A cautious nudge

Only structural change can restore the balance in fiscal federalism

In its much-awaited recommendations, which were also tabled on Sunday, the Sixteenth Finance Commission (FC-16), as anticipated, has recommended that the vertical devolution ratio – the States' share in the divisible pool of Central taxes – be retained at 41% for the period 2026-31. States want this to be 50%. This is despite the Commission acknowledging the tightening fiscal space States face under the GST framework, and that the growing mismatch between expenditure responsibilities and assured revenues has increasingly left them with "recourse to market borrowings" as the principal adjustment mechanism. Predictably, several States have criticised the projected devolutions for the coming fiscal but have also cautiously welcomed a tweak in the horizontal devolution formula. The FC-16 has reworked the earlier "tax effort" criterion into a broader "contribution to GDP" measure and raised its weight sharply – from 2.5% under the FC-15 to 10%. This change is intended to reward productive and efficient States and represents a modest but meaningful attempt to link governance outcomes with fiscal transfers.

However, the resulting gains are deliberately restrained. The FC-16 makes it clear that any restructuring of horizontal devolution must be undertaken "gradually", to avoid abrupt redistributive shocks to States that are more dependent on transfers. Accordingly, the weight accorded to demographic performance has been reduced, reflecting the view that penalising population growth is no longer appropriate at a time when India is close to the peak of its demographic dividend. Conversely, the weight for population size has been modestly increased. The net effect is that industrialised States such as Tamil Nadu and Maharashtra see only incremental improvements in their inter-State shares. This caution is understandable but also underscores the limits of the Commission's ambition. A stronger signal could have been sent through a staggered increase in vertical devolution, for instance by committing to raise the States' share to 45% by 2031, expanding discretionary fiscal space while preserving stability. The FC-16 flags the shrinking of the effective divisible pool due to cesses and surcharges but stops short of correcting this by recommending their inclusion in the pool. To be sure, total transfers to States are budgeted to rise by 12.2% between 2025-26 (RE) and 2026-27 (BE). But ₹1.2 lakh crore – or about 42% of this increase – is from revenue transfers under Centrally Sponsored Schemes, reinforcing a governance model in which States act as implementers of priorities set in New Delhi. The FC-16's recommendations recognise the stresses in State finances but do not push for the structural change needed to restore the balance in fiscal federalism.

A full stop

Making access to menstrual hygiene for girls a fundamental right is a big step

The perspicacious judgment of the Supreme Court last week encapsulating the right to menstrual health and hygiene into the fundamental right to life and dignity under Article 21 of the Constitution is precisely the kind of intervention needed, with all the power of Thor's hammer. A Bench of Justices J.B. Pardiwala and R. Mahadevan wrote in their sterling judgment that takes a rare, rights-based, 360 degree view of the problem: "Autonomy can be meaningfully exercised only when girl children have access to functional toilets, adequate menstrual products, availability of water, and hygienic mechanisms for disposal." Shifting the onus, the judges called upon the state to make menstrual health accessible to all girls and remove the triptych of stigma, stereotyping and humiliation that girls who do not have access to these facilities are regularly subject to. The judges noted that this violates the bodily autonomy of menstruating girl children. Terming it as 'menstrual poverty', the Bench said that it hinders menstruating girls from exercising their right to education with dignity equal to their male counterparts, or students who can afford sanitary products. The Court ordered States and Union Territories to ensure that every school has functional, gender-segregated toilets, and wrote in punitive action for non-compliance. The state will be held accountable if government-run schools did not comply, and private schools can be derecognised.

The lack of access to health-care products during menstruation, even clean water and toilets, arises from a clear, gendered lack of equity. While the National Family Health Survey (NFHS)-5 data claim that the percentage of women aged 15-24 years using hygienic methods during their menstrual cycles has risen to 77.3% in NFHS-5 from 57.6% in NFHS-4, it still leaves about a fourth of all women of eligible age in the country adrift, without support. While the Ministry of Drinking Water and Sanitation under the Swachh Bharat Abhiyan has said that it has developed guidelines on menstrual hygiene management for creating awareness in rural areas, implementation has always been patchy and the energy is project-based, not sustained. Fragmented, though well-meaning, efforts by non-governmental organisations have formed the bulk of interventions for years now, but the ability to erase the stigma requires a larger force to act. With the judgment there is finally a chance of that happening. Commitment from a policy and financial perspective alone can ensure menstrual hygiene for all young girls and women and enable them to achieve their full potential. As the judges said, inspired by the motto of The Pad Project: "A period should end a sentence, not a girl's education."

Wetlands as a national public good

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On February 2, 2026, the world marked World Wetlands Day 2026 under the theme, 'Wetlands and traditional knowledge: Celebrating cultural heritage'. In India, this theme feels especially apt. There is a rich history of communities sustaining themselves through wetlands following practices that inherently safeguarded ecosystems.

Traditional practices in Tamil Nadu's wetlands revolve around ancient water management and community livelihoods, human-made tanks or *kulams*, forming cascading irrigation networks for paddy and other crops. In Wayanad, Kerala, shallow wells called *kenis*, crafted over 200 years ago, support drinking water, rituals, and festivals, while wetlands in Srikakulam, Andhra Pradesh, sustain traditional fishing practices. Such stories can be told from any part of India, where communities have thrived for generations around wetlands that are both ecology and economy, habitat and heritage, essential to social wellbeing.

But we must be honest. Although the benefits and services of wetlands abound, wetlands remain among the most threatened ecosystems because they sit at the intersection of land, water, and development.

Policy background, challenges at home

Policy and regulatory frameworks are often blamed, but India does not lack laws. It lacks consistent, high-quality implementation. The Wetlands (Conservation and Management) Rules, 2017 provide a framework for identifying, notifying, and managing wetlands through authorities to restrict damaging activities. However, nearly 40% of India's wetlands have vanished over the last three decades, and around 50% of what remains show signs of ecological degradation.

Updated guidelines under the National Plan for Conservation of Aquatic Ecosystems (NPCA) push for structured planning, monitoring and outcome-oriented management. The Coastal Regulation Zone (CRZ) framework aims to maintain the ecological integrity of coastal wetlands, while Ramsar site designation offers global recognition and responsibility. The 98 Ramsar sites in India are not just badges but commitments that encourage action.

These instruments span freshwater, coastal, urban, natural, riparian and high-altitude wetland but must be coordinated into a single operational rhythm that starts with mapping, leads to notification and enhanced protection, enables restoration where needed, and continues monitoring through adaptive management.

Through site-based wetland conservation and restoration initiatives, organisations such as the M.S. Swaminathan Research Foundation have worked with State governments, local communities and stakeholders to support wetland mapping, participatory management planning, and livelihood-linked conservation.

> There is a need to shift the focus from 'projects' to programmes and 'beautification' to ecological functionality, and ensure watershed-scale governance

Wetlands are "multiple-use" systems, which make them valuable and vulnerable. In a highly populated country, encroachment and land conversion have already erased around 40% of natural wetlands, replacing them with infrastructure, real estate and road networks. Even where wetlands persist, their catchments are often irreversibly altered, and old cadastral maps rarely match current ground realities.

Wetlands rely on timing and flow of water. Dams, embankments, channelisation, sand mining and groundwater over-extraction disrupt these flows, eroding their natural characteristics. Riparian wetlands and floodplains are especially vulnerable because they are treated as spare land rather than active river space. Urban wetlands are expected to store floodwater, receive storm runoff, absorb sewage, and remain clean and biodiverse, often without legal buffers.

Growing pollution results in the eutrophication of water bodies when untreated sewage, industrial effluents, agricultural runoff, and solid waste are pushed into wetlands. When a wetland becomes a dumping ground, its biodiversity collapses, along with its ability to buffer floods and purify water. In coastal areas, sea-level rise, cyclones and shoreline change collide with ports, tourism, aquaculture and settlement growth. Mangroves and lagoons face a double bind: development pressure on landward sides and rising seas on seaward sides, leaving them little room to migrate.

Lastly, a major challenge is capacity constraints. State wetland authorities are often understaffed, underfunded, and stretched across competing mandates. Training gaps in hydrology, ecology, GIS, legal enforcement, and community engagement often translate into weak management plans, weaker implementation and continued degradation of valuable wetlands.

Pragmatic and contextual approaches

There is an urgent need to shift from "projects" to programmes, from "beautification" to ecological functionality, and from "departmental silos" to watershed-scale governance. Through coordinated, efficiently monitored approaches, we can begin to address this complex problem.

Here are some ideas to start with.

First, notification and safety of wetland boundaries. The 2017 Rules are only as strong as notification and demarcation, which should be paired with publicly accessible maps, grievance redress and participatory ground-truthing with communities where disputes are likely.

Second, treat wastewater before it meets wetlands. For urban and peri-urban wetlands, a key action is ensuring treated inflows. Wetlands cannot substitute for sewage treatment plants. Where feasible, constructed wetlands can complement but not replace primary treatment.

Third, protect the wetland's catchment and hydrological connectivity. Wetlands must be managed as part of a basin or catchment system – restore feeder channels, prevent blockages by roads and embankments, stop solid waste dumping, and regulate extraction that alters water regimes.

