is the raw material while computing power is the production tool. Every token call consumes computing power.

The more powerful the computing capacity, the faster the token processing speed, the lower the unit cost, the higher the model quality, and consequently, the more frequent the token calls.

The more powerful the computing capacity, the faster the token processing speed, the lower the unit cost, the higher the model quality, and consequently, the more frequent the token calls. The explosive growth in token consumption or call volume provides grounds for optimism regarding computing power supply prospects, while also sounding a warning that it is a scarce resource in the AI era.

With the development of the Metaverse, the Industrial Internet, and the proliferation of AI agents, the surge in demand might lead to a perpetual shortage in computing power. Computing power supply is constrained by investments in hardware and infrastructure such as chips, servers and data centers. With "AI+" becoming a national strategy, China must vigorously strengthen the supply-side infrastructure.

In the AI era, computing power is akin to national strength. Recent developments bode well for China's computing capacity. Beyond companies like Huawei Ascend, Cambricon, and Hygon Information Technology launching acceleration chips and CPUs, the completion of China's largest AI computing cluster in Zhengzhou is a milestone in domestic computing infrastructure.

Developed countries are racing to build AI for Science (AI4S) computing facilities, marking a new stage of global tech competition. The cluster in Zhengzhou, located at the core node of China's Supercomputing Internet, integrates 60,000 acceleration cards. It is a super brain tailored for Chinese scientists and signifies a breakthrough in the country's computing infrastructure.

What gives China greater confidence is the energy support behind computing power — the bottom layer of what NVIDIA CEO Jensen Huang calls the "Five-Layer Cake of AI". At the end of AI lies electricity; tokens are derived from watts.

China has the world's largest and most advanced power supply system, with a total installed generation capacity of 3.95 billion kilowatts — three times that of the United States and 13 times that of Japan. The continued expansion of green power promises the sustainable development of computing power.

Under the framework of token economics, China's two major initiatives — computing-electricity synergy project and "East Data, West Computing" — are increasingly significant. The former ensures power supply for computing centers through coordinated planning of computing infrastructure and power systems.

The latter channels dense computing power demand from the east to the electricity-rich west. Both are vital for consolidating and upgrading China's intelligent computing scale, now the second largest in the world.

As Liu of the National Data Bureau noted, "tokens are not only the value anchor of the AI era but also the settlement unit connecting technology supply with commercial demand, providing quantifiable possibilities for the implementation of business models."

Token economics is still in conceptual infancy, and its integration with the real economy has yet to crystallize into a mature model. Regardless of whether an industrial revolution centered on tokens has already begun, as some analysts speculate, establishing a new value assessment system around tokens — a core variable reshaping the digital economy landscape — is an inevitable requirement for the development of the AI industry.

Syed Hasan Javed

An enduring Sino-Pakistani friendship for a shared future

As China and Pakistan celebrate the 75th anniversary of their diplomatic relations, many expressions are being used to describe their enduring friendship.

This is not surprising, given that the region now known as Pakistan has historically served as a bridge linking South Asia, Central Asia, the Middle East, Europe, and Africa, facilitating China's trade and exchange of ideas, goods, and philosophies since the Han Dynasty (206 BC-AD 220).

From ancient times, the people of this region have been fascinated by Chinese culture, particularly its silk, herbal medicine, food, tools and crafts.

Stories dating back 3,000 years, including the legend of the Queen Mother of the West, or Xi Wang Mu, and her peach banquet, are remembered by the people of Hunza in northern Pakistan, where they grow longevity peaches.

These fables and folk traditions have been passed down through generations, reflecting the deep bonds between the two countries.

The exchanges are evident not only in legends but also in the names and nomenclature of spices, herbs and medicines that persist to this day. Even sustained efforts by the colonial powers to erase these identities proved futile.

Pakistanis have always admired the Chinese values of hard work, humility,

positivity and good neighborliness.

Chinese wisdom, which is rooted in common sense, has long been used to resolve complex problems. These cultural imprints are important, as they nourish the many values that unite the people of the two countries.

Like China, Pakistan is also an ancient civilization, being the cradle of the Indus Valley Civilization, as well as the Harappan and Gandhara civilizations.

Mahayana Buddhism was among this region's earliest cultural exports to China. Famous Chinese travelers Faxian and Xuanzang journeyed throughout what is now modern-day Pakistan in search of authentic Buddhist sutras.

Xuanzang's journey later became the inspiration for the Ming Dynasty (1368-1644) novel *Journey to the West* by Wu Cheng'en, highlighting the bonds that unite the two peoples.

Today's generation in both countries is reneating that history. The intelligence has a common responsibility to help future generations know about their common heritage in order to build a community with a shared future for humanity.

China's remarkable advances in technology, the economy, artificial

intelligence, national defense and governance — underpinned by its deep cultural traditions and distinct development model with Chinese characteristics — have become an important reference point for many countries in the Global South, particularly its "iron-clad brother" Pakistan. The successes achieved so far in bilateral and multilateral cooperation underscore the strength, resilience and strategic depth of this multi-dimensional relationship.

The successful implementation of projects during the first phase of the China-Pakistan Economic Corridor has been a major milestone. This success raises hopes that the second phase of the CPEC will be even more successful.

It is important to note that China-Pakistan cooperation extends far beyond the domains of the CPEC into strategic areas such as defense projects, the peaceful use of nuclear energy, renewable energy, mining, automobiles, maritime monitoring capabilities, space exploration, AI and human resource development.

For example, Pakistan's integration into the Chinese supply chain and its adept use of Chinese aviation technology, such as the JF-17 Thunder and advanced J-10C aircraft, have made the Pakistan Air Force a global ambassador for these technologies.

A new world order is emerging as the old one crumbles. With Asia on the

rise, the unique relationship between China and Pakistan baffles many, particularly in the Western world.

Both countries enjoy a harmonious relationship built on trust, goodwill and cooperation. China has never interfered in Pakistan's internal affairs or exerted pressure. Instead, it has assisted Pakistan without any expectation of a quid pro quo.

As steadfast allies, both countries always work closely to ensure peace, prosperity and stability in Eurasia, West Asia, the Gulf and South Asia.

The second quarter of the 21st century marks the beginning of a multi-polar world, with China and Pakistan seeking a just, equitable, peaceful, harmonious and prosperous global order. China's vision of building a community with a shared future for humanity, under the Belt and Road Initiative, is the next phase of globalization.

As an ancient civilization, China follows the "prosper by neighbor" philosophy, sharing its experience with all countries of the Global South.

Pakistan is ideally positioned to benefit from this partnership.

The author is the former director of the China Studies Centre at Pakistan's National University of Sciences and Technology and a former ambassador. The views don't necessarily reflect those of China Daily.



OPINION

Hunter Meets Candace on Israel



MAIN STREET By William McGurn

Normally, the son of a president of the United States wouldn't sit down for a chat with a podcaster building on a shared antipathy to Donald Trump. So it was Thursday when the right-wing Candace Owens aired her podcast interview with Hunter Biden, bad-boy son of Joe Biden. Over two hours, the discussion ranged from the younger Mr. Biden's crack addiction to religion and painting. In its article about the interview, the Israeli daily Haaretz characterized Hunter as asserting "a clear linkage between Israeli intelligence and conspiracies aimed at bringing down [President] Biden."

Although the interview was mostly common with his dad, but it's relevant that notwithstanding a long career in the Senate and two terms as vice president under Barack Obama, the elder Mr. Biden was never much of a leader on Israel—or any other big issue. As the Democratic Party drifted from its

murder of a population in Gaza," Hunter Biden said. "Whatever you think about my father's policy as it relates—I always say to people, 'You know one thing he didn't do? He didn't greenlight to turn Gaza into a Trump golf course, you know, with the maître d' being Jared Kushner with \$4 billion in Saudi money.' It's despicable."

It isn't the first time Hunter Biden has popped off on Israel, though he also says he backs the Jewish state. "I support Israel," Mr. Biden told "Obamas 5 with Andrew Callaghan," a YouTube program, in July. "I definitely support my Jewish wife and my Jewish son. And I believe in Israel's right to exist in peace and prosperity."

In his memoir "Beautiful Things," Hunter confesses he even has the Hebrew word for peace—*shalom*—tattooed on his arm. It matches one that his Jewish South African wife, Melissa Cohen Biden, had when she met him.

The younger Mr. Biden isn't a fan of Israel's longest-serving prime minister, Benjamin Netanyahu. That much he has in common with his dad. But it's relevant that notwithstanding a long career in the Senate and two terms as vice president under Barack Obama, the elder Mr. Biden was never much of a leader on Israel—or any other big issue. As the Democratic Party drifted from its

pro-Israel past, Mr. Biden drifted with it. That increasingly meant clashes with Mr. Netanyahu.

Hunter doesn't see it this way, of course. He calls the Washington-based left-wing Party "the Epstein class" after Jeffrey Epstein, the financier and convicted sexual predator who committed suicide in federal prison while awaiting trial on child sex-trafficking charges.

What is Joe Biden's son doing on the antisemitic right-wing podcast?

Hunter claims his dad never fit in with this elite, and they were out to get him. Judging from Joe Biden's humiliating withdrawal from the 2024 presidential race, they succeeded.

But this is fantasy. The Democratic Party Hunter Biden imagines as having treacherously done his father in had in fact propped Joe Biden up for years and seemed willing to do it again. Joe's problem in 2024 was Joe.

The elder Mr. Biden's infirmities became impossible to ignore after the June 27, 2024, presidential debate in Atlanta. When Mr. Biden came out, the world saw a

feeble and sometimes confused old man who looked like he might not make it to the podium. After that, Mr. Biden was out—and he seemed to be the last to realize it.

What was Hunter's role in all this? What White House is shirking a duty. There are still many questions that deserve answers, and they can be asked in a way that doesn't attack former President Biden.

One that comes to mind is whether Joe stayed on too long because his friends and family didn't want him to step aside. Another has to do with all those snide digs on Israel. Maybe Ms. Owens could have asked Hunter if his father or Zohran Mamdani better represents the Democratic Party these days.

On Israel Mr. Mamdani seems to represent the view now ascendant in the Democratic Party, while the allegedly pro-Israel-but-anti-Netanyahu position of the Biden camp looks increasingly to be of the past. Would have been nice if Ms. Owens had asked why.

Write to mcgurn@wsj.com.

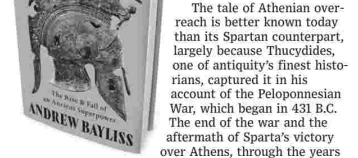
BOOKSHELF | By James Romm

Sparta's Caste Of Conquerors

Sparta By Andrew Bayliss Norton, 384 pages, \$35

For those who study ancient Greece, the classical era, roughly the fifth and fourth centuries B.C., presents a case study in the failure to learn from history. Near the start of that period the Greeks saw the Persians, rulers of a vast empire, overreach themselves and fall in two invasions of Europe, the second time catastrophically. Yet in the wake of those episodes, the reigning Greek powers of the day, Athens and Sparta, did more or less as the Persians had done. They, too, overreached, invaded lands they couldn't conquer or couldn't control, and brought disasters down on their citizenries.

Eloquent voices warned the Greeks not to follow this path, to no avail. The playwrights of Athens dramatized the tragic tales of kings, including Xerxes of Persia, whose overweening ambitions led the rulers to ruin. The "Histories" of Herodotus, likely composed in the mid-fifth-century B.C., recounted the Persian defeat as a paradigm of the perils of reckless imperialism. An inscription at the shrine of Apollo at Delphi fruitlessly warned the oracle's visitors *mēden agan*, "nothing too much."



The tale of Athenian overreach is better known today than its Spartan counterpart, largely because Thucydides, one of antiquity's finest historians, captured it in his account of the Peloponnesian War, which began in 431 B.C. The end of the war and the aftermath of Sparta's victory over Athens, through the years

404-371 B.C., are known to us through the writings of Xenophon, a less insightful observer. Xenophon at times tries to show that the Spartans, too, abandoned self-restraint and overextended themselves. But his lesser narrative skills, and his tendency to minimize Spartan errors, make that theme hard to discern in his works.

Andrew Bayliss, the author of "Sparta: The Rise and Fall of an Ancient Superpower," is a defter writer than Xenophon. As the book's subtitle indicates, Mr. Bayliss, a scholar of Greek history at the University of Birmingham in England, situates the Spartans firmly within the time-honored pattern of overreach leading to downfall. The story he tells, especially in its grim final chapter, should be required reading for leaders of modern nations.

The bizarre social system from which Sparta derived its strength goes back to its early history. Working from patchy and near-mythical sources, Mr. Bayliss constructs a plausible theory of how the Spartans, members of the Dorian subgroup of the Greek people, arrived in their home in the south of the Peloponnese, the vast southern peninsula of Greece, and began a series of wars with their neighbors. By the seventh century B.C., their conquest of the Messenians, the Greeks in the fertile lands to their west, had provided them with a huge body of slaves, known as helots, whose labor supplied their food crops.