Fourth, make coastal and riparian wetlands central to disaster risk reduction. Mangroves, mudflats, floodplains, and urban wetlands are nature-based infrastructure. Planning authorities should treat them as risk buffers, worthy of investment comparable to "grey" infrastructure. CRZ enforcement should be paired with livelihood-sensitive approaches that support coastal communities while defending ecological no-go areas.

Fifth, build skills and institutions. A national capacity mission for wetland managers with accredited training in hydrology, restoration ecology, GIS/remote sensing, environmental law and community-led governance. NPCA investments can be more transformative if paired with systematic capacity building and measurable performance indicators, including direct livelihood benefits to local communities.

There are already strides in this direction, with enhanced attention being given to wetlands by various state and non-state actors, and it deserves amplification. Better mapping and monitoring are now possible through satellite remote sensing, drones, and time-series analytics to track encroachment, inundation, and vegetation change.

Updated NPCA guidelines enable science-based, monitorable management plans for outcome-oriented design, while Ramsar's focus on clear boundaries and wise use aligns with India's needs – especially through community stewardship.

The 2026 World Wetlands Day theme highlights traditional knowledge that can strengthen restoration and compliance when treated as evidence.

Align science and policy

World Wetlands Day 2026 may have passed but let us make a societal pact. Governments must notify, enforce, fund, and coordinate; cities must stop treating wetlands as wastelands; industry must prevent pollution at source; research and education institutions must train the next cadre of wetland managers; and citizens must defend local lakes, ponds, floodplains, mangroves, and springs as shared heritage.

If we align science with policy, and policy with people drawing strength from both modern tools and traditional wisdom, we can restore wetlands not as museum pieces, but as thriving, working ecosystems. The future of India's water – and a significant part of India's resilience – depends on it.

A hat tip to Tamil Nadu's industrial strength, reforms

K.R. Shanmugam
is Economic Consultant to the Government of Tamil Nadu

The Economic Survey of India (2025-26), while underscoring India's strong macroeconomic fundamentals and its resilience amid geopolitical fragmentation and global economic turbulence, accords significant recognition to Tamil Nadu's performance across a range of development indicators.

As India emerges as the fastest-growing large economy, Tamil Nadu stands out as the fastest-growing State economy, registering 11.19% real growth in 2024-25. As India's second-largest State economy, Tamil Nadu is also a major contributor to national growth. This performance is driven primarily by the secondary sector, which grew by 13.43%. Within this, manufacturing has emerged as a key growth engine, recording 14.74% real growth – more than three times the all-India average of 4.5%. Tamil Nadu also leads every State in four-year average real manufacturing growth (2021-22 to 2024-25) at 9.38%, while its overall GSDP grew by 8.63%. Headline CPI inflation declined to 2.45% in 2025-26 (till December). The State's merchandise exports have nearly doubled from \$26.15 billion in 2020-21 to \$52.07 billion in 2024-25, reflecting rising global competitiveness and industrial diversification.

The Survey makes multiple references that reinforce Tamil Nadu's position as an investment-ready, industry-first State, highlight its strength in manufacturing employment, ecosystem-led cluster development, and also its enablement of reforms that support faster project execution and sustainable industrial growth. It also highlights achievements in urban development, skill development, higher education, agriculture and services output.

Industrial diversity

Building on its legacy in textiles and leather, Tamil Nadu has developed a diversified industrial ecosystem. The Survey cites the automobiles and auto components cluster and the electronics manufacturing ecosystem at Sriperumbudur as exemplary cases of effective industrial policy intervention. Tamil Nadu is among the few States where 85% of the cement industry is concentrated. It is also one of three States to receive final approval for financial assistance of ₹100 crore to establish a Medical Devices Park under the Scheme for Promotion of Medical Devices Parks.

> The Economic Survey of India (2025-26) reinforces Tamil Nadu's position as an investment-ready, industry-first State

According to the Survey, Tamil Nadu contributes 15% of India's manufacturing employment – the highest among all States – surpassing Gujarat (13%), Maharashtra (13%), and Uttar Pradesh (8%). This leadership is attributed to the State's higher concentration of large-scale manufacturing units with superior productivity, supported by infrastructure development, availability of skilled manpower and investor-friendly policies.

Under the Business Reforms Action Plan (BRAP) 2024, Tamil Nadu has enhanced ease of doing business through single-window clearances, digitised approvals and land reforms, while promoting solar parks, district-level decarbonisation plans and energy-efficiency programmes. These initiatives accelerate industrial projects while strengthening environmental compliance.

On pollution control, climate action

The Survey specifically highlights the role of the Tamil Nadu Pollution Control Board in actively monitoring industrial effluent treatment systems and supporting the establishment of common effluent treatment plants, particularly for tanneries and textile clusters. Tamil Nadu has secured a pivotal role in India's green hydrogen economy with the designation of the V.O. Chidambaranar Port as one of only three green hydrogen hubs under the National Green Hydrogen Mission. This positions the State at the forefront of India's target to produce five million metric tonnes of green hydrogen annually by 2030. The Chennai-Vellore-Villupuram-Chengalpattu corridor has also been identified as a potential Regional Rapid Transit System route.

The Survey takes note of the Tamil Nadu Sustainably Harnessing Ocean Resources and Blue Economy Project addressing climate vulnerabilities along the State's 1,076-kilometre coastline across 14 coastal districts. The initiative adopts a multi-pronged approach encompassing coastal biodiversity enhancement, protection infrastructure, livelihood support, marine pollution mitigation and strengthened project management. The Climate Resilient Villages initiative is recognised as a model for institutionalising climate resilience at the grass-roots level.

It further notes that Karnataka, Maharashtra, Tamil Nadu and Telangana together account for nearly 40% of India's services output, driven by high-productivity sectors such as IT, finance and professional services, with a strong concentration in southern urbanised States.

Tamil Nadu is also identified among high-performing States in groundnut productivity, alongside Gujarat and Karnataka, due to improved varieties, multiple crop cycles and sustained policy focus on oilseeds. Its achievements in banana cultivation are similarly recognised as region-specific success stories in horticulture.

Urban development and education

On urban development, the Survey highlights Chennai to be one of the world's largest urban agglomerations and an example of orderly boarding and disciplined civic conduct. Chennai's Metropolitan Area Parking Policy 2025 is cited as a national best practice, and Tamil Nadu ranks first in Civic Behaviour in the *India Today* Gross Domestic Behaviour Survey. The State is also among those which have liberalised building by-laws and simplified development norms.

In higher education, 17 institutions from Tamil Nadu feature in the NIRF 2025 Top 100 Overall Rankings – the highest among all States. The Tamil Nadu Working Women's Hostels Corporation (*Thozhi* Hostels) is recognised as a national blueprint for enhancing women's workforce participation. The Skill Voucher Scheme launched in 2024 by the Adi Dravidar and Tribal Welfare Department is also acknowledged for supporting students from disadvantaged communities.

Overall, the Economic Survey affirms Tamil Nadu's development strategy to be anchored in the integration of economic growth, social equity and environmental sustainability. Industrial expansion has strengthened production, employment, technology and trade, while the State's leadership in education, renewable energy, urban governance and social welfare positions it as a key contributor to India's Vision 2047.

LETTERS TO THE EDITOR

The Budget and the farmer

Having seen sluggish growth, falling crop yields, and mounting pressures for years, farmers believed that their plight would be addressed in the Union Budget. But, from their perspective, what they got was a failure of empathy and a missed historical opportunity. That cashew and sandalwood were chosen over concrete action for wheat, rice and pulses was strange.

The Budget has only sown the seeds of discontent and not prosperity.

R. Sivakumar,
Chennai

The Australian Open

Carlos Alcaraz torpedoed the older Novak Djokovic. The four setter had disciplined rallies and big serves by both, but Alcaraz outsmarted Djokovic in all departments. Alcaraz gave us power tennis.

S. Viswanathan,
Srirangam, Tamil Nadu

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

Visible progress, invisible exclusion

Deepanshu Mohan

Professor and Dean, O.P. Jindal Global University

Ankur Singh

Research Analyst with the Centre for New Economics Studies

Budget 2026-27 signals a transition away from pandemic-era crisis management to what is now a borrowing-heavy doctrine for financing growth and capital expenditure (capex) spending.

By guiding fiscal deficit to 4.3% of GDP and scaling public capital expenditure to ₹12.2 lakh crore, the government aims to project a broader infra-capex enabled vision of a 'Viksit Bharat' while giving a necessary push to MSMEs in manufacturing this time. That public infrastructure and MSME growth are no longer framed as areas of temporary stimulus, but part of the structural backbone of the economy is reassuring.

And yet, beneath the veneer of macro-economic stability, the fiscal math, as projected by the Finance Minister, masks a more precarious reality. As manufacturing scales in strategic frontiers like MSMEs, semiconductors, and biopharma, the mechanism connecting this massive capital expansion to actual employment outcomes has become increasingly tenuous. While capital formation successfully drives headline GDP, absorption of labour is stalled. This suggests that India is perfecting a growth model designed to function with clinical efficiency, while quietly leaving its vast labour force behind.

Towards a growth doctrine

For much of India's fiscal history, capex played a secondary role. It expanded when revenues permitted and was restrained when deficits widened. That changed after the pandemic. From 2020-21 onwards, capex expenditure ceased to function as a counter-cyclical instrument and instead became the organising principle of fiscal policy.

The data capture this shift. Capex expenditure as a share of total expenditure rose from roughly 12% in 2020-21 to over 22% in recent estimates. The underlying logic is well established. Public infrastructure spending is expected to crowd in private investment, raise productivity, and generate employment. Yet, the labour indicators running alongside this expansion reveal a disconnect. The youth NEET rate (share of people who are not in education, employment, or training) for ages 15-29 remains in the 23%-25% range, materially higher than several peer economies. Nearly one in four young Indians is structurally outside employment, education, or training even as public investment accelerates.

India is perfecting a growth model designed to function with clinical efficiency, while quietly leaving its vast labour force behind

Structural U-turn

Construction reflects the sector most directly fuelled by public investment in the post-2015 infrastructure push. Agriculture reflects the sector a developing economy typically sheds labour from as productivity rises elsewhere. The trajectories of the two have moved in directions opposite to what development theory would anticipate across periods.

Construction's employment elasticity declined from 0.59 in the pre-COVID period of 2011-12 to 2019-20 to 0.42 in the post-COVID years of 2021-22 to 2023-24. This occurred when infrastructure spending was at record levels. The implication is stark: each additional unit of capex is now associated with fewer construction jobs than before.

Agriculture is the more troubling story. Employment elasticity rose sharply from 0.04 during 2011-12 to 2019-20 to 1.51 during 2021-22 to 2023-24. Rather than releasing labour, the sector has been reabsorbing it. This reflects distress-driven fallback into low-productivity activity. Taken together, the pattern resembles a structural U-turn. India is modernising its physical asset base while its workforce is being pulled back towards subsistence.

The weak employment is rooted in the kind of production structure the capex turn reinforces. Public investment, as currently configured, systematically favours capital intensity. This is visible in the widening gap between productivity and wages. Net value added per worker has risen sharply, while average emoluments remain far lower. The divergence suggests that efficiency gains enabled by infrastructure are being captured largely as profits rather than transmitted as labour income.

The industrial structure compounds this bias. The Annual Survey of Industries shows that a large majority of factories remain small, employing fewer than 100 workers, yet contribute modestly to output. Large firms, capable of integrating into new logistics and infrastructure networks, dominate value creation while remaining relatively labour light. Labour-intensive MSMEs struggle to scale, automate, or compete.

The result is a dual economy: a capital-intensive upper layer drives headline GDP growth with limited employment generation, while a vast lower layer absorbs labour through informality and self-employment with low productivity and weak income growth.

New economic citizen?

Read together, fiscal strategy and labour outcomes point to an implicit reordering of priorities. Employment no longer appears as a variable that must be directly engineered and the state is quite incapacitated in doing that at this point. It is treated as an eventual by-product of growth rather than a co-equal objective.

Official projections reinforce this orientation. Formal skills, urban location, and compatibility with automation determine inclusion. Those outside this profile adjust downward, into informal work, own-account activity, or agriculture. Even within the organised sector, wage growth remains subdued.

The economy does not stall. It simply advances without requiring broad-based labour absorption.

For Punjab, taking a leaf out of Haryana

The BJP is reaching out to SCs and OBCs, hoping to repeat its success in Haryana

STATE OF PLAY

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As political momentum builds across Punjab in the run-up to the 2027 Assembly elections, the Bharatiya Janata Party (BJP) appears to be crafting a new strategy of social engineering to get a foothold in the border State, where it has historically struggled to make inroads.

The party is attempting to strengthen its electoral hold on two crucial voting blocs – the Scheduled Castes (Dalits), who comprise 31.91% of the population in Punjab (2011 Census); and the Other Backward Classes (OBC), who account for about 25-30% (academic estimates).

On February 1, Prime Minister Narendra Modi visited Dera Sachkhand Ballan in Jalandhar, on the occasion of the 649th birth anniversary of Guru Ravidas. His visit signals the party's effort to appeal to Dalit voters, as the revered saint and social reformer belonged to the Dalit community.

As the Prime Minister met the Dera head, Sant Niranjan Dass, who was recently conferred the Padma Shri, he struck a chord with the gathering by highlighting his connection to the birthplace of Guru Ravidas in Uttar Pradesh's Kashi. Mr. Modi was elected to the Lok Sabha from Varanasi, which is also known as Kashi.

The SCs of Punjab are not a homogeneous category. They are divided into some three dozen castes and are further fragmented into various blended faiths, many of which have evolved into Deras (sects). In Punjab, there are around half a dozen key Deras, including Radha Soami, Namdhari, Dera Sacha Sauda,

Nurmahal, Nirankari and Dera Sach Khand Balan. These have an influence in at least 56 Assembly constituencies of the 117 in the State. Traditionally, in Punjab, SCs have not consolidated behind just one party; instead, their support has been spread across different parties, reflecting cultural and regional differences within the community. This is why consolidating SC votes has remained a formidable challenge for all the political parties in the State.

In neighbouring Haryana, the BJP appeared to focus its electoral strategy in the 2024 Assembly polls on consolidating support among OBCs and SCs. This proved to be effective: the BJP improved its tally in the 17 SC-reserved seats from five in 2019 to eight in 2024, and won the election. While Punjab is a distinct political landscape, caste-based coalitions remain central to its electoral arithmetic.

Of late, Haryana Chief Minister Nayab Singh Saini, an OBC leader, has been frequently visiting Punjab. This is a clear sign of the BJP's outreach towards the community. In a well-thought-out strategy, Mr. Saini, invariably donning a turban, visits social and religious functions, besides party events. The party is also showcasing Haryana's development and governance model in Punjab. Mr. Saini has criticised the ruling Aam Aadmi Party in Punjab for failing to deliver on its pre-poll promises, including the provision of a monthly assistance of ₹1,100 to women. He has pointed out that in contrast, Haryana has already implemented its promised ₹2,100 monthly assistance scheme for women.

After parting ways with the Shiromani Akali Dal (SAD) in 2020, the BJP has been focusing on expanding its footprint in Punjab. It has inducted several Sikh leaders into the party, including Amarinder Singh, former Congress leader and Chief Minister; and Ravneet Singh Bittu, who is now a minister in the Union Cabinet. It has also inducted many Hindu leaders, such as Sunil Jakhar, who was earlier with the Congress. The BJP has also tried to project a pro-Sikh image by highlighting steps taken by the Union government in the interest of Sikhs since 2014. These include the formation of a Special Investigation Team to probe the 1984 anti-Sikh riots cases; the initiative to start the Kartarpur Corridor, which connects the Dera Baba Nanak in India to the Darbar Sahib Gurdwara in Pakistan; and the waiving of GST from 'langar' (community kitchens). Despite all this, however, the BJP only won two seats in the 2022 Assembly polls. In the 2024 Lok Sabha polls, the party contested all the 13 constituencies but failed to win a single seat. However, its vote share went up from 9.63% in the 2019 Lok Sabha polls to 18.56% in 2024.

Whether the party's multi-pronged social engineering strategy, backed by visible gestures such as Mr. Modi's visit to Dera Sachkhand Ballan and the deployment of Haryana's OBC Chief Minister as a bridge to backward classes, can finally help it crack Punjab's complex electoral code remains to be seen.

Finance Commission triples grants to urban local governments

A record allocation of ₹3.5 lakh crore and a higher share of local grants signal a policy shift towards India's rapidly urbanising towns and cities

DATA POINT

The Hindu Data Team

On February 1, Finance Minister Nirmala Sitharaman tabled the 16th Finance Commission report in the Lok Sabha, setting the framework for tax devolution between the Centre and the States. The Commission also recommended an allocation of ₹3.5 lakh crore to urban local governments (ULGs) for the next five years. Generally, funds are devolved to ULGs through transfer by the Central and State governments in the form of grants. According to an analysis by Janaagraha, a non-profit organisation, the Commission's allocation for the coming five years matches the spending of centrally sponsored schemes through the Centre's share over the last 13 years combined **(Chart 1)**. The report expands on how this could improve first-mile infrastructure and services for smaller towns and cities. It also notes the allocation of ₹10,000 crore to the urbanisation premium grant, which could incentivise the process of rural-urban transition.

The Commission has also allocated 45% of local government grants to ULGs, which is a noted increase from its previous share of 36% **(Chart 2)**.

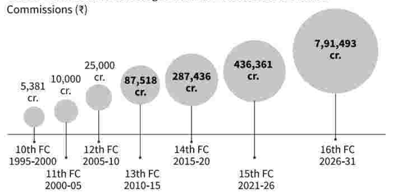
The 15th Finance Commission allocated ₹1.5 lakh crore to ULGs for the years 2021-26. The 16th Finance Commission recommended increasing the allocation by 230% **(Chart 3)**. Among the major States, Kerala received the highest increase in allocation of more than 400%, while Himachal Pradesh saw a near 50% decline in such funds **(Table 4)**.

More than 60% of the grants to ULGs were basic grants, of which "tied" grants can be used for basic services such as sanitation and water supply, while "untied" grants can be used by for location-specific felt needs, excluding salary and establishment expenses.