Liberated from farming and fearful of helot revolts, the Spartans developed their austere lifestyle and rigorous program of military training. Their system ensured that Spartan males—known as *homoioi*, or "equals"—because the state allotted them uniform tracts of land, could live as "gentlemen of leisure," as Mr. Bayliss terms them (though "leisure" should be understood as the freedom to exercise and drill constantly in a kind of lifelong boot camp). Helots fed these high-caste soldiers and serviced their every need; one source reports that each Spartan who went into battle against the Persians was attended by seven helots.

Sparta's class of elite warriors were freed from ordinary work, their needs met by slaves. The system had a built-in weakness.

Mr. Bayliss seldom passes judgment on the Spartans and notes that, in recent centuries, they have had both admirers and detractors. But their need to keep their collective boot on the necks of their slaves—in one annual ritual, the *krypteia*, Spartan youths tried to hunt and kill leading helots—strikes him as the mark of a "bad" relationship. "The Spartans might be viewed as parasites, feeding off the forced labor of their helots," he opines.

Sparta could mold its citizens into super-warriors but could not increase their numbers. With the high bar it set for entry into its elite training system, and its sclerotic marital customs limiting birthrates, its population of *homoioi* decreased while neighboring states were growing. Sparta needed allies to fill out its battle array, so it installed subservient leaders throughout the Peloponnese, their allies in the war against Athens.

Mr. Bayliss gives a cogent account of the Peloponnesian War, a 27-year slugfest that finally resulted in Sparta's domination. He sees through the high-minded claim made by the Spartans to be defenders of freedom fighting a "tyrant city," Athens, that oppressed its imperial subjects: "After all the noises they had made about liberating Greece from Athenian tyranny, [the Spartans] simply replaced it with their own." Swollen with confidence after defeating Athens, Sparta embarked on its own imperial program, compensating for its dwindling numbers by keeping an ever-tighter grip on its subjects.

The muster of Spartan *homoioi* was down to about 1,000 when an enraged Spartan king, Agesilaus, forced a showdown with Thebes, a far more populous city. At the Battle of Leuctra in 371 B.C. the Thebans judged, correctly, that Sparta's Peloponnesian allies were tired of fighting its wars and would be slow to engage. The leader of Thebes, Epaminondas, reportedly held up a snake and crushed its head, to show his troops how defeating those thousand Spartans would neutralize the rest of the enemy army. The success of that gambit ended Sparta's reign as a Greek superpower.

Mr. Bayliss contrasts the failure of Sparta with the success of Rome, a state that freely admitted non-Romans, including conquered nations, to citizen status. "The Spartans' stubborn refusal to share their wealth and conquests with other Greeks limited their potential to grow," he writes. "The only freedom the Spartans were interested in was their own." Those who contemplate Sparta's trajectory will not, one hopes, be as blind to history's lessons as the Greeks themselves were.

Mr. Romm, professor of classics at Bard College, is the author of "Since You're Mortal... Life Lessons From the Lost Greek Plays."

Peace May Not Be at Hand in Iran



GLOBAL VIEW By Walter Russell Mead

Is peace at hand between the U.S. and Iran, or is talk of an end to the war just more hype and spin? Is the potential agreement, as President Trump insists, a good deal that is much tougher than anything the Obama administration managed to negotiate? Or is it the thinly disguised surrender of a Trump administration desperate to liquidate a war the president now privately feels he should never have launched?

As of Memorial Day, nobody, possibly including both Mr. Trump and Iran's supreme leader, seems to know. That shouldn't be surprising. Both the American president and his Iranian opponents believe that the purpose of speech is less to inform than to spin. Add this to the sensitivity and secrecy with which delicate diplomatic negotiations must proceed, and we have a fog of misleading statements, dramatic but disingenuous social-media posts, and intentionally obfuscatory leaks.

Both sides have an interest in proclaiming an imminent peace. Fuming American motorists want prices to drop at the pump. Mr. Trump's political allies, haunted by falling poll numbers before the midterm elections, pine for good news.

Anxious American allies in the region and beyond long for an end to the war's energy and trade disruptions. Rumors of peace set financial markets surging. Rumors of renewed hostilities leave traders reeling in despair.

On the Iranian side, the rattled political authorities need some good news about sanctions relief to mollify a restless public. Leaders, not unreasonably fearing more waves of Israeli decapitation strikes, yearn for an end to that anxiety. And any result

Both sides want the war over, but the gap between their basic requirements is wide.

that can be spun as a victory for the Islamic Republic against Israel and the U.S. would provide badly needed legitimacy to an untested, unloved and nepotistically selected supreme leader.

The common interest in ending the war drives Iran and America together and gives all parties an incentive to hype the prospects for peace, but the gap between the two sides' minimum requirements makes an actual agreement fiendishly hard to work out. Having alienated one wing of his coalition by launching the war, Mr. Trump seems reluctant to enrage another by accepting a weak peace. The Iranian regime

feels that its ability to block the Strait of Hormuz and damage its neighbors by drone and missile attacks entitles it to painful concessions from the U.S. side.

Those who see a softening of the American position in recent days aren't wrong. Administration critics blame Israel for Washington's decision to attack Iran, but Saudi Arabia was also in favor of settling scores with Tehran once and for all. That has changed. Iranian attacks have awakened the Saudis to the vulnerability of their energy infrastructure as well as the desalination plants on which much of the kingdom depends.

Saudi Arabia's cities rely heavily on massive desalination complexes. The capital, Riyadh, is particularly exposed, as most of its water comes through pipelines from large desalination plants on the Gulf. If those facilities were taken out of commission, much of Riyadh's population would likely have to be evacuated within days.

Attacks on desalination facilities whose primary purpose is to provide drinking water to civilians constitute one of the most heinous imaginable war crimes. As attacks on desalination plants in Kuwait and Bahrain have demonstrated during the current war, that isn't a problem for the self-proclaimed religious zealots of the Islamic Republic of Iran. The Saudis have taken note.

The threat to Gulf desalination facilities has shaken the coalition that supported the war and may loom larger in future diplomatic than Iran's threats to shipping in the Strait of Hormuz. The Trump administration faces a difficult choice. Does it reassure the Gulf Arabs by deterring Iranian attacks on their water supply via threats of massive retaliation, or does it seek a quick end to the war at the price of more favorable conditions for Iran?

Mr. Trump's demand that a group of Arab countries plus Turkey and Pakistan should simultaneously sign on to the Abraham Accords likely reflects the administration's quest for a bright and shiny diplomatic win to offset compromises with Iran. At a time when memories of the Gaza war and the absence of progress on Palestinian issues have made Iran even more unpopular globally and among Muslims than usual, that would be a stiff price for the Saudis to pay.

The issue of water security for the Gulf populations will grow. Unless the U.S. is prepared to accept a long-term Iranian hegemony over the Gulf states as well as the Strait of Hormuz, it will need to find an effective deterrent to Iranian attacks on vital infrastructure. The choice may come down to providing a credible nuclear shield for our Gulf allies or abandoning them to the tender mercies of the Islamic Republic.

Reports of Woke's Death Are Exaggerated

By Paul du Quenoy And Judith Miller

Gov. Ron DeSantis says Florida is "where woke goes to die," but the University of Florida may be where woke goes to lead.

Last year the Florida Board of Governors, which oversees public universities statewide, rejected Santa Ono, the University of Florida trustees' choice for president, over his support for DEI and other woke policies while University of Michigan president. A search committee has recommended another finalist devoted to DEI: Stuart Bell, a former University of Alabama president. Mr. DeSantis endorsed Mr. Bell as a "great selection," but his prospects are far from certain.

Mr. Bell implemented DEI throughout his decade-long tenure at Alabama. These policies included an anti-discrimination program that promoted race-based recruitment of students and faculty and the hiring of a DEI guru, C. Christine Taylor, as vice president and associate

provost for DEI and of some 30 other DEI personnel, including college deans. In 2019 Alabama boasted that 36% of undergraduate courses were "diversity-related." Mr. Bell said in a promotional video that Alabama had "over 70 student organizations which have diversity and inclusion as a focus."

In 2019 Mr. Bell convened a committee to adopt stricter DEI protocols. After George Floyd's death, the university opened an Intercultural Diversity Center, a Hate & Bias Hotline and a Safe to Pee program to deter "discrimination against gender variant people in public restrooms."

The Alabama Legislature banned campus DEI in 2024, and the university took the new law as a mandate to change its nomenclature. Ms. Taylor retained her job under a new title, vice president and associate vice provost for opportunity, connections and success. The Intercultural Diversity Center became simply the Intercultural Center.

Why is it so hard to rid universities of DEI, even in crimson states like Alabama and Florida?

The answer at the University of Florida could be its trustees' reluctance to follow university regulations and state law, which require transparency and ban DEI. Mr.

The University of Florida considers another DEI devotee for its president.

Bell is heavily championed by Morteza "Mori" Hosseini, chairman of the board of trustees. He is a prominent Republican donor who supported Mr. Ono and expressed dismay when he was blocked. This time, Florida Board of Governors chairman Alan Levine has written Ray Rodriguez, chancellor of Florida's State University System, asking him to investigate whether Mr. Hosseini over-

stepped his authority in the selection process.

The University of Florida may pay a financial price if Mr. Bell gets the job. After Mr. Ono's rejection, the university hired as interim president Donald Landry, a distinguished medical academic celebrated for promoting institutional neutrality, free speech, and the elimination of DEI. Dr. Landry's contract provides for a \$2 million severance payment if he isn't hired permanently.

Meantime, Education Secretary Linda McMahon has said that Florida needs a president who will continue "the fight to get discriminatory DEI out of our schools and universities." Her department has the power to withhold federal money from schools that violate civil rights. If Florida goes woke, it could go broke.

Mr. du Quenoy is president of the Palm Beach Freedom Institute. Ms. Miller is a fellow at the Manhattan Institute and contributing editor of City Journal.

OPINION

REVIEW & OUTLOOK

Will Trump Bail Out Iran's Regime?

Is that it? The American people are left to wonder as the terms of President Trump's emerging "memorandum of understanding" with Iran leak to the press. While the U.S. can claim real achievements from 38 days of war, the job isn't done and 47 days of cease-fire may deliver a strategic setback.

The preliminary deal, as mooted in the press, is for both sides to end their blockades, and perhaps for the U.S. to sweeten the pot financially, while talks on nuclear issues and further sanctions relief continue for 60 days or more. A U.S. official says, but Iranian officials deny, that the regime gave assurances that a final deal would include "disposal" of its enriched uranium.

The basic problem lies with ending U.S. pressure before dismantling the nuclear program. If the blockade ends and Iran can sell its oil, all that's left to coerce it into nuclear concessions is the threat of renewed war.

But Mr. Trump wasn't willing to do that after Iran reneged on reopening the Strait of Hormuz and attacked U.S. forces and Gulf allies. How credible will the threat be 60 days closer to midterms, when it would trigger a new Iranian blockade of Hormuz? A pledge not to build a nuclear weapon means nothing because the regime has always said that while doing the opposite.

Israeli Prime Minister Benjamin Netanyahu says Mr. Trump agrees that a final deal must dismantle Iran's nuclear enrichment sites and remove its enriched uranium from the country. U.S. officials have also been briefing that all the "nuclear dust" must go, but would they retain the leverage to insist on that?

Some press reports have the U.S. settling for Iranian assurances not to use underground nuclear facilities and for downblending—not removal—of only the 60% enriched uranium. This would leave Iran with large quantities of 5% and 20% enriched uranium, which can easily be enhanced to weapons grade. With the potential enrichment site beneath Pickaxe Mountain also intact, Iran would remain a nuclear danger. This would require the strictest inspections, which again raises the leverage question.

The U.S. and Iran also have yet to agree on how long Iran would be banned from enriching uranium. The question may be academic because the regime only has to wait out the Trump Administration to gain a freer hand. Iran's history

is to drag out negotiations, and this preliminary deal is no doubt part of that strategy.

Reopening the Strait will reduce oil prices, but in the President's reluctance to do so by force, he has signaled that Iran holds the trump card. Even if successful, the deal would leave that card intact and looming.

Iran insists that no deal will restore the Strait to its status quo ante. It could allow the passage of a prewar number of vessels, state media says, but on Iranian terms and under its control. Recall that tanker traffic decreased after Iran had promised a gradual reopening with the April 7 cease-fire.

This is reason enough not to give Iran sanctions relief up front. U.S. officials say relief will be tied to performance, and they will need to hold to that to get a decent final deal.

Meanwhile, don't ask about Iran's ballistic missiles and proxies, two goals of the war. While both have been damaged, formal limits or restrictions have been pushed off to "regional discussions." The Israelis say they will retain freedom of action to fight Hezbollah in Lebanon under the deal, though Iranian sources deny it. Iran wants its terror proxy to be able to carry out a war of attrition against Israel without consequence.

* * *

Much of the press wants to debate whether this amounts to a better or worse deal than Barack Obama's in 2015. The major difference in our view is the military strikes: Fordow, Natanz and Isfahan were severely damaged in June. Enrichment has been stopped, at least for now.

Mr. Trump on Sunday pushed back against critics of the deal, saying "I don't make deals." But it's fair to wonder if he isn't feeling the growing pressure at home of rising gasoline prices and bond yields as midterm elections get closer. That's no doubt partly behind his desire to reopen the Strait even on Iran's terms.

We'd add that a bad deal would leave him worse off politically, even if gas prices fall. Even a half victory by Iran would hurt America's standing—and Mr. Trump's.

Iran's regime went into this war facing domestic political and economic crises. War has made these worse. Saving such a regime now with an economic bailout would be the real betrayal—of the U.S. interest even more than the Iranian people.

The outlines of a 60-day framework suggest U.S. concessions before a nuclear deal is signed.

The New Big Labor GOP

The latest sign of Republican midterm panic is the surrender to Big Labor policies that unions couldn't pass when Democrats ran Congress and Joe Biden was President.

We told you last week about the Railway Safety Act, a classic featherbedding operation to mandate two engineers per freight train when Europe gets by fine with one. This JD Vance gift to the Teamsters passed the House Transportation and Infrastructure Committee last week, 54-11, after President Trump endorsed it with a social-media post.

On Wednesday seven House Republicans also crossed the aisle to hand unions the 218 votes they needed in a discharge petition to bypass a committee and send the Faster Labor Contracts Act (FLCA) to the House floor. The GOP Members who confuse the priorities of union bosses with the needs of union workers are West Virginia Rep. Riley Moore, New Yorkers Nick LaLota and Mike Lawler, Nebraska Rep. Don Bacon, Ohio Rep. Max Miller and Pennsylvania's Rob Bresnahan and Brian Fitzpatrick.

The law gives unions a bluejean against business by mandating government arbitration if

companies don't reach agreements on an approved timeline of when unions are first certified. If the employers and the union can't agree on a contract within 90 days, government would step in for mediation followed by binding arbitration. Individual workers are cut out of the process.

This is an invitation for unions to refuse to compromise on their demands because an employer can oppose a deal and still may have to accept it. Arbitrators often have minimal operating knowledge of a particular company, its constraints or its priorities for growth. Rulings can be based on industry trends and generalities. An arbitration panel decision would be binding on the parties for two years unless amended "by written consent of the parties."

The FLCA is a plank in the Big Labor PRO Act that failed to pass Congress in the Biden years. The bill is now likely to pass the House. The GOP Senate could kill it, but Josh Hawley (R., Mo.) is sponsoring the corresponding legislation there. The pro-union Republicans fancy themselves as tribunes for the common man, but they're really rubber stamps for labor bosses who are allies of the Democratic Party.

Warsh's Internal Opponents Fire Away

Kevin Warsh took office as Chair of the Federal Reserve on Friday with a message of reform for the central bank. To get a sense of how hard this job will be, consider that two members of the ancient regime fired warning shots even before Mr. Warsh took the oath of office.

First, Fed Governor Michael Barr openly declared his opposition to reducing the Fed's \$6.7 trillion balance sheet. "I think shrinking the balance sheet is the wrong objective, and many of the proposals to meet this objective would undermine bank resilience, impede money market functioning, and, ultimately, threaten financial stability," Mr. Barr said on May 14 at New York University.

That last point leaps out since the most recent threat to financial stability came on Mr. Barr's watch as Fed vice chair for supervision. He missed the interest-rate risk—the most basic of banking risks—to Silicon Valley Bank and Signature Bank. Mr. Barr resigned as the supervision vice chair last year ahead of his likely removal by President Trump.

Mr. Barr's balance-sheet arguments aren't novel and are best addressed another day. What's notable about his speech is that he knows that reducing the Fed balance sheet, which exploded after the 2008 financial panic, is one of Mr. Warsh's stated priorities. Mr. Barr, a protégé of Sen. Elizabeth Warren, is declaring himself as an internal opponent on the Fed board even before the new Chairman has a

chance to settle into the job.

Next up was Fed Governor Christopher Waller, who said in a speech on the day of Mr.

Warsh's confirmation that he no longer favors cutting interest rates. "I can no longer rule out rate hikes further down the road if inflation does not abate soon," Mr. Waller said regarding the impact of the

Iran oil shock on prices. A fed-funds rate hike may be needed in the future, though the next Federal Open Market Committee meeting isn't until June 16. But what's notable here is Mr. Waller's switcheroo. As recently as January he dissented in favor of a rate cut on grounds of weakness in the labor market. In April he voted for a FOMC statement that contained an "easing bias." This was when financial conditions were hardly tight.

In January Mr. Waller was competing against Mr. Warsh for the Fed chairmanship, and President Trump was calling for a rate cut. With the labor market little changed, Mr. Waller now rules out a rate cut after Mr. Warsh beat him out for the job. Mr. Warsh can be forgiven for wondering if Mr. Waller is declaring his doubts about the new Chair and signaling to the press to watch his space.

You'd think for the good of the institution—you might even say for its independence—that Fed governors would refrain from boxing in a new Chairman. But we live in the age of performative central banking. At least Mr. Warsh is finding out who his internal opponents are.

LETTERS TO THE EDITOR

Families Want Drug Therapies Approved Fast

Tomas Philipson's May 19 op-ed ("The FDA's New Leaders Can Unleash Innovation") appropriately highlights how regulatory efficiency can directly affect patients and families.

As a pediatric ophthalmologist treating children with progressive myopia or near-sightedness, I see firsthand how delays in access to innovation can affect long-term health outcomes.

Across the U.S., physicians are already caring for large numbers of children with worsening myopia and increasingly using compounded low-dose atropine to slow disease progression. Families are seeking these treatments because they want to preserve their children's vision and quality of life. Physicians are prescribing them because growing clinical evidence and real-world experience suggest meaningful benefit.

At the same time, compounded medications can vary in formulation, stability and consistency. This is why many clinicians and families have been awaiting standardized, FDA-reviewed therapies that can

provide greater manufacturing reliability, quality assurance and confidence in long-term use.

The FDA's role in ensuring safety and scientific rigor remains essential. But there is also an opportunity for regulators, physicians, researchers and industry to work collaboratively to accelerate access to promising therapies. Innovations such as SYD-101 from Sydnexis, which is a treatment for pediatric progressive myopia, have demonstrated encouraging clinical trial results. Similar approaches are already being adopted internationally, including in Europe and Asia. Efficient and science-driven regulatory pathways don't weaken patient protection. For families watching their children's vision worsen year after year, that progress can't come fast enough.

RAHUL BHOLA, M.D.
Director, Division of Ophthalmology
Rady Children's Hospital of
Orange County
Orange, Calif.
Dr. Bhola serves as a consultant to Sydnexis.

Trump's Negotiators Should Travel to Ukraine

Regarding Walter Russell Mead's "A Glimpse at the Future of War" (Global View, May 19): President Trump wants to appear as a neutral mediator to compel an end to this shockingly lethal drone war. But his lead negotiator has been to Russia at least seven times and never to Ukraine.

While on the trip with Mr. Mead, I realized that these U.S. negotiators would be wise to go to Kyiv. They should observe a drone-operation center and learn about the enterprise and wit of the private citizens who are innovating, adapting and making Ukraine a promising place in the free world to do business.

By visiting, one can see the people hold out hope for America, and for Mr. Trump specifically, while engaging with the patriotic people who are go-

ing to work and raising children amid regular trips to the bomb shelters.

Visiting the country also makes clear the reality that Ukrainians are defending their home against a country that also views America, and the West, as an enemy. Secretary of State Marco Rubio extolled and urged Europeans to do their part to help strengthen the West in his speech in Munich, where he said, "We in America have no interest in being polite and orderly caretakers of the West's managed decline." Vladimir Putin has an interest in speeding that decline. Backing Ukrainian victory is a better way to end the war—and in a way that supports Mr. Rubio's vision. Not Russia's.

REBECCA HEINRICH
Hudson Institute
Washington

How to Deal With Students Using AI to Cheat

"Easy 'A's Are Everywhere Since ChatGPT's Debut" (U.S. News, May 14) may be good news in disguise. While ChatGPT and other AI tools may be amplifying the problem of cheating, technology has facilitated student cheating for some time.

Solution manuals have long been online, and any number of web sites have enabled students to cheat on assigned homework. I'm a professor of

mechanical engineering, and this became apparent to me about 20 years ago. Since then, I've used only work done in a proctored environment in computing my students' grades. Many professors bemoan cheating but tend to do little about it, often claiming that students who cheat only harm themselves by not really learning the material. But this attitude victimizes the honorable students who don't cheat and suffer from comparatively lower grades.

Faculty have a responsibility to penalize or report those who cheat. I hope ChatGPT has made the presence of cheating so obvious that it can't be ignored. Perhaps universities will address the elephant in the room: Student cheating is rampant, and it is the fault of the faculty. It is high time that we base student grades only on work done in proctored environments. This surely will increase faculty workload, but without academic integrity, what do we have?

PROF. JOHN R. SAYLOR
Clemson University
Clemson, S.C.

Bring Back Human Support

Roland Fryer's op-ed is correct in pointing out that increased consumer frustration is due to rising fixed costs and lower discretionary income ("Why Everything Feels More Expensive," May 19). After all, 50 years ago I didn't drink bottled water or eat organic food. Nor did I have monthly bills for cable, fitness centers, cell-phones and the internet.

Some of this consumer frustration may also be the stress associated with a more technological society. Modern technology in the service sector is only cost efficient if it reduces human interaction. But this increases the time burden on those that have to rely on artificial-intelligence call centers for problems with their services.

You can buy your way out of this time burden by paying for such things as healthcare concierge services. But for most of us, we are stuck with automated messages and increasing grief over a person-free service environment.

MICHAEL C. PETROWSKY
Philadelphia

CORRECTION

The average annuitant in Washington state's Law Enforcement Officers' and Firefighters' Retirement System Plan 1 draws \$5,413 a month. The May 16 Cross Country column misstated the payment's frequency.

Free Expression

From WSJ OPINION
A daily newsletter on life, politics and culture
Edited by Matthew Hennessey
Featuring columnists:
Matthew Continetti / Kyle Smith
Louise Perry / Ben Sasse
James B. Meigs / John J. Miller /
Meghan Cox Gurdon
& op-eds from other contributors

Scan the QR code or visit wsj.com/opinion/free-expression

Letters intended for publication should be e-mailed to wsj.letters@wsj.com. Please include your city, state and telephone number. All letters are subject to editing, and unpublished letters cannot be acknowledged.

Pepper ... And Salt

THE WALL STREET JOURNAL



"I'm here for the music. You?"

OPINION

History Repeats in Iran



EDITOR AT LARGE
By Gerard Baker

Let's start with the most important point about the agreement. President Trump is apparently about to sign with Iran. There were no good options. If we're lucky, the deal in the works may restore the status quo ante in the region: shipping lanes reopened, negotiations over Iran's nuclear program resumed—with a regime that has been critically degraded but looks strategically enhanced.

The worst outcome, in other words, except for all the others. That's what you get when you launch a strategic expedition on a tide of hubris and ignorance, a "little excursion" you insist will end in "four to five weeks" in "the unconditional surrender" of your enemy—an enemy so obdurate that it values its own existence far above the lives of its own people.

It's unfair to blame Mr. Trump alone, because this strategic failure is not new for the U.S. It's also what you get when you embolden yourself in another conflict in the greater Middle East based on a bleakly familiar combination of miscalculations: a massive underestimation of the enemy's defensive capabilities and will to resist, and a massive overestimation of your own offensive capabilities and will to perse-

cute a costly war to a conclusion. So, yes, negotiating the best deal was the right choice. What were the alternatives? Maintain the state of blockade and siege? That would have done greater harm to the U.S. and world economy, with limited chance of success. Return to the bombing campaign? More costly depletion of munitions, jeopardizing our other military commitments, in exchange for repairable damage to Iran's military infrastructure.

Escalation? That might have promised a more conclusive outcome. But how likely was it and at what cost? Blithe exhortations to "finish the job" again underestimate the level of commitment necessary to achieve the stated objectives: opening the sea lanes, depriving Iran of its nuclear capability; degrading its infrastructure so it poses no future threat. All this would have required extended naval warfare against an enemy entrenched in defensive and offensive posture along a 1,000-mile long Gulf littoral, sustained amphibious operations in hostile waters, the deployment of enough ground forces to retrieve remote and well-protected nuclear material, and more forces to ensure the elimination of defensive capabilities.

In short, escalation wouldn't have meant a calibrated ratcheting up of the surgical operation we have been trying to execute for the past three months. It would have meant all-out war against a country with a population larger than Iraq's and Afghanistan's combined, with a military and political leadership dug in to

defend the regime to the last man. Could we have won? Maybe, but not at a cost most Americans would deem acceptable.

It isn't unpatriotic to express skepticism about our ability to fight and win this kind of war. The accusation that voicing criticism of a campaign waged on flawed assumptions and fanciful expectations means rooting for the enemy is repugnant. Iran's regime is one of the most despicable on the planet; it has murdered Americans and threatens regional stability. It deserves to be

Donald Trump seemed to have learned the lessons of his predecessors. Then he overreached anyway.

ground into dust. But we should be able to debate the best way to defend ourselves from it without being accused of campaigning for the enemy. If Iran emerges from all this stronger, as reasonable critics fear, then those who have so enthusiastically backed all-out war should reflect on their own role rather than attacking those with reasonable doubts.