Urban windfall

The data for the charts were sourced from Janaagraha's report titled 'The XVI Finance Commission's Recommendations for Urban India: Analysis and Implications (2026 -31)'

CHART 1: Allocations to local governments across various Finance Commissions (₹)



Total local government allocations increased to ₹7.91 lakh crore (2026-31) from ₹4.36 lakh crore (2021-26)

CHART 2: Allocations to Rural and Urban Local Governments in % across various Finance Commissions

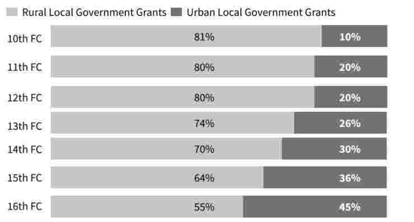


CHART 3: Allocations to Urban Local Governments across Finance Commissions (₹)

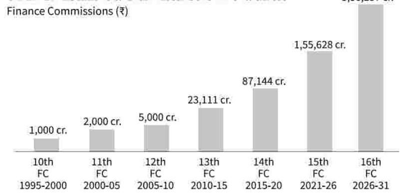
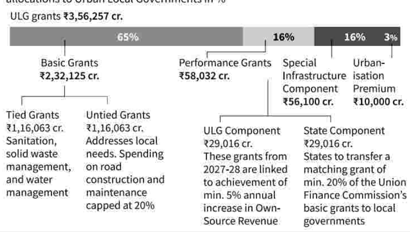


TABLE 4: State-wise allocations to Urban Local Governments across Finance Commissions. ULG allocations under 16th Finance Commission increased to ₹3.56 lakh crore from ₹1.55 lakh crore. Data for select States

State	15th FC (₹cr.)	16th FC (₹cr.)	Change
Kerala	3,242	16,683	415%
Goa	149	726	387%
Maharashtra	11,611	46,803	303%
Gujarat	6,367	23,764	273%
Tamil Nadu	7,187	25,069	249%
Telangana	3,682	11,548	214%
Haryana	2,520	7,834	211%
Karnataka	6,409	18,483	188%
Punjab	2,764	7,834	183%
Nagaland	249	667	168%
Manipur	353	609	73%
Uttar Pradesh	19,432	33,543	73%
Chhattisgarh	2,900	4,990	72%
Rajasthan	7,696	12,680	65%
Odisha	4,498	5,078	13%
Meghalaya	363	377	4%
Assam	3,197	3,249	2%
Bihar	9,999	9,169	-8%
Arunachal Pradesh	459	233	-49%
Himachal Pradesh	855	435	-49%

CHART 5: Component-wise breakdown of the 16th Finance Commission's allocations to Urban Local Governments in %



FROM THE ARCHIVES

The Hindu.

FIFTY YEARS AGO FEBRUARY 3, 1976

Petroleum products from forest waste

Madras, Feb. 2: Space scientists at the Vikram Sarabhai Space Centre (VSSC), Trivandrum, in their quest for rocket fuel substitute have stumbled on a process for converting forest waste into petroleum crude and a variety of other products that could enrich the country by Rs. 730 crores annually, besides providing employment for a million people. This discovery of tremendous significance had been implemented beyond the pilot plant stage leading to a detailed project report, Prof. Satish Dhawan, Chairman, Indian Space Research Organisation (ISRO), said while delivering the Dr. A.L. Mudaliar Lecture at the Indian Institute of Technology here. Prof. Dhawan was speaking on scientific application of rocket propellant technology to areas other than space. Later he told pressmen that the Space Commission had, after detailed study, given the go ahead for the project. This project had far-reaching social and industrial implications, particularly for solving unemployment, effecting import substitution and cutting down crude imports. In short, seven million tonnes of non-edible oil seeds like sal, madhua, neem and half a dozen more could be through chemical processes, converted into two million tonnes of crude, sizable quantity of cooking gas, and most important industrial chemicals which were now being imported at a cost of over Rs. 75 crores in terms of foreign exchange and huge quantities of oil cakes that could be used as 'non-toxic fertilizers'.

A HUNDRED YEARS AGO FEBRUARY 3, 1926

Australian meat for India

According to a London message to "The Englishman", "The Sydney Sun" understands that a new market is being opened up shortly for Australian and New Zealand beef and mutton. A company with a capital of £500,000 is being floated in London to organise a chain of coldstores in India beginning with units at Bombay, Meerut, Poona and Delhi, the first operating in July. It is understood the Indian Government is supporting the scheme with a view to providing meat for British regiments who, Indian politicians have repeatedly urged ought to be supplied from outside sources as Indian cattle are required for cultivation. The chief source of supplies will be Australia. Lord Ampthill is one of the directors.

Text&Context

THE HINDU

NEWS IN NUMBERS

Number of foreign visitors to Indonesia last year

15.4 In million. Indonesia recorded 15.4 million foreign visitors in 2025, up 10.8% from 2024, marking the highest number of arrivals since the COVID-19 pandemic. In 2019, before the pandemic, Southeast Asia's largest economy saw 16.1 million foreign visitors. REUTERS

Number of manuscripts digitised under Gyan Bharatam

7.5 In lakh. Over 7.5 lakh manuscripts have been digitised under the Gyan Bharatam initiative, with 1.29 lakh out of these available on its dedicated portal. Gyan Bharatam is a flagship initiative of the Ministry of Culture, aimed at preserving India's vast manuscript heritage. PTI

Number of tourist visits to Jammu and Kashmir in 2025

1.78 crore. Lieutenant Governor Manoj Sinha on Monday said that tourism continues to be a vital pillar of Jammu and Kashmir's economy, with the Union Territory recording 1.78 crore tourist visits in 2025 despite security-related incidents and natural calamities. PTI

Number of tiger deaths in Madhya Pradesh this year

9 A tiger and a tigress died of electrocution in Madhya Pradesh's Shahdol district, taking the death toll of big cats in the State this year to nine. The two carcasses were found less than 100 metres apart in agricultural land in the north Shahdol forest division, some 75 kms from the district headquarters. PTI

Number of underage Snapchat accounts blocked in Australia

4.15 In lakh. Snapchat has blocked 4,15,000 accounts under Australia's social media ban for under-16s, the company said on Monday, but warned some youngsters may be bypassing the age verification technology. AFP

COMPILED BY THE HINDU DATA TEAM

Why are tribals protesting in Maharashtra?

Why did thousands of tribals hit the streets in the State? What are the reasons behind the protests? What are concerns about the implementation of the Forest Rights Act? Why are land rights, which are at the heart of the protest, a long-pending demand?

EXPLAINER

Vinaya Deshpande Pandit

The story so far:

Over the last few days, thousands of tribal farmers from the Palghar and Nashik districts embarked on two separate long marches in Maharashtra. The marches were organised by the All India Kisan Sabha and the Communist Party of India (M) (CPI-M) over pending land rights of the tribals. The Palghar long march started on January 19, and was partially suspended on January 22 after local demands related to administrative intervention were accepted by the district administration. But protests continued for the policy-level demands of the tribals, and on January 25, a long march started from Nashik. It was declared successful and withdrawn on January 29. Both the Nashik and Palghar districts have a dominant tribal population.

The road ahead: Tribal residents take part in the All India Kisan Sabha march from Nashik to Mumbai demanding land rights, and implementation of forest rights, in Kasara, Maharashtra, on January 27. PTI

What are their demands?

The primary demands of the tribals are about their land rights, employment, irrigation and education. They demand that as per the provisions of the Forest Rights Act, 2006, the forest land which they have been tilling for generations, should be made in their name. They have raised concerns over the current format in which land ownership titles have been issued. They claim that the current format in which the government has listed their names on the titles, excluded them from benefiting from any government schemes or institutional loans.

The other demands include the construction of small dams and river-linking projects for irrigation requirements. They state that west-flowing rivers should be arrested with small dams and be diverted to east-flowing rivers to help irrigate regions which have been facing water scarcity. This act, say the tribals, will enable them to take crops throughout the year. They currently take only one seasonal crop of paddy. Additionally, they want agricultural produce apart from paddy, which includes corn, soybean, onion, strawberry, mangoes, ragi, jowar, bajra, etc. to be sold at the Minimum Support Price (MSP).

They have also demanded the completion of pending recruitments under the Panchayats (Extension to the Scheduled Areas) Act (PESA), 1996, which will give employment opportunities to educated tribal youth. PESA empowers tribal communities in 'Scheduled Areas' with self-governance. The other demands include the filling up of vacant teacher posts and other staff members in Zilla Parishad schools; more education opportunities for tribal children; and 24-hour supply of electricity.

What are the concerns ?

The biggest demand at the heart of all the long marches has been the proper implementation of the Forest Rights Act, 2006. Tribals have claimed that their individual claim rights are rejected; that they are allotted only a minuscule proportion of the land they actually till, thereby making them ineligible for government schemes. Tribals groups state that at present the record of land ownership is in the name of the entire village, and that their individual names are only mentioned in the village ownership document. They want the ownership record to reflect their individual names. The demands related to irrigation and the implementation of the Forest Rights Act have been constant since 2018. Government sources said that concerns about the allotment of just a fraction of land the tribals tilled were taken cognisance of. They also said that they were looking into the possibility of the digitisation of governance records leading to incongruences and denials in a few cases.

What does the government say?

As per data accessed by *The Hindu*, over 45% of claims under the Forest Rights Act have been rejected so far. Recently, the Government of Maharashtra held a round of talks with a 15-member delegation of the protestors, consisting of the leaders of the All India Kisan Sabha and the CPI(M). Chief Minister Devendra Fadnavis said that the government is positive about resolving the issues. As per 2025 data about the claims under the Forest Rights Act, 2006 (presented in the Lok Sabha in July, 2025), Maharashtra has disposed off 3,80,966 of the 4,09,156 claims filed so far. Of the 3,80,966 claims, 2,08,335 titles were distributed, while, 1,72,631 claims were rejected. The pendency in the State is of 28,190 claims.

Government sources indicated that the work on the Act was going on incrementally, while admitting that there was a difference in the interpretation of the Act. Renowned ecologist Madhav Gadgil, who recently passed away, observed in his article published this year that the misinterpretation of the provisions of the Forest Rights Act has led to anomalies. "There is a constant ideological tension between a traditional conservation approach, which resists human presence in forests, and the perspective of the Forest Rights Act, which integrates forest dwellers into conservation and management. This tension reflects a deeper mindset framed as "conservation versus forest rights"," he said in an article published in *The India Forum* titled 'Making Forest Conservation Work for Forest Communities' co-authored with Vijay Edlabadkar.

THE GIST

- The primary demands of the tribals are about their land rights, employment, irrigation and education. They demand that as per the provisions of the Forest Rights Act, 2006, the forest land which they have been tilling for generations, should be made in their name.
- They have also demanded the completion of pending recruitments under the Panchayats (Extension to the Scheduled Areas) Act (PESA), 1996, which will give employment opportunities to educated tribal youth.
- As per data accessed by *The Hindu*, over 45% of claims under the Forest Rights Act have been rejected so far.

How can adaptive testing be adopted in India?

Why has the IIT Council recommended adaptive tests over linear examinations?

O.R.S. Rao

The story so far:

The IIT Council has recommended that an expert committee evaluate the possibility of making the Joint Entrance Examination (JEE)-Advanced adaptive in order to create a "a better and less stressful assessment".

What is adaptive testing?

In a traditional competitive test, every candidate answers the same set of questions. Test scores are based largely on the number of correct answers. Most coaching centres therefore prioritise test-cracking tactics over conceptual understanding, or critical thinking.

Adaptive testing is a dynamic form of assessment which uses the Item Response Theory (IRT). This means that the questions in the test are not the same for all students. A question bank is prepared with questions of varying difficulty covering all the items in the syllabus. The test normally begins with a question of medium difficulty. If it is answered correctly, the computer selects a more difficult question from the question bank using the scientifically established psychometric models. If incorrect, an easier question is presented. After each answer, the computer recalculates the candidate's estimated ability. The test ends when a pre-defined level of assessment is reached or the set number of items as per syllabus are tested. The goal is to assess the ability of the candidate more precisely by asking fewer but better-targeted questions. The result is that two candidates may see different questions but are assessed on the same underlying scale.

Adaptive testing builds fairness into the test design itself rather than correcting for variations subsequently. Since the next question depends on the previous answer, a student who is not conceptually sound cannot answer the progressively high-difficulty questions, which have higher weightage. Global testing agencies have been using computerised adaptive testing for admissions to premier institutions for over 25 years.

Are there potential legal challenges?

In the Indian constitutional context, 'equality of opportunity' is often interpreted as everyone getting the same question paper. Therefore, a move towards adaptive testing may face Article 14 challenges (Right to Equality) in Indian courts, if the normalisation process is not transparent. Algorithm opacity could invite bias suits under equity mandates. However, this can be mitigated through disclosures and equity audits.

In India, where a single rank can make or mar a rewarding career, it may be difficult to convince a parent how a student who solved 20 difficult questions correctly has scored higher than another student who solved 50 easy ones. Ensuring lag-free technical infrastructure in tier-3 cities is key, as any technical glitch during the test could be seen as maladministration in a court of law. Without clear documentation and grievance mechanisms, litigation risks rise. Data centre reliability, proctoring invigilation systems, and incident handling must be far stronger than today's baseline.

How can it be eased in?

Transitioning from the traditional linear test to adaptive tests requires building large, calibrated item question banks, pretesting questions without the possibility of leakage, and ensuring strict syllabus coverage. There are also trust challenges: candidates must believe that different questions can still be fair, and testing agencies must be prepared to defend this scientifically and legally. International experience from GRE and GMAT shows that transparency, technical documentation, and phased rollouts are essential for acceptance.

The IIT Council has proposed a two-year transition from 2026 to 2028. It includes the launch of free and optional adaptive mock tests in 2026 to calibrate the item bank and familiarise students with the interface.

Prof O.R.S. Rao is Chancellor of ICFAI University, Sikkim. Views are personal.

THE GIST

- The goal of adaptive testing is to assess the ability of the candidate more precisely by asking fewer but better-targeted questions. The result is that two candidates may see different questions but are assessed on the same underlying scale.
- In the Indian context, 'equality of opportunity' is often interpreted as everyone getting the same question paper. Therefore, a move towards adaptive testing may face Article 14 challenges.
- Transitioning from the traditional linear test to adaptive tests requires building large, calibrated item question banks.

FULL CONTEXT

The next step: A Kudumbashree kiosk at Ranni- Perunad that markets and sells forest produce harvested by the Malaipandaram tribal community in Kerala in 2025. FILE PHOTO

What is the next phase for rural women entrepreneurship?

The Deendayal Antyodaya Yojana National Rural Livelihoods Mission has been enhancing rural women's entrepreneurship and political power in India by empowering over 10 crore households through self-help groups

Charanjit Singh

The Deendayal Antyodaya Yojana National Rural Livelihoods Mission (DAY NRLM), an understated program of the Ministry of Rural Development has unleashed a silent revolution in rural India. Around 10 crore households have been mobilised into 91 lakh Self-Help Groups (SHGs) which have been further federated into 5.35 lakh Village Organisations (VOs) and 33,558 Cluster-Level Federations (CLFs). These SHGs have mobilised credit of more than ₹11 lakh crore from banks with Non-Performing Assets (NPA) of around 1.7% only.

The number of *Lakhpati didis* (SHG members who earn more than ₹1 lakh per annum) has also crossed two crore.

On strengthening CLFs

Along with economic and social empowerment, this program has also led to the political empowerment of women. A majority of State governments, understanding their importance, are now focussing on unattached Direct Benefit Transfer (DBT) schemes such as the Ladli Laxmi Yojana in Madhya Pradesh, the Maiya Samman Yojana in Jharkhand, the Ladki Bahin Yojana in Maharashtra etc. In the latest such initiative, ₹10,000 each was transferred to more than one crore women in Bihar under the Mukhyamantri Mahila Rozgar Yojana.

These developments could boost livelihoods and entrepreneurship for women under the next phase of the DAY NRLM programme.

As per government directions, the DAY NRLM scheme is going to be appraised again for the next financial cycle, that is from 2026-27 to 2030-31. Therefore, this is an appropriate time to think about the strategy for the next five years of this critical program for women empowerment. One must begin with the lynchpin of the SHG ecosystem – the CLFs, which are sub-block level groups organised under the program. As it is a formally registered body, various activities of the program are anchored here. However, there have been concerns in various quarters that it has become subservient to government functionaries, and that leaders of these groups are not able to take independent decisions. Therefore, going forward, strengthening/revitalising the CLFs needs to be the main focus area, as per the original vision of the program. In fact, the CLFs need to become community owned institutes in the real sense, free from government interference. There are already successful models of CLFs, for example, the Kudumbashree in Kerala and Jeevika in Bihar, which could be emulated by other States.

The other cause of concern is the large amount of funds lying idle with the CLFs which are prone to misuse. Around ₹56.69 lakh crore have been given to community institutions as capitalisation support. Then there are other funds given to them by the Centre and the States along with the interest earned on them. These funds have to be accounted for by putting in place a robust institutional system of community monitoring through social audits along with statutory audits of CLFs.

Further, work needs to be done on saving and loan products by the CLFs. Considering the varied status of members and the activities proposed, a uniform rate and time period for all loans may not be a good idea. The community should be empowered to take a call on this. The ultimate aim has to be the judicious use of these funds, so that CLFs can ensure equitable development as well as earn a good amount of revenue to undertake various activities.

Moreover, a large amount of credit has been leveraged by the SHGs from the banks. However, it has been observed that many SHG members are not happy with the limited amount of loans made available through the SHG bank linkage program. As their enterprises stabilise, they would want to scale-up through higher dosages of credit. For this, they need to go for individual credit programmes; but the difficulty here is that SHG members don't have individual credit history. Therefore, efforts need to be intensified to ensure CIBIL scores are generated for individual SHG members. Further, a model needs to be developed for the CLFs to play a proactive role in these bank loans and their repayments, as it does for the SHGs. This will give further confidence to the banks for extending individual loans.

The need for coordination

The Indian economy has diversified a lot in the last decade. The program needs then to move from debt financing to other models of innovative financing such as equity, venture capital, and blended financing. Partnerships with Small Industries Development Bank of India (SIDBI) and other financial institutions, including with Non-Banking Financial Companies (NBFCs) and neo- banks etc., need to be explored to ensure funding for individual entrepreneurs. In fact, customised financial products suited to rural women entrepreneurs need to be developed as their needs are different.

The DAY NRLM strives for enhancing the livelihoods of SHG members through its various sub-schemes but these usually work in silos with their impact being limited. Considering the rising aspirations of the members, these interventions now need to work in a synchronised manner, so as to reach every village and SHG member. For this, livelihood action plans need to be prepared every year for each State/Union Territory (UT). The data generated by the Village Prosperity and Resilience Plan (VPRP) can provide the basis for this ground-up comprehensive approach. In fact, to give impetus to livelihoods/entrepreneurship, CLFs need to be developed as business clinics/hubs where all services related to livelihoods/enterprise development are housed.