It is this, after all, that makes America great: that we can debate the wisdom of policy without calling each other traitors; we can call on the wisdom of a wide range of people to develop the right strategy. Above all, we learn our lessons when

we make misjudgments rather than claim we have been stabbed in the back. We know where that leads.

This last point is the biggest irony of all this. Since George H.W. Bush's resounding success in expelling Iraq from Kuwait in 1991, we have been stuck in a repeat pattern of wild oscillations between overconfidence and hypercaution; successive presidencies have ridden a swinging pendulum between hubris and timidity.

Bill Clinton's pusillanimous response to al Qaeda's terrorist attacks on the American embassies in Africa and the USS Cole emboldened our enemies and led more or less directly to the criminal tragedy of Sept. 11, 2001. George W. Bush pushed the pendulum the other way and assumed an easy victory over Iraq in 2003. Barack Obama's diffidence gave us his red-line disaster in Syria in 2013. Joe Biden's shortsighted aversion to even limited military engagement resulted in the calamity of the Afghanistan withdrawal in 2021.

Between those last two, Donald Trump seemed finally to have achieved equilibrium with prudent intervention where necessary while avoiding unnecessary wars.

George Santayana's famous observation about history has been absorbed into the bloodstream of popular culture. We don't learn from it; we are doomed to repeat it. But what are we to make of those who seemed to have learned the lessons and then went and repeated the mistakes anyway?

Indoor Childhood Is Bad for Kids

By Ben Sasse

The digital revolution is making nearly every aspect of modern life. A top concern of parents, educators and sociologists is screen time. How much is too much? The question points to a larger problem: American children are weirdly held hostage indoors.

In theory, suburban neighborhoods offer the convenience of the city and the space of the country. In practice, it's too often the worst of both worlds. Our mostly suburban nation suffers the atomization of city living and the isolation of rural life. For kids, this means a life lived primarily indoors, sitting still.

The cultural implications of trapping an entire generation at home with nothing useful to do.

According to a new survey from the Institute for Family Studies, 60% of 6-year-olds have access to internet-connected tablets, but 58% of kids that age aren't allowed to play in their own yards unsupervised. Parents are busy, and they neither can nor should be micro-managers. But when kids can't entertain themselves outside, the screen becomes the babysitter.

Things aren't better for older kids. At 11, 1 in 4 kids aren't allowed outside without adult supervision. More than half of 14-year-olds don't have permission to leave their streets.

This is new. For children trapped in America's industrialized school system, too much of life is defined by passivity. Adolescence should be an exciting coming-of-age period, a gradual transition to adulthood. If we don't give teenagers more responsibility, we're failing to prepare them for the world they'll soon lead.

Nearly two-thirds of 17-year-olds can't leave their neighborhoods without adult supervision. Is it reasonable to expect them to vote at 18? To fight a war? To incur college debt? Is it prudent to expect them to be ready to navigate a turbulent workforce being ripped apart by artificial intelligence? Obviously not.

Rather than introducing children to the world in an age-appropriate manner, we're preventing them from developing imagination, resilience and grit. Allowed to navigate dark corners of the internet on their own, many kids are bizarrely prohibited from exploring their own neighborhoods. This overprotection, however well-meaning, prevents children from learning valuable lessons like overcoming boredom, conquering fear and taking risks.

Of the 12 Apollo astronauts who walked on the moon, 11 were Boy Scouts who had learned to live by the scout's motto: "Be Prepared." We're not raising these kinds of audacious risk-takers at present.

From westward expansion to space exploration, Americans have succeeded by pushing boundaries and embracing challenges. That kind of pioneer spirit starts with the adventures and misadventures of childhood. Stitches aren't all downside.

Rather than complaining about "kids these days" or telling tales of an imagined past when baby boomer and Gen X parents walked to school uphill both ways, Americans need to reckon seriously with the choices we've made and the cultural implications of trapping an entire generation at home with few to no duties.

We've eliminated opportunities for children to learn from low-risk failures and then tossed young adults into the deep end. The fault isn't with kids. The failure belongs to us, their parents.

Policy or legislation isn't the solution, but the problem is solvable. The first step is developing an accurate and shared sense of the challenge. A significant reason for the next generation's addiction to screens is the current generation's failure to give them something better to do. We haven't done the work required to build foundations of responsibility, independence and discovery. As a result, screens become the easy default.

Doing harder things will be more fulfilling. Cultural change starts at home and then moves out to neighborhoods, communities and institutions. If we want to raise stronger, more resilient kids, we need to give them more freedom and demand more responsibility.

Mr. Sasse is a Free Expression columnist at WSJ Opinion. He served as a U.S. senator from Nebraska, 2015-23.

The Architects of American Renewal

By Robert L. Woodson Sr.

The 250th birthday of the United States presents a unique moment to celebrate beyond flag-waving, anthem-singing and praising the wisdom of the Founding Fathers. Though meaningful, such rituals become empty without moral reflection.

Which victories, exactly, are we celebrating? And what kind of nation are we calling ourselves and our posterity to be?

Over the past decade, American history has been weaponized to convince its people that we are irredeemably defined by our worst chapter—especially the inhuman darkness of slavery. Black children are increasingly taught to believe they live in a country that fundamentally thinks less of them. White children are told they are inherently guilty because they are "privileged oppressors."

Both messages produce the same outcome: a diminished sense of human value, the erosion of self-respect and collapse of social trust. A people convinced they are powerless will eventually live as though they are. The past should be a teacher, not a jailer. People don't rise when they are taught helplessness. They are motivated to rise when they are shown examples of what is possible.

Our country still needs leaders who didn't nurse grievances but chose the path of radical grace.

The biblical narrative offers a blueprint for this distinction. The Israelites were commanded never to forget their bondage in Egypt—not so they would remain victims forever, but so they would never become Pharaoh to another people. Memory was meant to sharpen conscience, not keep people permanently wounded.

America must remember its own Egypt in that exact spirit. The evils of slavery should never be forgotten—but neither should they be used as a permanent indictment against the nation. They should serve as a moral guardrail reminding us that greatness is neither inherited nor guaranteed; it must be earned, defended and renewed. Slavery reminds us of the capacity for cruelty within every society and why we must remain humble, vigi-



Clemmie Greenlee

lant and committed to justice.

America was founded on ideals intentionally left unfinished. Its true greatness lies not in claims of perfection, but in its constitutional capacity for self-correction. The painful struggle to live up to those ideals takes courage, self-discipline and, above all, grace. Not the cheap, performative grace of political rhetoric that rationalizes wrongdoing or denies injustice. The costly kind that demands something of you: discipline, sacrifice, responsibility and moral courage. The kind that chooses restoration over revenge even when revenge feels justified.

Radical grace doesn't excuse evil but refuses to let evil define the future. This virtue has always been one of black America's greatest contributions to the nation. Slavery didn't build black resilience. It revealed the strength, faith, ingenuity and perseverance already present in people who refused to let oppression define the limits of their humanity. Out of bondage emerged some of the greatest examples of entrepreneurship, family formation, innovation, moral strength and excellence this country has ever produced.

Even during Jim Crow, flowers grew through the cracks. Radical grace, not victimhood, is the defining thread of black America's story, and it is the model all Americans must recover.

History is filled with examples of this radical grace in action. Consider Robert Smalls, born enslaved in South Carolina. History rightly celebrates the moment in 1862 when he commandeered a Confederate ship and sailed enslaved families to freedom. But his greatest act came later. After emancipation, Smalls purchased

the house of his former enslaver, Henry McKee. Later, as a decorated war hero and U.S. congressman, Smalls cared for McKee's elderly widow, allowing her to live out her final days in the same home where he had once been held in bondage. Smalls refused to let the cruelty of his past dictate the character of his future. That was radical grace.

That same spirit lives today in Clemmie Greenlee of Nashville, Tenn. When her son was murdered 23 years ago, her first instinct was revenge. Pain demanded payment. But standing over her son's casket, she looked up and saw a room overflowing with people from every background whose lives he had touched. In that moment, she realized her son's life wouldn't be defined by how it ended. She chose a path that cuts against the current of our culture. She exchanged grievance for forgiveness. Not instantly. Not easily. But deliberately. Over time, she walked a long road from

rage to restoration through faith and discipline.

This year, Clemmie sat face to face with the man who killed her son. Not to excuse his actions or to erase consequences—a society without consequences cannot survive. But this man had served his sentence. And transition alone can't heal what is broken. During that meeting, Clemmie learned that while the man was incarcerated, his own mother had died. Loss met loss. Pain recognized pain. And at that moment, something in her broke the cycle of perpetual retaliation. That is what radical grace looks like.

Today, through an organization called Moville Peacemakers, Clemmie works with young people who are drifting toward violence and incarceration. She is doing what policy debates and government programs often fail to do: rebuilding lives through accountability, discipline, relationship and restorative grace.

Leaders like Clemmie Greenlee are the true architects of America's renewal. Just as Robert Smalls did more than a century ago, they remind us that our darkest hours don't have to define our destiny.

Unfortunately, politicians often undervalue these modern-day patriots because their work can't be reduced to statistics or sound bites. Their efforts require something far more demanding: moral investment.

As America turns 250, the question is whether we still possess the spiritual resources to renew ourselves. Will we continue nursing our grievances, or will we choose the harder path of radical grace? America's future depends on that choice.

Mr. Woodson was founder and president of the Woodson Center and author of "A Pathway to American Renewal: Red, White and Black." He died at 89 on May 19.

Who Let the Dogs In?

By Bert Stratton

I have a no-dogs policy. I'm a landlord. When I bought the building in Lakewood, Ohio, decades ago, a gigantic Doberman lived in apartment 402. It bounded down the stairs and almost ran me over. Also, the dog stained the oak floors by regularly urinating in the living room.

So I kicked the dog out, and the tenant, and instituted a new policy. (Cats are OK at an additional \$20 a month.)

Yet I do have dogs in the building—"emotional support animals." These aren't trained service animals like those that help the blind. Tenants find a licensed social worker or psychologist to write a letter saying the animal is needed for their mental health. The Fair Housing Amendments Act obligates the landlord to offer "reasonable accommodations" to tenants with disabilities, emotional and otherwise.

Last month a new tenant informed me she has two emotional-support dogs. She brought this up after she had already moved in. She described the dogs as "mixed-breeds, about 20 pounds each." I immediately fantasized about changing my no-dog policy to "second dogs are OK—at \$500 a month." That would solve the pooch

parade. But it would be illegal.

The tenant texted me that Daisy and Min "are bonded and separating them would cause distress that would negatively impact my condition." The dogs' owner also pointed out: "My apartment is approximately 700 square feet, which is sufficient space for their size and needs." My tenant had done her homework. More than I had. I didn't know you could have two emotional-support dogs in a one-bedroom. How about three dogs?

The tenant said each dog has a unique function: "One assists me with daily functioning and provides support when I leave home, whereas the other helps reduce anxiety and provides a sense of safety and stability within my home environment, particularly following a past traumatic experience."

The tenant works in a restaurant, but everybody is a lawyer on the side, courtesy of AI.

If the dogs aren't quiet, I'll have to file an eviction for "disrupting the neighbors' peaceful enjoyment of the premises." What a hassle.

I'm hoping the dogs are reasonable. The tenant isn't.

Mr. Stratton is author of the blog *Klezmer Guy: Real Music & Real Estate*.

THE WALL STREET JOURNAL

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

Lachlan Murdoch
Executive Chairman, News Corp

Rupert Murdoch
Chairman Emeritus, News Corp

Emma Tucker
Editor in Chief

Liz Harris, Managing Editor

David Crow, Deputy Editor in Chief

Aly Whitaker-Moore, Deputy Editor in Chief

Sarah Ball, Features; Elena Cherney, Senior Editor; Dan Colarusso, Business, Finance, Economics; Chip Cummins, Newsweek; Taneth Evans, Digital; Gordon Fairclough, World; Alex Martin, Print & Writing; Bruce Orwall, Entrepreneur; Damian Paletta, Washington; Christopher S. Stewart, Investigations; Maral Tusefi, Video

Robert Thomson
Chief Executive Officer, News Corp

Almar Latour
Chief Executive Officer and Publisher

DOW JONES MANAGEMENT:

JASON P. CONTI, General Counsel; Dianne DeSeno, Chief People Officer; Artem Fishman, Chief Technology Officer; Lisa Fitzgerald, General Manager, Dow Jones Industries;

Mc Scott Havens, Chief Growth Officer; Dan Shar, EVP, General Manager, Wealth & Investing; Akshai Shiba, Chief Communications Officer; Josh Stinchcomb, EVP & Chief Revenue Officer, WSJ | Barron's Group

EDITORIAL AND CORPORATE HEADQUARTERS:
1211 Avenue of the Americas, New York, N.Y., 10036
Telephone 1-800-DOWJONES

DOW JONES | News Corp

Opinion

The New York Times

Iran Is Trolling Us, and We're Not Doing Anything About It

Jessica Brandt

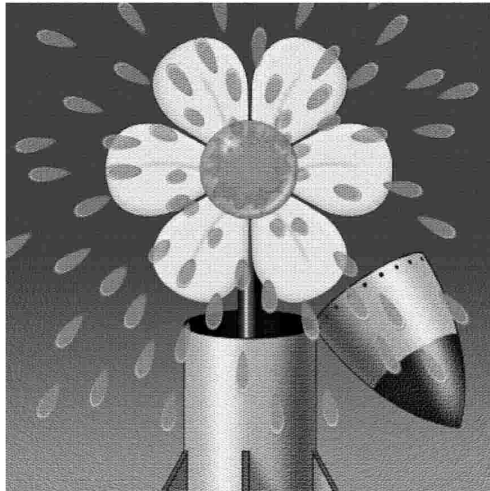
A senior fellow for technology and national security at the Council on Foreign Relations.