Moreover, a large number of departments are implementing various schemes related to livelihoods/entrepreneurship for rural beneficiaries. The involvement of the NRLM in the implementation of some schemes of the Departmentof Animal Husbandry and Dairying, Ministry of Food Processing Industries and the Department of Agriculture and Farmer's Welfare has shown good results. However, such convergences are usually officer-based and are prone to disruption. The institutionalisation of the convergence through the creation of a 'Convergence Cell' at the NITI Aayog will not only ensure efficient utilisation of resources but will also avoid duplication of efforts.

Spreading the word

The biggest hurdle in boosting the livelihoods of SHG members is the lack of marketing of their products. This needs to be tackled head-on by creating a separate vertical, at the National Mission level, dedicated to only marketing in the program. The vertical should focus on proper packaging, branding, quality, designs, pricing and logistics etc. for various products. Select CLFs can become logistic hubs for specific products. Further, a professional market facing independent organisations needs to be put in place at the State/UT level for SHG products. This may help in direct interaction with private market entities.

As delineated above, there are huge expectations from community-based organisations. Accordingly, to guide and support them, sufficient professionals from various fields need to be placed with them. However, one should not forget that these organisations are at various stages of development, and have their own pace to move ahead. This should be respected.

With the above interventions, women empowerment at the rural level will definitely move to the next phase.

Charanjit Singh is a retd IFS officer.

THE DAILY QUIZ

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

With everyone online reminiscing on the heydays of 2016, a look at some of the artefacts of the bygone era. A quiz on 2016 and nostalgia

Mohammed Hidhayat

QUESTION 1
Which smartphone game led to mass public gatherings in 2016?

QUESTION 2
Which photo filter became the defining trend of 2016, dominating Snapchat selfies and group photos worldwide?

QUESTION 3
Which actor received his first Oscar in 2016, cementing a long-running pop culture moment?

QUESTION 4
2016 marked 10 years since: a.) the launch of which microblogging service? and b.) the acquiring of which media-sharing platform by Google?

QUESTION 5
Groups froze in stylised poses for viral videos. What was this 2016 trend called?

QUESTION 6
The year also reshaped global politics. Who was elected President of the United States in 2016? The U.K. voted to leave the European Union. What was the referendum called?

QUESTION 7
India too saw several headline-making developments in 2016. a) which telecom launch changed market dynamics? b) which economic move faced backlash for its flawed execution? and c) which sitting woman Chief Minister died after prolonged hospitalisation in December?

Visual question:
This very popular social media platform, the logo of which is seen above, was launched to the public in 2016. Name it. AFP

Questions and Answers to the previous day's daily quiz: 1. The convention was signed on February 2, 1971 in this city. **Ans: Ramsar**
2. The theme for World Wetlands Day 2026. **Ans: 'Wetlands and traditional knowledge: Celebrating cultural heritage'**
3. The three types of wetlands as per the convention. **Ans: Inland wetlands, Coastal wetlands, and Human-made wetlands**
4. This country has the highest number of sites designated under the Ramsar Convention. **Ans: U.K.**
5. Number of sites India has. **Ans: 98 sites**
6. Name the first two Indians sites to join the convention in October 1981. **Ans: Chilika Lake (Odisha) and Keoladeo National Park (Rajasthan)**
Visual: Name this site in India. **Ans: Patna Bird Sanctuary**
Early Birds: Piyali Tuli| Sukdev Shet| Tom Alan Faith| Arun Kumar Singh| Tito Shiladitya

FROM THE ARCHIVES

Know your English

S. Upendran

"How do you pronounce h..o..o..p..l..a?"

"The 'oo' in the first syllable is pronounced like the 'oo' in words like 'pool', 'cool' and 'fool'. The 'a' in the second syllable is …"

"…pronounced like the 'a' in 'China'?"

"No, it isn't. The 'a' is like the 'a' in 'calm', 'balm' and 'palm'. The stress is on the first syllable 'hoop'. Do you know what 'hoopla' means?"

"Doesn't it mean excitement or something like that?"

"Yes, that's right. Hoopla is the excitement which surrounds an event."

"Like the premiere of a movie?"

"Yes. Here's an example. There was a lot of hoopla when Sonia Gandhi withdrew her resignation."

"I still don't understand what the hoopla was all about, though."

"That's true."

"A lot of hoopla surrounded the departure of the Indian team to England. Does that sound O.K?"

"It does. The funny thing is that in spite of the public hoopla, the Indian players themselves showed very little interest in the World Cup. For some strange reason they themselves didn't get caught up in all the hoopla."

"Our boys played very well. It was the points system which ruined …"

"…not you too! I wish people would stop whining about the points system."

"Wine? What are you talking about? You know that I don't drink."

"…no, no! The word that I am referring to is spelt w..h..i..n..e. It's pronounced the same way as w..i..n..e."

"And what does w..h..i..n..e mean?"

"When somebody whines about something, they start complaining about it in a manner that annoys other people. Ever since our lousy performance in the World Cup, everyone has been whining about the points system."

"Sujatha whines about her job."

"The day she stops whining, the world will come to an end."

"That's true. Her father is very different. He is not one to whine when things don't go his way."

"You have a point. By the way, have you picked up your shirt from the tailor?"

"I went yesterday, but he asked me to come back later."

"Still not ready, eh? He's been giving you the runaround for quite some time, hasn't he?"

"Has been giving me the runaround? What do you mean?"

"When someone gives you the runaround, they give you a series of excuses for not doing something. They …"

"…just like the people in government offices!"

"You do get the runaround in most government offices. When you walk into a government office, the only thing that the people there do is send you from one department to another."

"Or they tell you to come back later because they haven't completed your job. Nothing ever gets done!"

"That's right! When I asked for the Manager, I was given the runaround."

"I hate it when people give me the runaround."

"So do I. Maybe I should start giving some of my friends the runaround."

"If you start doing that you won't have a friend left."

Published in The Hindu on June 22, 1999.

Word of the day

Apathetic:
showing little or no emotion or animation; marked by a lack of interest

Synonym: indifferent

Usage: *He performed for an apathetic audience.*

Pronunciation: newsth.live/apatheticpro

International Phonetic Alphabet: /ˌæpəˈθɛtɪk/, /æpəˈθɛrïk/

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

Business Standard
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Devolution for growth

Finance Commission rejigs inter-state formula with care

The Sixteenth Finance Commission had to perform its function amid considerable scrutiny. Over the past decade, relations between the Union and the state governments have declined — and not just for partisan political reasons. A broad range of issues, from the role of governors to the redrawing of parliamentary constituencies, has placed the federal structure of the country under strain of the sort it has not seen in four decades. The Commission thus had the onerous task of ensuring that the division of government revenues would not contribute to these tendencies. Its report, tabled in Parliament on Sunday, needs to be welcomed precisely because it seems to have achieved that purpose. It has re-examined the formula by which the taxes under the divisible pool are calculated, and has included "contribution to gross domestic product" as a factor. This has ensured that the share of some southern states, including Karnataka, as well as of more developed states on the western coast, such as Gujarat, has in fact increased.

State governments have long argued that their space for policy experimentation and autonomy has been shrinking. Goods and services tax was a necessary reform but it unquestionably reduced their fiscal autonomy. Meanwhile, of the revenue that remained available to them, a larger and larger part was taken up in financing and implementing schemes that were developed and chosen by the Union government — and for which local politicians would receive no political credit. Reduction in their resources would thus have been a dangerous step to take at this point. The Commission has maintained the states' share in the divisible tax pool at 41 per cent, the ratio chosen by its predecessor. But it should be noted that this is taken out of a pool that is smaller than it should be, because of the Union government's tendency to resort to various cesses that count as taxes but which it can retain in toto. Thus, the Commission's recommendations will not end the demands from the states for a larger share — but it may have pre-empted complaints about unfairness.

The states' more limited space to manoeuvre may be one of the reasons why their debt is once again beginning to be a concern at a macro level. The Commission has urged that off-Budget borrowing by state governments be stopped. The controlling of state fiscal deficits at around 3 per cent of gross state domestic product (GSDP) was a major reform, and no short cuts around that should be permitted to take hold. Off-Budget borrowing creates more complications. For one thing, this has led to a great loss of transparency about the liabilities of many of these governments. For another, it serves to weigh down the broader bond market. For states themselves, servicing a heavy debt can be a major part of why they feel themselves unable to institute new policies that involve expenditure. The Commission has also done well to recommend the discontinuation of the revenue-deficit grant, which will help improve fiscal discipline. The Commission, which was led by economist Arvind Panagariya, needs to be appreciated for having swum against the political tide and ensured that the more productive states will have resources, and that incentives for fiscal probity and growth-enhancing policies are restored.

Disinvestment target

Govt should have a clear road map

One of the more notable features of the Union Budget this year is its reliance on disinvestment and asset monetisation. The Budget has projected raising ₹80,000 crore under miscellaneous capital receipts — read as disinvestment and asset monetisation — for 2026-27. That is a sharp increase from ₹33,837 crore in the revised estimates for 2025-26 and ₹17,202 crore in actual collections in 2024-25. However, realising the ambition will depend on planning, market conditions, and the government's ability to manage institutional constraints. It has been observed for many years in the past that the government declares a big target but is unable to achieve it for one reason or another.