PERHAPS you've seen the viral video, a satire rendered in Lego: President Trump launches missiles at Iranian power grids, then sweats through a nightmare and ends up rocking alone on the floor, crying, white surrender flag behind him, cease-fire papers at his feet. Through his tears, he eats a taco — a nod to the acronym for the phrase “Trump always chickens out.”

Since the Iran war began, Iranian officials and pro-Iran influencers have used A.I.-generated content like this — clever, highly shareable, fluent in pop culture references (Lego, Marvel, Forrest Gump) — to ridicule the United States or present Iran sympathetically.

The strategy has been effective in its reach. In the first 50 days of the conflict, official Iranian accounts on X earned roughly 900 million views and 22 million likes — more than 30 times their previous 50-day totals for likes, according to a recent analysis. During the same period, shares of content on these accounts rose from 4.3 million to 76 million. Many other Lego-style videos have gone viral, too, garnering tens of thousands of likes and millions of views on Instagram, TikTok and X.

In recent years, policymakers concerned about artificial intelligence and influence operations have tended to focus on deepfakes — voice clones and fabricated videos that are designed to deceive. That threat remains urgent: In the first weeks of the Iran war, social networks were flooded with A.I.-generated videos and images depicting decimated buildings that were never attacked and demoralized soldiers who did not exist. But with the Lego-style videos and other satirical content, Iran and its supporters are using a different tool for influencing public opinion. It's not disinformation. It's not tra-



IRENE SUOGALO

ditional war propaganda. It's trolling. No one is being deceived because deception isn't the point. Reach, ridicule and cultural resonance are.

The concern is bigger than Iran. China, a more capable, wealthier adversary that has been surprisingly bad at the online propaganda game, is watching and learning. Internal documents from the Chinese A.I. company GoLaxy, detailed in The Times last

year, suggest that Beijing may already be considering experimenting with tools to track public debates within the United States, monitoring broad sentiment as well as the views and arguments of individual Americans. Pair that sort of capacity with the ability to use A.I. to generate large amounts of culturally fluent material, and you've got a recipe for increasingly sophisticated and targeted influence campaigns.

The U.S. should be developing a strategy for countering A.I. propaganda.

Anytime foreign adversaries have a tool for advancing their interests at our expense, the United States should have a robust strategy for countering its effects. In this case we don't, and we should be developing one.

The strategies we use to combat covert foreign influence, such as exposure and sanctions, are irrelevant to efforts that aren't hidden or illicit. The tactics we use to combat deepfakes, such as watermarking and labeling, aren't relevant to videos that aren't pretending to be authentic. And traditional tools of public diplomacy — education campaigns, formal statements of outrage — aren't nimble enough to counter propaganda that resembles entertainment and disseminates with meme-like scope and speed.

We need action on two fronts. First, we need regular threat intelligence reporting from the big American A.I. companies. Many major social media companies in the United States regularly issue public reports of possible threats, domestic and foreign, that they detect on their platforms. These reports are essential reading for government analysts and university researchers. Our A.I. companies should adopt this practice. If Chinese companies that specialize in influence campaigns are feeding information about their tools and strategies into American-owned large language models, we should know.

Second, we need a public diplomacy strategy that acknowledges the existence of this new trolling threat, systematically tracks these campaigns in real time and responds with public messaging that is also clever, shareable and fluent in the cultural idiom of its audience. In March, Secretary of State Marco Rubio directed U.S. embassies to push back on coordinated propaganda efforts abroad. That instinct is right, but it requires reckoning with this latest form of propaganda.

Iran is exploiting a gap that our current defenses weren't built to close. We need to address it before a more capable adversary decides to do the same.

France Has a New Picture of the Holocaust

Jean-Marc Dreyfus

A Holocaust historian at the University of Manchester.

IN 1950, Robert Doisneau photographed a kiss you've surely seen. The man and woman seem to have been stopped by ardor amid the midday rush, in front of the Hôtel de Ville, Paris. Though staged, it became, nearly immediately, one of the most iconic images of the 20th century.

Surely unknown to Mr. Doisneau, nine years earlier, there was another kiss captured on film in Paris that was much more spontaneous, just as passionate — far more desperate — between two Jews about to be separated by the Vichy police. This kiss, found on a contact sheet of Nazi propaganda images in a Reims flea market six years ago, is now at the heart of a new exhibition of 98 Nazi propaganda photos at the Shoah Memorial in Paris curated by Lior Lalieu and me. This kiss, perhaps destined to become just as iconic, reveals a very different mid-century Parisian moment.

The photos provide a detailed visual account — almost minute by minute — of the very first, and little-known, roundup of Jews in France on May 14, 1941. That day, some 3,700 foreign-born Jews obeyed a summons by the Paris police with a notice, printed on light green paper (it became known as the “green ticket roundup”), for what they believed would merely be a check of their immigration and identity papers. The operation was organized by a man named Theodor Dannecker, the envoy of Adolf Eichmann in Paris. A photographer with the Nazi propaganda unit in the city was on hand to observe.

What gives these newly discovered photographs their singular power is not only what they show but the fact that they survived at all. They remind us that the past is never entirely buried, and that images can unexpectedly return to challenge the void of memory and representation. They function today not as propaganda, the purpose for which they were originally produced, but as fragments of truth — painful, incomplete and indispensable — that allow us to better understand the way the roundup was organized and conducted, and also to get a glimpse of the victims' shock, fear and pain.

There are only a few hundred photographs of roundups or murders of Jews from the 1930s and 1940s, a disparity of mass proportion considering the extent of the genocide. Some were taken by victims as acts of resistance, some by bystanders, and others, like this collection, were by an authorized photographer for the Nazi propaganda machine. From time to time, grandchildren of Nazi perpetrators find these images in attics and boxes when the older generation dies.

This particular group of photographs was meant to document a Nazi success story. They begin with the trap: Jewish men and their spouses were summoned to over 60 locations in Paris — police offices, various administrations and a sports facility in the 11th Arrondissement. Women, we know from eyewitness testimony, were asked to return home to gather items; a list was provided. When they returned, as the images we now have on hand show, they were barred from reuniting with their male relatives. The doors were closed and guarded by French policemen. We can see the women's pain, their bewilderment, many with bundles in their arms. We see couples as they part.



VIA MEMORIAL DE LA SHOAH

Other photos document the departure of guarded buses, commandeered from the Paris bus company, filled with the captured men. We see the arrival of the internees at Paris's Austerlitz train station. The same photographer captures the imprisonment of these Jews a few days later at the French internment camps Pithiviers and Beaune-la-Rolande. Some 700 of those Jewish men were later liberated, or escaped, after the

green ticket roundup. About 3,000 of those taken that day were later deported to Auschwitz-Birkenau; of that group, just a scant few returned.

Taken months before the decision to annihilate the Jews of Europe was made, these 98 photos do not show extermination camps, gas chambers, shootings or even starvation. What they do show is the careful, methodical beginnings of racially motivated

separation that later enabled the mass murder. The noted historian Raul Hilberg called this phase of the Nazi genocide “concentration.” There is no sign of outright violence; indeed, the despair of the ensnared Jews and their bewildered spouses is shown with a strange sensitivity by the German photographer.

At first the photos were kept on file by the German Propaganda Unit in Paris. After the war, six of the 98 photos were found in the archives of the NIOD Institute for War, Holocaust and Genocide Studies in Amsterdam, an indication that they were shared among the various propaganda units across Western Europe. A few others circulated among archives. But a vast majority were languishing, unseen, on contact sheets, until 2020, when two amateur collectors came upon them at a flea market.

They brought the sheets to Ms. Lalieu, the director of photo collections at the Shoah Memorial in Paris, who analyzed the images in an effort to identify as many people as possible. Ms. Lalieu also identified the photographer as Harry Croner, a man from Berlin, who had gone on to have a stellar career in postwar West Berlin, as a famous cinema and opera photographer. (Half-Jewish himself, he spent the end of the war in a labor camp.)

After the photos were found, Ms. Lalieu invited first- and second-generation survivors to the memorial in an attempt to identify their parents or grandparents in the pictures. There were some extraordinarily moving moments. Though only five attempts at identification have been successful so far, each marks a small victory against the backdrop of Nazi cover-up and of the looming loss of memory. A few of the photographs were shared publicly for the first time in 2021.

One year after these photos were taken, in mid-July 1942, about 13,000 Jews — mostly women and children — were rounded up, pulled out of Paris apartments and taken to an indoor sporting arena, the Velodrome d'Hiver, in southwestern Paris. They received little food or water and were subjected to abject conditions. Depleted and distraught, they were sent from there to the internment camps of Drancy, Pithiviers and Beaune-la-Rolande. Later, a majority were sent on to Auschwitz.

It was an arrest of mass proportions, a stain on French history. We know this history from eyewitness testimonies, from memoirs of the few survivors and from the mass of police documents. Only a single photograph of the roundup is known. In it, five buses are parked alongside the Velodrome d'Hiver. The image was most likely taken clandestinely from an overlooking window. With the discovery and exhibition of this new group of photographs, the picture and understanding of the Holocaust in France have deepened.

The value of an image is entirely dependent on context. Taken to prove racial superiority, these 98 photos on display through December now show depravity. They also jar awake memory, shore it up against time. In an ephemeral era of mass documentation — of our own lives, of our public and private existence — the re-emergence of these photographs is a tangible reminder that some images refuse to be erased from our collective past.

Images from the past challenge the void of memory.

Your Time Is Most Valuable Thing I will not let you down 🙏

I GIVE YOU MY GUARANTEE, THIS CHANNEL IS WORTH IT.

Indian Newspapers:

- | | |
|------------------------------|-----------------------------|
| <u>1) Times of India</u> | <u>6) The Hindu</u> |
| <u>2) Hindustan Times</u> | <u>7) Live Mint</u> |
| <u>3) Business line</u> | <u>8) Financial Express</u> |
| <u>4) The Indian Express</u> | <u>9) Business standard</u> |
| <u>5) Economic Times</u> | <u>+All Editorial PDFs</u> |

Upload
Starts From
5AM

 Access to all this
In **Private channel**
[lifetime Access].

Click below to

Join



 International
Newspapers Channel

 Magazine Channel
(National & International).

The Future of Medical Advice Is Uncertain

Michael Silverstein and John Wong
 Drs. Silverstein and Wong are former chairs of the United States Preventive Services Task Force.

THIS month, Health Secretary Robert F. Kennedy Jr. fired the two leaders of the U.S. Preventive Services Task Force, a powerful expert panel whose recommendations shape preventive services, like cancer screenings, for millions of Americans. They were given little explanation for their firing, besides a vague pronouncement in a letter they received from Mr. Kennedy that it had been done “to protect the integrity of the task force’s work.”

One of us (Dr. Silverstein) served as the task force chair until March, when he left, as planned, when his term was up; the other (Dr. Wong) was one of the two individuals fired.

We had worried that something like this could happen ever since the Supreme Court affirmed almost a year ago that U.S. health secretaries can remove task force members at will. Mr. Kennedy had made it clear, repeatedly, that he had no love for the organization. He postponed all three of its scheduled meetings, blocked it from beginning work on new topics, suppressed new guidelines (including critical new recommendations on cervical cancer screening) and, most recently, accused it of being “lackadaisical and negligent.”

This is not the first time Mr. Kennedy has fired health experts without cause or injected politics into the mission of what is supposed to be an independent health advisory panel. The consequences here could be particularly wide-ranging. The U.S. Preventive Task Force is hugely influential in determining what types of counseling, screenings and preventive medications doctors

recommend to Americans — and what insurance companies are required to cover, with no co-pays from patients. The screenings it recommends for cervical, colon, breast, prostate and lung cancer save tens of thousands of lives per year. Our recommendation for medication to prevent H.I.V. transmission could help eliminate as many as 90 percent of new H.I.V. cases among those at highest risk.

Our fear is that a task force beholden to political interests could roll back evidence-based recommendations and coverage. Or it could start recommending screening tests or other prevention strategies that are unproven, harmful or better for corporate profit.

Firing disease prevention experts will not make us healthy again.

It is than they are for patients. Mr. Kennedy has already promoted dubious treatments for autism spectrum disorder and measles. It is easy to imagine him calling for prevention strategies that propagate his views on dietary supplements or consumption of red meat. Or offering recommendations that bolster the financial interests of the myriad individuals in his circle who profit from fitness and nutrition products.

Traditionally, our organization is made up of 16 members — all unpaid, highly qualified experts with experience in primary care. But for the better part of the past six months, vacancies have been building up, as members finished their allotted terms and Mr. Kennedy and his director of the Agency for Healthcare Research and Quality did not appoint new members. With the recent fir-

ings, there are now eight open spots. Only within the past weeks has Mr. Kennedy moved to fill them.

We understand that the Supreme Court has conferred on the health secretary the power to appoint task force members, but typically, the task force chairs play a significant role in this process; now that Dr. Wong and his fellow co-chair have left, Mr. Kennedy will be able to reconstitute the organization without any guidance (or as he may see fit, interference) from people who understand it most intimately.

If Mr. Kennedy tries to influence task force decision making, the next leaders of the task force cannot be truly independent — and trust in the institution from doctors and other health care providers will crumble.

We do not yet know who will replace the dismissed leaders or if the other eight members of the task force will remain. But we do know that for the foreseeable future, they will be working in service of an administration with little respect for scientific processes. The American people can trust disease prevention guidance only if it's produced by people who are not influenced by political ideology, corporate dollars, advocacy organizations or preconceived notions of what we should do to promote our health.

Mr. Kennedy and Roger Klein, the director of the Agency for Healthcare Research and Quality, should be called to testify before Congress about their rationale for these firings. And the task force should be allowed to continue its work.

Patients across the country deserve to be guided by advice from primary care clinicians with the best and most up-to-date science at their fingertips. Without a trusted and independent task force, the health of our country will worsen.



KEN CEDENO/REUTERS

LETTERS

Falling Test Scores: Reasons and Fixes

TO THE EDITOR:

Re “The Slump in Student Achievement Persists” (The Upshot, May 16):

Our tragic educational decline requires preaching as well as teaching. The teachers are the foot soldiers, but we have no generals inspiring the entire population, not just the students, to find the pleasure in deep and rational knowledge.

There are many smaller reasons like social media for student distractions, but the overarching culture is one that favors shallow entertainment rather than a rigorous educational athleticism. From the highest levels of government to the kitchen tables, education is disparaged, often for political reasons.

What we need more than anything is a Martin Luther King Jr.-type figure to inspire, through eloquent rhetoric, the value and beauty of knowledge and the adventure of learning.

DAVID LIGARE
 CARMEL VALLEY, CALIF.

TO THE EDITOR:

I was struck by an assumption in this article: that declining test scores mean something negative. What if we are testing the wrong things to determine student progress?

I don't think kids are getting dumber, so perhaps they are learning something else besides a curriculum that may no longer be relevant to their lives or futures.

Perhaps they no longer need to focus on the minutiae of

sentence structure, and instead what's going to be relevant to them is an ability to scan vast quantities of information to process and identify meaning in it, i.e., scrolling. They are unconsciously aware of that and adapting.

So perhaps it's not the kids who are the problem, but our outdated educational system. That's what's fallen behind. The kids' learning abilities might be just fine, and the tests are just for the wrong things.

JESSICA MORTON
 LLANFAIRFECHAN, WALES

TO THE EDITOR:

The recent data on falling math and reading scores will be troubling for many parents because they signal a crisis in our education system. Yet the crisis that these scores suggest extends far beyond the school.

Literacy and math knowledge are foundational to students' learning how to think critically. Without the ability to think critically, our youth are easily victimized by the machinations of predatory capitalism, autocracy and propaganda.

Although it is true, as stated in the report, that there are many reasons for these deteriorating test scores, the normalization of phone culture in young people's lives has been shown to correlate directly with their diminished literacy in both math and reading.

ERIC J. WEINER, NEW YORK
 The writer is a professor of education at Montclair State University in New Jersey.

The Yuppie Factor

TO THE EDITOR:

Re “We Still Live in the World That Yuppies Created,” by Dylan Gottlieb (Opinion guest essay, May 10):

Mr. Gottlieb's essay provides an insightful analysis of the world yuppies created, including their prevalence in the ever more important financial services sector of the economy. It correctly notes the populist backlash, whether from Ohio to Staten Island, that was successfully exploited and fueled by Donald Trump.

It is ironic, however, that the backlash has yet to impose any monetary costs on that financial sector. After all, the result of the triumph of Mr. Trump and his allies has meant only less regulation and lower taxes for the financial sector.

Meanwhile, blue-collar America is no better off and struggles to keep up with inflation and obtain medical care. Thus, it is perhaps too early to declare winners and losers. Or is the answer that the haves always win?

JAMES BRIGAGLIANO
 ARLINGTON, VA.

TO THE EDITOR:

I had a boss decades ago who said, “People do what is expected, not what is intended.”

We reduced federal accountability when No Child Left Behind ended, and scores went down. We allowed cell-phones and laptops, known distraction machines, in our schools, and scores went down. If we don't have an objective way to measure progress, we can't hold teachers and school administrators accountable.

It seems that the politician's answer is always to throw more money at this problem. Perhaps better answers lie in setting high standards, eliminating the device distraction from the classroom, having objective measures of student progress and holding those responsible for delivering a good education to our students accountable.

We are in a global environment in which education, critical thinking and creative skills will define the success of nations. We are not just failing our children; we are also jeopardizing our future as a nation.

PHIL SHEVRIN
 LEXINGTON, MASS.

Here's the Easy Way to Make the Rich Pay Their Fair Share

Zachary Liscov

A professor at Yale Law School who served as the chief economist of the White House Office of Management and Budget from 2022 to 2023.

THE United States is seeing an increasing concentration of wealth at the very top and a worsening national debt. For many Americans, taxing the rich more is an obvious move.

Ask tax policy experts how to do this, and you will often hear novel proposals to curb the many intricate ways the rich make and hide their money: A wealth tax. A tax on unrealized gains. A tax on the loans that billionaires take against their stock. These ideas, now common in progressive tax thinking, come with serious catches, legal or arithmetical. The tax code has structural flaws, and many of the ideas would be good in theory. But pursuing them could result in little or no new revenue for the government.

The boring truth is that Congress can accomplish a lot simply by raising the rates of the taxes already on the books.

Elizabeth Warren, a Democratic senator from Massachusetts, has proposed a 2 percent annual levy on fortunes above \$50 billion, rising to 3 percent on those over \$1 billion. There are serious constitutional and policy arguments for this idea, but the Supreme Court's current members would probably strike it down. (A California proposal for a state-level wealth tax would not face the same legal barriers, but it would be a partial response to problems that are national in scale.)

Then there are proposals for a “mark to market” tax, which would tax unrealized capital gains — the appreciation in the paper value of assets such as stocks — every year, not just when an asset is sold. Ron Wyden, a Democratic senator from Oregon, has proposed a billionaire income tax along these lines. Such a tax would raise a lot of

money for the Treasury. But it faces its own constitutional hurdles. The Supreme Court has left the legal status of unrealized-gains taxes deliberately unresolved, and a market-tax's chances at the court would be, at best, 50-50. Despite the proposal's many appeals, building a generation of fiscal policy on a coin flip would be risky.

Another idea is imposing a borrowing tax, a policy aimed directly at the widely criticized “buy, borrow, die” loophole. The loophole allows the rich to take loans against their portfolios and use the money to finance glamorous lives. They pay no capital gains tax because they avoid selling the assets — often stock that has risen in value — that they use as collateral for the borrowing that sustains their lifestyles. When they die, they pass on their assets to their heirs, who, because of the “stepped-up basis” loophole in inheritance law, can avoid paying capital gains taxes even if they sell those assets. A borrowing tax would discourage the buy, borrow, die strategy and restore some fairness to the tax code. It's a policy I like — I proposed my own version of it.

Except the wealthy are not using the buy, borrow, die loophole all that much. In work with Edward Fox of the University of Michigan, I looked at two decades of data measuring how much the rich actually borrow. The top 1 percent borrow an amount equal to roughly 7 percent of their economic income each year — defined broadly to include the gains on stocks they haven't sold. Their unrealized gains over the same period were about 20 times that amount. At current tax rates, imposing a borrowing tax would raise about \$50 billion over 10 years — a paltry number relative to the size of the federal budget. It's just not where the money is.

Congress has a simpler, tried-and-true tax policy to choose from: raising the rates. Current taxes already reach most of the rich's economic income, which includes unrealized capital gains. The existing income

tax captures about 60 percent of the top 1 percent's economic income and roughly 71 percent after adjusting for inflation. Even for the top 0.1 percent, about 60 percent is taxed, adjusted for inflation.

Measured this way, the ultrarich mostly aren't escaping the tax system through exotic loopholes. They mostly increase their fortunes with and spend regular taxable income — salaries, dividends, interest, business profits, realized capital gains — and they earn a lot of it.

This means the most powerful lever is also the simplest one. Restore the top marginal ordinary income tax rate to its pre-2017 level of 39.6 percent — which, but for President Trump's tax cuts, would have applied to income over \$548,750 this year. And raise the (much lower) top capital gains rate. Increasing these rates would generate hundreds of billions of dollars over a decade. That is much more than a borrowing tax could plausibly raise, and without the legal risk that would come with a wealth tax or a mark-to-market tax.

Yes, higher rates can change people's behavior, encouraging some to find ways to avoid paying more in income taxes. But revenue estimates already consider this effect.

In addition, raising the corporate tax rate from 21 percent toward the 35 percent it had been set at historically would add hundreds of billions in revenue for the government. Congress could bring in even more by ending the step-up basis rule, which allows heirs to inherit assets and owe nothing in capital gains taxes on the amount those assets have appreciated since they were purchased.

None of this would require defending untested constitutional theories or imposing complex asset valuation systems. We've done almost all of it before. True, raising rates is politically hard. But the other options on this list would arguably be harder to get through Congress, for an uncertain or

Congress should just raise the rates of taxes already on the books.

modest payoff. A wealth tax that gets struck down or a mark-to-market regime tied up in years of litigation would raise zero dollars any time soon. A borrowing tax would raise some money but not much.

Public outrage at billionaire tax dodging is understandable. But the country cannot afford to spend huge amounts of political capital to pass experimental tax policy that is based on exaggerated stories about how the ultrawealthy avoid paying taxes or on wishful thinking about what the current courts will allow. Raising the rates — the simple, boring answer — is where the real money lies.



GEORGE WILEZOL

The FT View



FINANCIAL TIMES

"Without fear and without favour"

ft.com/opinion

The energy shock is not over yet

Even with a deal to reopen the Hormuz strait, supplies will take time to normalise

The US and Iran seemed to be making progress yesterday towards a deal that could reopen the Strait of Hormuz after three months of oil and gas flows being reduced to a trickle. Though stockpiles and other measures have partly offset the squeeze so far, JPMorgan had warned that, at current drawdown rates, without a deal commercial oil stocks could reach critically low levels by June. Yet even if the strait reopens, energy flows will take months to normalise, and governments will still face tricky trade-offs and the potential need to impose curbs on fuel demand.

Whenever it starts to reopen, resuming supplies through the strait is not a case of flicking a switch. With no export ability, many oilfields were fully "shut in"; S&P Global estimates that some

could take seven months to restart. Some resumed oil flows will have to go into rebuilding reserves. Some liquefied natural gas facilities, meanwhile, have been damaged and need repairing.

Roughly 2,000 ships stranded in the Gulf will need to reposition and offload cargoes. Sultan al-Jaber, CEO of the Abu Dhabi National Oil Company, has said it will take at least four months for traffic volumes through the strait to recover to 80 per cent of prewar levels, with full normalisation hard before the first half of 2027. Demining will take months.

Supplies of crude, LNG and many refined products could, then, remain tight until late in the year. What is the best approach for governments to conserve energy? The most efficient is, as far as practicable, to let market forces run their course. High fuel prices encourage consumers to use less energy and switch sources. In Europe, for example, electric vehicle sales surged to a record high in March. Politicians are under pressure, however, to

provide some cost of living support. The most common government responses so far have been price caps and cuts in energy taxes. Britain's chancellor Rachel Reeves last week scrapped a planned increase in fuel duty but was given short shrift by food retailers that she tried to cajole into "voluntary" price freezes on essential goods. Such policies risk making shortages more likely. Direct support to the most vulnerable is a wiser way to avoid drowning out price signals and straining public finances.

Either way, efforts are still needed to bear down on fuel demand. Awareness campaigns can help at the margin. Last month the Australian government launched a \$20m ad series urging drivers to empty their boots, pump up tyres and remove roof racks to use less fuel. Many Asian nations have already advised or mandated working from home to ease fuel usage in commuting, though this may not be appropriate for all sectors. Those who must commute can be incentivised to use public

High prices and initiatives to slash fuel use are not popular. But until flows normalise, the risk of shortages leaves governments with few painless options

transport and carpooling. Pakistan has reduced speed limits on motorways and national highways. Businesses could help by limiting air travel for work to ease pressure on jet fuel.

Since industry accounts for about a fifth of world oil demand, governments should encourage factories to shift, whenever they can, to the most available feedstocks, for instance to conserve liquefied petroleum gas for essential domestic uses. Argentina has tweaked rules to allow higher ethanol content in gasoline blends. Encouraging companies to shut non-essential processes and support to fix leaks can help too. Air conditioning is a drain on energy; Jordan has banned it in government offices.

High energy prices and initiatives to slash fuel use are not popular. But until supplies normalise, the risk of shortages leaves governments with few painless options. It is in many cases, after all, the price of failing to invest adequately in energy security and the green transition in the first place.