Even for 2025-26, miscellaneous capital receipts were budgeted at ₹47,000 crore, but were later revised down. As the Economic Survey 2025-26 noted, disinvestment during the year focused largely on market-based transactions. Three offer-for-sale transactions — in Mazagon Dock Shipbuilders Ltd, Bank of Maharashtra, and Indian Overseas Bank — mobilised around ₹7,717 crore, while remittances from the Specified Undertaking of the Unit Trust of India added approximately ₹1,051 crore. Infrastructure monetisation through infrastructure investment trusts yielded another ₹18,837 crore. Strategic disinvestment has progressed slowly, with only 13 transactions completed out of 36 central public-sector enterprises (CPSEs) approved in principle since 2016, reflecting persistent legal and procedural bottlenecks.

The fiscal context reinforces the importance of these receipts. The central government's debt-to-gross domestic product (GDP) ratio has been projected to be 55.6 per cent, down from 56.1 per cent in the revised estimates for 2025-26. The government is aiming to reduce the debt-to-GDP ratio to 50 (±1) per cent by the end of March 2031. Achieving this will require sustained fiscal consolidation. Since the government intends to sustain the momentum on capital expenditure to support economic growth, which is a sensible choice, disinvestment receipts will be useful in this regard. It can help attain the objective of sustaining higher capital expenditure along with fiscal consolidation. As an industry body recently noted, reducing the government's stake to 51 per cent in 78 listed CPSEs can help unlock value worth about ₹10 trillion. The government could also choose to list the unlisted CPSEs to unlock value. In fact, to revive the disinvestment programme in a major way, the government needs to revisit its strategic disinvestment policy, which was announced in the 2021-22 Budget. It promised to keep a minimal presence in the strategic sectors. CPSEs in the non-strategic sectors were to be completely privatised or closed.

Implementing the policy will not only help raise resources but also revive market sentiment. The government is also reported to have a healthy asset-monetisation pipeline. Therefore, in a way, the target of ₹80,000 crore for 2026-27 represents a policy test. Its realisation will depend less on favourable market conditions and more on the government's ability to articulate a clear road map and sequence transactions suitably. It might also have to overcome some political opposition, which is one of the reasons why governments over the years have been hesitant to aggressively pursue disinvestment.

ILLUSTRATION: BINAY SINHA

Transfer design and emerging outcomes

The 16th Finance Commission's devolution framework departs from earlier models, with its implications for fiscal equalisation still evolving

Two core aspects for any scheme of fiscal transfers relate to their vertical and horizontal dimensions. The core vertical determinant of transfers — the share of states in the sharable pool of central taxes — has remained largely unchanged over time. It was, in fact, the Fourteenth Finance Commission (FC14) that sharply raised this share from 32 per cent, as recommended by FC13, to 42 per cent. This increase of 10 percentage points came as a surprise to the central government.

This revised share became a rigid number for subsequent Commissions, except for a 1 per cent reduction by FC15 when Jammu & Kashmir was converted into a Union Territory. Thus, the 42 per cent, later 41 per cent, share of states in the sharable pool of central taxes has continued to operate from 2015-16 onwards and this would continue at least up to 2030-31. With devolution continuing as the primary transfer mechanism, and limited assessment of this ratio by subsequent FCs, the share has largely remained unchanged.

The Centre's response has been to discontinue transfers through grants that are to be given to the states under Article 275. With the recommendations of FC16, three channels of grant-based transfers have now been eliminated — namely, revenue-need grants arising out of the provision of Article 275, sector-specific grants, and state-specific ones.

D K SRIVASTAVA

Narrow information base for criteria-based devolution: The information base used for the inter-se distribution of transfers to states is now dependent only on the information incorporated in the tax devolution formulae and has become narrow in this sense. The tax devolution formulae by nature tend to be broad-based and cannot capture the informational details that affect the fiscal parameters of states. India's states are highly differentiated in terms of their size, needs and cost conditions.

The information base of tax devolution formulae has certain limitations. In particular, this information is highly dated since there is a requirement of using the available Census population data, which in the present instance is available only for 2011. Since population is a core factor used by FC, the 2011 population data will be nearly 21 years out of date by the final year of the recommendation period of FC16, which is 2030-31. The fiscal capacity of states is captured by data on nominal per capita gross state domestic product (GSDP). For this purpose, the years used by FC16 pertain to 2018-19 to 2023-24, excluding the Covid year of 2020-21. This is centred in 2021-22. This also, therefore, will be dated by nine years by the final year of the FC16 recommendation period.

Revenue deficit is a function of tax devolution: The Commission has decided not to undertake any assessment of post-devolution revenue needs of individual states or to give any grant on this basis. These grants have come to be known as revenue-deficit grants. The argument for not undertaking such an assessment exercise or to give any revenue deficit grants as stated by FC16 is that the aggregate revenue deficit of states is only 0.3 per cent of GDP (Para 9.48 of FC16 report.

However, this reasoning may be open to debate, as aggregating revenue deficits across states does not reflect the fiscal position of individual states. The Commission's mandate includes examining the revenue balance position of individual states. A revenue surplus in one state does not directly offset a revenue deficit in another. It is more appropriate to consider the sum of the revenue deficits of the deficit states, which amounted to 0.8 per cent of GDP in 2023-24 — quite a large sum considering the two other grants recommended by the Commission, namely local body and natural calamity grants, together amount to only 0.4 per cent of GDP.

However, there is another important consideration. For determining revenue-deficit grants under Article 275, the exercise involves estimating post-devolution revenue deficits and revenue surpluses. If the devolution scheme changes, then the past profile of revenue deficits does not matter. The profile of revenue balance would depend on the devolution scheme that the Commission recommends. In this scheme, the Commission has added an additional criterion based on the share of GSDP of a state in all-state GSDP. This factor may lead to higher surpluses for states that already have revenue surpluses and higher revenue deficits for states that already have revenue deficits, since higher-GSDP states are designed to get higher devolution. This impact needs to be examined. A state-wise examination of the fiscal impact of the FC16 devolution framework could have provided a clearer assessment of the impact of its overall transfer scheme on fiscal equalisation. This change represents a notable departure from earlier frameworks and highlights an area that requires further review to ensure that it does not become a precedent for future FCs.

Tax devolution— losing and gaining states: In the FC16 design of tax devolution, the new criterion of GSDP contribution was given a weighting of 10 per cent, which was accommodated by reducing the weighting of the income distance criterion by 2.5 per cent (reduction in the equalising criterion) and the weighting of area criterion by 5 per cent (a reduction in the criterion reflecting cost disabilities). Further, the tax effort criterion, having a weighting of 2.5 per cent, was dropped. The list of major states that have lost in the FC16 tax devolution scheme compared to that of FC15 are Madhya Pradesh, Arunachal Pradesh, Uttar Pradesh, West Bengal, Meghalaya, Bihar, Odisha, Chhattisgarh, Rajasthan, Manipur, Nagaland, Tripura, Sikkim, and Goa. These are generally either low fiscal capacity states or relatively small states. Undertaking a post-devolution needs assessment may have allowed some states' losses to be partly addressed, while keeping the gains of other states intact.

The author is chief policy advisor, EY India. Ragini Trehan, senior manager, tax and economic policy group, EY India, also contributed to the article. The views are personal

A world remade by rivalry

The old world is dying, the new world struggles to be born, and now is the time for monsters." This quote by Italian philosopher Antonio Gramsci is frequently repeated in the political-policy world today. It is not off the mark. January 2026 has brought more turmoil and disruption to the existing world order. Speaking at the World Economic Forum (WEF), Canada's Prime Minister Mark Carney delivered some home truths: That this is a rupture of the old; that the rule-based global order is gone, and it is not coming back.

Let's get this clear: It is now an established strongman's world, in which each country must work out its own economic future, its alliances, and its own road to prosperity. The subtext is even more crucial — the scramble for supremacy between China and the United States will add to new tensions over territory, as we see in Venezuela and Greenland, and over technology, for instance, electric vehicles and renewable energy versus the combustion engine and oil, gas and coal.

DOWN TO EARTH

SUNITA NARAIN

In this intense rivalry between nations, global cooperation — so needed for addressing existential challenges like climate change — is the loser. Let's also be clear that this is no longer about the energy transition needed to combat climate change. It is about control over supply chains of raw materials, from rare-earths to coal and oil, and over processing capacity and technology. The divide between petro-states and electro-states is real, and the contest is brutal. Climate change is a collateral damage.

The ultimate irony is why the Arctic (and Greenland) matters in today's geopolitics. Because of climate change, this refrigerator of the world is melting, and ships can cross faster across continents over the "head" of the Earth. These routes are strategic as they provide Russia and China an advantage in reaching the Western Hemisphere. Receding ice will also expose the region's oil and mineral wealth for exploitation. What is being lost is that this world's refrigerator plays a crucial role in regulating the weather systems. But in this mercantile world order, all this seems to not matter anymore. It is all about making money, even out of global loss and devastation.