Opinion Technology

AI stories aren't inevitably 'not art'



Stephen Bush

s The Serpent in the Grove, one of the five regional winners of this year's Commonwealth Short Story Prize, generated by AI? The story's author, Trinidadian writer Jamir Nazir, has a limited online presence and the work, some readers feel, bears the hallmarks of AI writing. The literary magazine *Granta*, which does not judge the prize but publishes all five winning entries, is reported to have submitted the short story to Anthropic's Claude.ai, which concluded, in the words of the magazine's publisher Sigrid Rausing, "that it was 'almost certainly not produced unaided by a human'". Nazir denies that the text was written by AI, questions the accuracy of so-called AI detectors, and writes that the story was inspired by memories from his childhood.

When reading the story, I found

Passing judgment is a task that we, as readers, should never outsource to anyone (or anything)

myself grappling with unwanted déjà vu. It did not remind me of when I ask ChatGPT to produce a polite bit of correspondence, or a firm complaint on my behalf. No, instead it reminded me of when, as a teenager, I discovered the detective novels of Dashiell Hammett and Raymond Chandler, and tried, badly, to emulate their tone in my own writing. Smart-talking characters might have had "a tongue that could make concrete cry", while a private detective (there was, of course, a detective) observed of a woman that "she spoke to the part of my family tree that rode horses out on the steppes of Eurasia". I was not a prodigy.

In Nazir's story, which is centred around a struggling farmer in Trinidad and Tobago, we are told a woman "moved quiet as if sound were taxed". Another has "the kind of walking that made benches become men". A third, and this is my favourite, is "big in the way of women who never apologise to furniture". I have to be honest, none of the women in my life have ever apologised to furniture, and as such I am uncertain what size of woman we are talking about here. The lowest point in the text, though, was surely the following sentence: "shame is a substance he felt on his skin. It itches. It doesn't rinse". A sentence that gave me an insight into what it must be like to

experience a stroke, if nothing else. Of course, it is true that generative AI often bears an uncanny resemblance to an obnoxious teenager wrongly convinced of their own writing ability. (Or, at least, to my work as an obnoxious teenager.) But as I read *The Serpent in the Grove*, my concern wasn't "did a human really write this?" but "did a human really judge this?"

Can a short story containing such nonsensical phrases really be the best entry this year from the whole of the Caribbean region? Unless the other entries were instruction manuals or full-length novels, I find that hard to understand, but having judged one or two literary prizes myself, I also know that all manner of strange tastes can be found on a judging panel.

My point here is that the question "is *The Serpent in the Grove* written by AI?" is a less important question than "do our human intelligences think it is any good or not?" Does it inspire joy or sorrow in the reader? (And I don't mean the type of joy or sorrow that comes with trying to imagine the precise girth of a woman who never shows contrition towards her garden chair.)

It's not that I don't care if my favourite authors are replaced by AI. What I enjoy about the work of Zadie Smith or Madeleine Thien isn't just that I find the writing beautiful, but that I get, however loosely, the sense of a living author whose work and focus is changing as they go through life. It's that the most important thing I am doing when reading is exercising my own judgment and my own imagination. *The Serpent in the Grove* is a failure because it made me laugh, and not with the intention of being humorous.

While I cannot imagine a more hellish way to attempt to create art than to sit at a computer finessing prompts and editing sentences piece by piece until eventually, a great novel emerges, I don't think that the final product of such a process is inevitably "not art". But passing judgment on whether it is art or not is a task that we, as readers, should never outsource to anyone (or anything).

There are lessons here that go beyond what we read. AI can already do many tasks for us. But the purpose of that ought to be to free up our time for more rewarding tasks, to sharpen our judgment, not to let it fall into disuse. We should be much more alarmed by the fact that *Granta's* publishers decided to use Claude to check whether the story was written using AI instead of using their own, human judgment, than by the idea that Claude might one day write a novel.

Making judgments is part of being human, whether that judgment is over an important ethical question, or trying to imagine what size person never apologises to furniture.

stephen.bush@ft.com

Letters

How first past the post keeps Reform in check in Scotland

Our constitutional arrangements may be messy, but so are all the different voting systems ("UK government has the numbers to introduce PR", Letters, May 14). Up here in Scotland not one Reform Scottish member of parliament (SMP) was voted in under the first-past-the-post system, which holds SMPs accountable to defined constituencies.

In the proportional part of the election, Reform tied with Labour for second place and both have 17 SMPs.

These SMPs, although notionally tied to a region and constituency, are virtually invisible in reality. Most Scots could not tell you who theirs are. So there is no one to hold them to account.

So now, we have 17 MSPs wandering around the Scottish parliament, unaccountable to anyone but their party. Given the Reform leader's statements, and his party's performance in English council elections and seats, they are probably

on a mission to sabotage any sensible proposals rather than collaborate for the best outcome for everyone.

Our first past the post, party-based, messy system delivers a clear result, clear accountability, a head of state forbidden to be partisan, judges who are not elected, and a way of changing a leader.

Put that against the much-vaunted American system, which is failing the most basic principles of maintaining a democracy. Put it against the

proportional representation system in Israel, where the power of the religious minorities has encouraged genocide and supported a corrupt politician in place.

So be careful what you wish for. Sometimes a thousand years of tradition and argument about what's fair, however messy, may just have an edge on PR systems of electing governments.

Lesley Ellis
Tarlard, Aberdeenshire, Scotland, UK

Europe's banks not ready to monetise stablecoins

As European banks rally behind a single euro stablecoin project, it may be time to distinguish strategic ambition from operational readiness ("Euro stablecoin project attracts support from region's banks", Report, May 21).

Thirty-seven signatures confirm what most already know: banks want a role in the future of digital money. But joining a consortium is not the same as being ready to monetise stablecoins, support institutional adoption or deliver settlement at scale.

While the appetite is there, for most the capability isn't. Stablecoins require clean, structured, real-time data to move across payment rails smoothly. But much of that infrastructure was built for a slower time.

There is no guarantee banks can integrate with a stablecoin rail like Qivalis. Without modernisation, banks risk adding another digital layer on top of already complex operations.

That could mean higher reconciliation costs, slower integration and weaker returns on investment.

These are not back-office issues.



They are barriers to growth. Europe's stablecoin ambition is welcome. But the commercial winners will not simply be the banks that sign up first, they'll be ones that modernise the pipes beneath it.

Nick Fernando
Co-founder and Director, Aqua Global
London SM16, UK

England's careers guidance experts await the call-up

Your report, which online carried the headline "Too many young people pushed towards university, says UK government adviser" (May 18), will surprise no one with experience of England's careers guidance system — or what remains of it. The more pertinent question is: how did we get here?

The answer lies, in no small part, with the previous Conservative government's systematic dismantling of a professional careers guidance infrastructure built over decades.

The defunding of Connexions (a UK governmental information, advice, guidance and support service for young people aged 13 to 19), the removal of funding for qualified careers advisers from schools, and the expectation that impartial guidance could be delivered by institutions with a vested interest in their own destination outcomes, created the conditions for exactly this kind of systemic distortion.

Teachers are skilled professionals, but it is neither fair nor realistic to expect them to carry expert knowledge of the full range of post-16 and post-18 transitions — eg apprenticeships, A-, T-

and V-levels, higher technical qualifications, labour market intelligence — alongside their primary responsibilities. That is precisely the role of trained, independent careers professionals.

The current government is right to name the problem. But diagnosis alone changes nothing. The evidence base, the frameworks and the professional expertise to address this are already available.

What is needed now is genuine engagement with those who have spent careers developing solutions — not another round of reinventing the wheel.

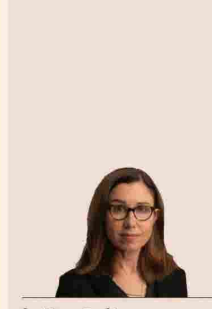
Deirdre Hughes
Associate Professor, Institute for Employment Research, University of Warwick; Executive Director, CareerChat UK Ltd and Vice-President, International Association of Vocational and Educational Guidance (IAEVG), North Shields, Tyne and Wear, UK

Clarification

● Raghuram Rajan, who was quoted in the obituary of Edmund Phelps, is a former chief economist at the IMF.

OUTLOOK AMERICA

Counting the cost of New York's sky-high food bills



by Siona Jenkins

Hunts Point is an unlikely place for a political experiment. The South Bronx neighbourhood is an unimpressive mix of residential streets and warehouses bordered by the East and Bronx rivers and is the site of America's largest wholesale food market.

But New York's first publicly owned food shop will open here next year, making good on one of mayor Zohran Mamdani's most controversial campaign pledges: for five municipal grocery stores to help reduce prices in the notoriously expensive city.

"Our administration is putting communities like Hunts Point at the centre of our work to address the affordability crisis," said Mamdani last week, announcing that a 20,000 square foot shop would open in 2027 in an affordable housing development in the neighbourhood.

Mamdani has said the stores will be subsidised by the city and offer staple goods at a reduced price but will be run by a private vendor obliged to pay workers union wages. New Yorkers are waiting to see whether they will help bring down the eye-wateringly high cost of food.

"New York has always been expensive," says Errol Schweizer, a retail merchandising consultant who grew up in the city. This is partly because space constraints mean food is sold in independent stores and family-owned grocers who "don't have the supply chain leverage and buying power of mass-market chains", he adds.

In recent years, though, prices have soared, increasing by 56 per cent since 2012, and it's been particularly expensive since the pandemic. Some 17.5 per cent of residents — that's 1.5m people — are now considered food insecure, meaning they lack reliable access to nutritious, affordable food.

In the depths of the winter, when New Yorkers can often be found queuing up for the latest designer clothes drop or Instagram-friendly restaurant opening, they braved sub-zero temperatures for a pop-up store on Seventh Avenue with free groceries.

The giveaway was offered by prediction platform Polymarket, which is hoping to win over the American public. It seemed to work. "You're truly a god-sent angel, I swear," said a woman filmed by Polymarket as she waited in the snow for her turn with the free food. Not to be outdone, rival betting company Kalshi staged a \$50 grocery giveaway in the East Village, telling local media that it "believed in free markets".

Mamdani made his controversial pledge to open city-owned stores during the cost of living campaign that won him a surprise mayoral election victory last year. A spokesperson for his opponent, Andrew Cuomo, described it as a "hare-brained proposal to bring Soviet-style grocery stores" to the city. But the mayor doubled down. To mark his 100th day in office, he announced another branch would be opened at

La Marqueta in East Harlem in 2029.

The city has owned markets for decades, operating the infrastructure and leasing space to vendors. But Mamdani's proposal takes it further — it's particularly important for other affordability in the city, says Nevin Cohen, director of the CUNY Urban Food Policy Institute. "It's not just the price of food on the shelf in the supermarket, but it's how much people have to spend on food in relation to all the other high costs of living."

Cohen believes physical stores are just one way of reducing grocery costs. He points to another city-run pilot programme called "groceries to go" that provides credit on an e-commerce site for households belonging to New York's health and hospital insurance programme.

"Eventually there could be multiple types of public grocery programmes," he says. "Some brick-and-mortar shops, some online, some food markets — like traditional markets where the city owns and operates the infrastructure but leases the spaces to small vendors."

Details of how these might operate remain elusive and there are concerns that the plan lacks the scale needed to secure low prices. "Five stores across a city as large as New York is not a grocery chain," says Schweizer. "I think this is the administration that will finally figure out how to get it done. But it's not going to be easy."

siona.jenkins@ft.com

Opinion

The predatory advance of surveillance pricing

Zephyr Teachout

Fourteen years ago, my then colleague Lina Khan came back from a retail trade association meeting with a story about a new phenomenon. Sellers, she said, were talking excitedly about the possibility of giving shoppers real-time coupons based on their behaviour. These retailers imagined a world in which someone who stood in front of a pair of shoes would receive an instant discount offer on their phone.

What started as an idea for discounts is now suspected of showing up across the online world as variable individual prices.

Think of a 76-year-old who is buying printer cartridges. They may be quoted a price that is higher than their younger neighbour simply because data suggests that they never comparison shop. That young neighbour could face their own

price penalty if data shows that their credit score sits in the wrong quartile. If you want to feel real outrage, consider that an algorithm might charge more for nappies after a customer buys children's cough syrup on the basis that parents of sick children are less price sensitive than those of healthy ones.

I coined the terms "surveillance wages" and "surveillance prices" in 2022 as a way to describe the strategy of an employer or seller using personally identifiable online information to set wages or prices.

For economists trained to see price as an information mechanism, surveillance pricing represents a kind of holy grail — each transaction perfectly representing preference.

But from a consumer's point of view each transaction is extracting the maximum possible surplus. When my colleagues and I first tried to describe this idea we called it "personal pricing". The problem is that this sounded too appealing, conjuring up the bespoke service of the ultra-wealthy, extended democratically to everyone. The reality is that it is not a personalised service but a way to

employ the same data infrastructure that social media uses to sequence feeds, only here the information doesn't determine what someone sees but what they pay or are paid.

It is almost impossible to know exactly where the strategy is being employed. When different prices show up for different people, companies tend to claim it is not the work of surveillance

Credit scores, GPS patterns, and even keystroke dynamics could determine what a consumer pays

pricing. Amazon and Delta, for example, have attributed price variation to market dynamics, third-party sellers or A/B testing. When a student on significant price differences on Instacart was published last year, Instacart said they were the result of randomised price testing.

Such denials are about to face further scrutiny. A few weeks ago, a JetBlue customer complained on X that when look-

ing at flights to travel for a funeral, the price kept rising. JetBlue customer service replied, suggesting the customer clear their cache and try again. Clearing the browser cache deletes local tracking data, implying that the higher price may have been tied to data collected from previous browsing sessions. The company's post was then deleted. A class-action lawsuit followed. JetBlue has said that its fares are not determined by cached data or other personal information.

There have been efforts at regulation. Europe and the UK have launched investigations. In 2024, Khan, who went on to become chair of the Federal Trade Commission, launched an investigation into how companies were using AI to base pricing on consumer behaviour. Last year, New York passed a law requiring disclosure of surveillance prices, and this month, the Colorado legislature passed a bill banning both surveillance pricing and surveillance wages. The law includes carve-outs for loyalty discounts but requires that they be available to all customers on identical terms.

This legal and political pressure is

arriving just as the technology has reached a critical capacity. Improvements in algorithmic capacity and consumer databases could enable a pricing revolution.

In the past, companies had to base prices on some combination of cost-plus, demand-based and competitor-based modelling. Now, they can incorporate a wide range of psychological, dynamic and experimental pricing. The data sets involved might include credit scores, GPS patterns, search duration, individual purchase histories and even keystroke dynamics that correlate with different emotional states.

This raises a fundamental question about whether markets premised on individualised information asymmetry — secret prices — are public markets at all.

The legal tests are just beginning in the courts. More states and countries should follow Colorado's lead. It will be easier to ban surveillance pricing before it becomes widespread than afterwards.

The writer is a professor at Fordham School of Law

A 19th-century guide to running an effective meeting

Guru Madhavan

One hundred and fifty years ago, when Silicon Valley was still mostly orchards, no one imagined algorithms brokering agreements. Developers claim that AI mediators, like Google DeepMind's Habermas Machine, can help groups reach a consensus, yet a 19th-century engineer devised a process that still governs many of the meetings that matter most.

In 1865, as the civil war raged across America, a church meeting in New Bedford, Massachusetts, opened with prayer and collapsed into chaos. Henry Martyn Robert, a 25-year-old Union army officer, had been nominated to preside. Motions and tempers flew. By nightfall, Robert had lost control of the group. He vowed never to chair another meeting until he had learnt how.

That humiliation seeded one of the most influential documents in American civic life: *Robert's Rules of Order*. First published in 1876, 13 years after that disastrous meeting, the manual has been adopted by churches, unions, boards, professional societies and neighbourhood associations who want orderly proceedings. Even in Britain, where parliament follows Thomas Erskine May's treatise on proceedings, there are groups that rely on Robert's rules.

The son of a Baptist minister who opposed slavery, Robert grew up in a home riven by disagreements. While he joined the Union army, commissioned in the Corps of Engineers, some of his relatives fought for the Confederacy.

Robert saw fractures everywhere he went. Without formal rules in place, the

How do you design something to survive a room of people certain they are right?

loudest voice seemed to prevail during disputes. While railroads and telegraphs stitched the nation together, disagreements pulled it apart.

Robert approached the idea of improving meeting procedure and brokering agreements with the same rigour that he brought to the construction of harbours and lighthouses. He anchored it to the will of the assembly, then built an order of precedence to facilitate group work and curb amendments, with a two-thirds vote required to limit debate or override the minority.

Behind the mechanics lay a moral and social contract. When a group met, the majority owed the minority a full hearing — the right to debate, amend and appeal. Once a decision was reached, the minority then owed the majority its acceptance, unless it could later rally support to reconsider.

These rules might not guarantee wisdom or justice, but they offered stability: a framework that allowed disagreement to unfold without shattering the group. That balance of protected rights and legitimate outcomes sets deliberative procedure apart from majority rule or manufactured consensus.

The rules became so popular that they now function as a default operating system for meetings.

In smaller settings, of course, such procedures can feel like overkill. That's the vulnerability of any trusted system: procedure can be captured by those who know it best. The introduction of new technology doesn't fix this; in some ways, AI mediators risk deepening it by adding an invisible, uncontested layer that reshapes collective judgment.

Robert's own instinct was to design for the worst, not hope for the best. The man who once lost control of a church spent his later life building another kind of defence. After a hurricane flattened Galveston, Texas, in 1900, Robert helped rebuild the city on sand and build a seawall. When a comparable storm struck in 1915, the damage was far less.

The *Rules of Order* and the Galveston seawall answered the same question: how do you design something to survive the next tempest, whether a storm or a room of people certain they are right? Robert's *Rules* does not eliminate conflict. It calls it to order. It demands we argue in the open, under shared procedures, rather than outsourcing our disagreements to tools that deliver comfort at the expense of clarity.

The writer is a systems engineer and author of 'Wicked Problems: How to Engineer a Better World'

Iran is beating Trump at the art of the deal

GLOBAL AFFAIRS

Gideon Rachman



The worst thing you can possibly do in a deal is seem desperate to make it. That makes the other guy smell blood, and then you're dead. The best thing you can do is deal from strength, and leverage is the biggest strength you can have.

That was the principle Donald Trump (or his ghostwriter) set out in *The Art of the Deal*, published in 1987. Perhaps Trump should have re-read his own book before posting on April 5: "Open the Fuckin' Strait, you crazy bastards, or you'll be living in Hell."

To the untrained eye, that demand sounded just a touch desperate — particularly when Trump failed to follow through on his threats to unleash hellish violence on Iran.

The grim reality is that, in the talks to end the war, it is Tehran that has had the leverage. Iran's closure of the Strait of Hormuz put intense pressure on the global economy. As petrol prices have risen in America, so Trump's opinion poll ratings have plummeted.

The result is that, at the time of writing, the US seemed poised to agree to a deal that — over the long term — threatens to leave Iran in a stronger

position than before this war began.

The essence of the emerging deal is that Iran agrees to open the strait without charging a toll. In return, it gets phased relief from sanctions, including the unfreezing of billions of dollars of assets. Iran will make promises to restrict its nuclear programme. But the details will be the subject of future talks, so that issue is essentially unresolved.

Trump has insisted he is in no hurry and would not accept a bad agreement. But the reaction of hawkish Republicans to the emerging deal was telling.

Senator Ted Cruz said it could be a "disastrous mistake" because it would leave Iran "able to enrich uranium and develop nuclear weapons, and having effective control over the Strait of Hormuz". Senator Roger Wicker, head of the Senate armed services committee, warned that the emerging deal "would not be worth the paper it is written on".

The Israeli government, which played a crucial role in persuading Trump to go to war, will be polite about any deal in public — not least because Benjamin Netanyahu must soon face the electorate. But the reality is that the Israeli leader sold the war as a unique opportunity to secure regime change in Iran.

He is now looking at the conflict ending with the Iranian regime still in place — more confident, more headline and with new financial resources to rebuild its nuclear programme and its proxy network throughout the Middle East.

Eli Groner, a former director-general of Netanyahu's office, argues that the knowledge that Iran can now close the



Strait of Hormuz at any point in the future "is a victory far deeper and more strategic than any point-scoring military achievement". His one-word summary was: "Disaster".

As well as potentially alleviating the Islamic republic's dire financial and economic position, the agreement is likely to tilt the regional balance of power in Iran's direction.

As Dan Shapiro, a former US ambassador to Israel, observed on X: "Iran has gained significant leverage for the future by demonstrating it can control the strait, by attacking its neighbours and US bases in the region and causing significant damage, and by taking the United States' and Israel's best punch and surviving".

Shapiro believes that, nonetheless,

There is a grim reality that, in the talks to end the war, it is Tehran that has had the leverage

Trump is so boxed in that accepting a bad deal that opens the strait would be a better option than continuing the war. Given the mounting risks of a global energy crunch and a worldwide recession, that is an understandable calculation. America also has recent memories of wars — including Vietnam and Afghanistan — that went on for far too long, as the US struggled in vain to improve a losing position.

If and when Trump accepts a bad deal, it will be because he has no viable alternative. Senator Wicker's proposal was "to allow America's skilled armed forces to finish the destruction of Iran's conventional military capabilities and then reopen the strait".

But an effort to secure the strait by military means would probably have required the deployment of ground troops and the acceptance of heavy American casualties. Even then, the Iranians would have been able to threaten shipping with drones or missiles.

Trump's occasional threats to unleash "Hell" on the Iranian regime lacked credibility — because of his obvious

reluctance to get involved in a ground war and because of the danger of Iranian retaliation against the Gulf states and their energy infrastructure. In the jargon of military analysts the vulnerability of the Gulf gave Iran "escalation dominance".

The US president — who compares himself obsessively with former president Barack Obama — liked to deride the nuclear deal that the Obama administration reached with Iran in 2015. Trump has called it "one of the worst and most one-sided transactions the United States has ever entered into" and claimed: "Never, ever, ever in my life have I seen any transaction so incompetently negotiated as our deal with Iran."

But Trump himself is now negotiating an agreement that looks, in many respects, worse than the one Obama negotiated — partly because of the lurking knowledge that Iran can still close the Strait of Hormuz, any time it wants. That is some achievement from the master of the art of the deal.

gideon.rachman@ft.com

Three ways a new Labour leader could change the politics of growth

Jonathan Portes

Who's afraid of Andy Burnham? Not just Sir Keir Starmer. Some investors in UK government debt worry that a Labour leadership contest would push the party leftward — that Burnham would abandon Rachel Reeves' fiscal caution, borrow more and test the limits of market confidence. Cue attacks both on socialist irresponsibility and the malign power of the "bond vigilantes".

But markets are wrong if they think a new prime minister, whether Burnham or anyone else, would have both the motive and the capacity to relax policy substantially. Doing so would be economically dangerous, politically self-defeating and almost certainly short-lived. This is not because of the government's "fiscal rules" or the supposed conservatism of the Office for Budget

Responsibility. Still less is it an argument for the failed austerity policies of the early 2010s. It is because the UK's macroeconomic position, with a persistent current budget deficit, inflation rising and pressure on the Bank of England to raise interest rates, means a significant loosening of policy would result in a sharp rise in long-term interest rates.

The UK should continue to borrow to invest where investment raises future growth: housing, transport, energy infrastructure, schools, hospitals and research. Cutting capital spending to satisfy a short-term fiscal target would be folly. But borrowing more for current spending would not solve the country's underlying problems: weak growth, an inadequate tax base, overstretched public services and demographic pressures. It would simply increase the sensitivity of the public finances to gilt yields.

Nor would it work politically. A new prime minister would inherit a divided parliamentary party, a sceptical electorate and a fragile economic environment. If their first move were to loosen fiscal policy without a robust plan, the result would be a loss of economic credibility

and political authority then a chaotic retreat. If they ignored the fiscal arithmetic, the outcome would be disastrous: higher borrowing costs, weaker confidence, a rapid political backlash and probably a harsher correction later.

But that emphatically does not mean that policy is in a straitjacket, without scope for policies that are more radical,

Policy is emphatically not in a straitjacket — there is scope to be more radical and progressive

progressive and pro-growth: on immigration, Europe and tax in particular.

An ageing economy with rising demands on health, social care and pensions needs workers. It also needs students, researchers, builders, carers, nurses, engineers and entrepreneurs. Cutting migration, which Starmer bizarrely claimed as a policy success last week, may be politically popular in the abstract, but it reduces labour supply,

hits universities and care providers, worsens shortages and weakens growth. And it damages the fiscal position. Migration has costs as well as benefits, and distributional consequences as well as broader social ones. But a serious economic strategy cannot ignore the large fiscal costs of lower immigration.

A closer economic relationship with Europe would be a growth policy. Reducing trade frictions, improving mobility for young people and professionals, restoring participation where it makes economic sense and aligning regulations where divergence has no serious domestic benefit would support productivity and investment.

The tax agenda is clear and reflects a consensus among economists — not a wealth tax, at best a lengthy undertaking to raise relatively small amounts of money, but a much broader agenda. Reform housing taxation. Stamp duty is inefficient and council tax is indefensible. Shift the burden from national insurance and towards income tax, including a fairer treatment of unearned income, as Burnham's potential rival Wes Streeting has proposed.

Fix the marginal tax rates for middle and upper-middle earners. This would raise revenue, improve incentives and make the system more just.

A new leader would need to change the politics of growth. Yes, more open policies on migration and Europe and a fairer tax system would be economically "left" of the present government. But they would improve the public finances and reduce the deficit. Of course there are political risks. If presented simply as expedients to fill a hole in an OBR forecast, they will fail. But as part of a coherent settlement — better services, higher investment, fairer taxes and stronger growth — they may at least be arguable.

The gilt market should worry less about the next prime minister's label and more about the credibility of the programme. "Leftwing" does not have to mean fiscally loose. Done properly, it could mean confronting the policies that have made Britain poorer, smaller and harder to govern.

The writer is professor of economics and public policy at King's College London