Then there is the question of mineral extraction for the new-age green-tech world, and what this will mean for the search for territory and the environment. Till recently, it was widely considered that the world was approaching peak demand for minerals such as coal, iron-ore and bauxite. But with the drive towards electrification, green technology and artificial intelligence (AI) infrastructure, it is now estimated that global demand for copper will double over the next decade or so. Countries with the largest copper reserves, Peru, Chile and the Democratic Republic of Congo, are therefore in the spotlight. China processes and refines roughly 50 per cent of global copper. With demand surging, more mines will open, often in dense forests and biodiversity-rich areas and there will be the need for copper smelters — facilities that require high investment to control pollution. The same is true for rare-earths, from lithium to graphite.

China not only has a massive head start in securing these supply chains but is also the leader in green technology. Other countries are now in a tizzy to catch up — to find new mines and agreements. What this means for our future is already showing up in today's skirmishes.

In my mind, there are two overarching questions that will play out in our very real world. One, as countries rework global trade for on-shoring — make at home to secure supply chains and revive industrialisation — will richer countries, which once preferred off-shoring because of high environment and labour costs, now accept those costs domestically? Or will they rework standards for all and drive-up production costs across the world? The European Union's Mercosur partnership with South America is being resisted by its farmers because of food-safety standards. Similarly, the Carbon Border Adjustment Mechanism (CBAM) is being pushed through, even though it will add to costs of decarbonisation on emerging world's industry.

The second question is what this great chasm — geopolitical rivalry combined with inward-looking economic policies — will mean for the growth of green technology, which is critical for climate change mitigation. At the WEF, the contrast was stark. On one side was the US-led fossil fuel push, and on the other, China's vice-premier was urging countries to collaborate on "green infrastructure, green energy, green minerals and green finance". Countries are caught between domestic and imported energy supplies, and between competing alliances they must trust for their future supply chains.

Also, there is the question of what countries will manufacture domestically and if they can hold on to their industries in the face of Chinese competition. Last year, China had a record-breaking trade surplus of $1.2 trillion. It can produce and supply virtually everything at cheaper rates than most countries can. What does this mean for every country's plan to increase domestic manufacturing and economic growth?

A new world is coming. We need answers to ensure it is better for both people and the planet.

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The evolution of a Maga pundit

BOOK REVIEW

JENNIFER BURNS

If you're looking for an answer to the question "How did we get here?" — from 1990s multiculturalism and free market globalism to ICE raids and Venezuela — you could do worse than using the arc of Tucker Carlson's career as your lens. And if you're looking for insight into the right-wing pundit's transformations, you'll definitely want to read Jason Zengerle's breezy, entertaining and ultimately disquieting *Hated by All the Right People*, a biography of Carlson that tracks his turn from bow-tied *beau ideal* of the Washington establishment into the Maga conspiracy theorist in chief.

A veteran journalist, Mr Zengerle fills in some aspects on Mr Carlson's checkered childhood — material privilege offset by his mother's stunning abandonment when he was eight — but most of the book concentrates on Mr Carlson's professional life, taking detailed forays into media history and the various ideological *cul-de-sacs* of the pre-Trump era.

As an intern for the progressive magazine *The New Republic* in the late 1990s, Mr Carlson drew the admiration of progressives, including Mr Zengerle, for his crackling, witty magazine articles on subjects like the businessman Ross Perot's dodgy dealings with the Nixon White House. A mediocre student — Mr Zengerle uncovers his 1.9 GPA at Trinity College, which prevented him from graduating — Mr Carlson still managed to talk himself into an early post at *The Weekly Standard*, becoming a protégé of its founder, Bill Kristol.

Nothing much in these early years distinguished Mr Carlson from mainstream conservatism. Along with colleagues at *The Weekly Standard* Mr Carlson defended legal immigration against influential eugenicists who wanted to close the border.

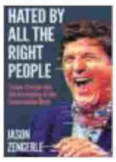
There were occasional defections from the Republican Party line. After relentlessly cheerleading the Iraq war, Mr Carlson travelled to Baghdad himself to assess the situation, concluding afterward he'd been duped. He publicly declared that the war had been a mistake in 2004, a position almost singular among conservative pundits.

What ultimately shifted Mr Carlson's trajectory was his move into TV. In Mr Zengerle's telling, when Carlson joined the debate show "Crossfire" as its resident conservative in 2001, he found it impossible to maintain either nuance or his contrarian instincts. Instead, he became the sneering partisan hack the show's format demanded.

Then, in 2004, the comedian Jon Stewart appeared as a guest on the show and accused Mr Carlson of "hurting America." Shortly thereafter, Mr Carlson lost his position at CNN, where Stewart's critique evidently struck a chord, and the show itself was cancelled.

Was this a win for American politics? Looking back, Mr Zengerle writes, one can almost feel nostalgia for a show that featured opposing points of view instead of an echo chamber. Even at the time, Mr Carlson was appreciated for his happy warrior vibe. It was this reputation Mr Carlson tried to lean into when he started his next venture, the website *The Daily Caller*, co-founded in 2010 with the aim, as Mr Zengerle puts it, to focus on "accuracy rather than bombast."

The Daily Caller made a splash, but not as much as provocative right-wing websites like *The Drudge Report* or *Breitbart News*. Watching their success, Mr Carlson observed that readers wanted attacks upon liberals, not informed opinion. The site's young writers trended towards alt-right ideas on race and immigration, which Mr Carlson slowly absorbed in his pursuit of clicks, hoping to outflank *Breitbart* and *Drudge* by tacking even further to the right.



HATED BY ALL THE RIGHT PEOPLE: Tucker Carlson and the Unravelling of the Conservative Mind
by Jason Zengerle
Published by Crooked Media Reads
371 pages $28

This pursuit of online eyeballs made Mr Carlson receptive, somewhat, to Donald Trump's unlikely candidacy in 2016. It also made him an ideal bridge between the old and new styles of conservatism. Desperate to attract Mr Trump's fan base, Fox News turned Mr Carlson into a headliner with a show that would be called *Tucker Carlson Tonight*, which Fox announced five days before Mr Trump won the 2016 election.

For all his ambivalence about Trump, Mr Carlson realised that the President's fixation on the show gave him enormous power. Mr Carlson and his guests' tirades sank the appointments of State Department and UN hopefuls; an interview with the conservative activist Christopher Rufo triggered the White House crusade against critical race theory. Ultimately, not even Fox could kill the monster it had created. Dumped by the network in 2023 as controversies inside and outside the studio mounted, Mr Carlson created his own digital media company, set aside his qualms and fully embraced Mr Trump.

By the dawn of the second Trump term, Mr Carlson's influence had only increased: He was a key backer of J D Vance for Vice-president and pivotal to the appointments of Robert F Kennedy Jr to health secretary and Tulsi Gabbard to director of national intelligence. So what happened to this guy, the bow-tied brawler once untainted by Republican rage? The whole story resembles a Greek tragedy, with Mr Carlson struggling against a deep-seated character flaw — the desire for attention and fame — and eventually sacrificing everything to that. Along the way, his darkest impulses are nurtured and fanned by a rapidly evolving media landscape. Character meets technology, one might summarise.

Yet it's not so much a Greek tragedy as a particularly American one. After all, we're the ones watching, clicking, bingeing on outrage. There was something troubling about *Crossfire's* pantomime debates. The audience was left out of the joke: When the combat was over, Mr Carlson and his liberal adversaries, in reality the best of friends, usually went out for a bite afterwards. But the alternative, it turns out, is far worse. Mr Carlson may not have been hurting America then, but surely he is hurting it now.

The reviewer is the author of Milton Friedman: The Last Conservative.

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Menstrual hygiene a right

The Supreme Court's ruling last week that the right to menstrual hygiene and health is an integral part of the Right to Life under Article 21 of the Constitution is not only a critical step forward for millions of women in India but will also go a long way in ensuring the health and well-being of the society. A bench of Justices JB Pardiwala and R Mahadevan issued a series of binding directions to states and Union Territories and schools, both in the public and private sector, to provide free biodegradable sanitary napkins, separate toilets, clean water, safe disposal facilities, and set up menstrual hygiene corners. These, the apex court said, were necessary to ensure the dignity, health, and equality for girls and women, and it added that financial constraints cannot be used as an excuse for non-compliance.

In the long and hard battle to ensure menstrual health and hygiene, this carries enormous significance. It has the potential to improve the trajectory of life for more than 116 million girls and young women in India—in the 10–19 age group—who form at least a third of all menstruating women, estimated at over 355 million at the last count. The lack of facilities often meant a break or cessation of their education, pressure for early marriage, and early motherhood, especially in rural areas. India has had a national policy, 'Menstrual Hygiene Policy for School-going Girls', which covers these and more aspects, but its implementation has been tardy or non-existent. The SC ruling places the responsibility fair and square on governments and school or college authorities.

> *The SC ruling places the responsibility fair and square on governments and school or college authorities*

Another equally significant aspect has been addressed too. In making the clear pronouncement, the apex court has pointed to the stigma or taboo that continues to persist in many regions and among several communities across India about menstruation, which leads to restrictions placed on menstruating girls and women, including practices such as banishing them to dingy and dangerous outhouses for 'those' days every month. Such stigmas and taboos run deep and are unlikely to be erased only because the SC has read menstrual health as part of our fundamental rights. This calls for long-term and sustained work on the ground.

To a great extent, this work has been done by NGOs, civil society organisations, and ASHA workers. The court's words that "the absence of safe and hygienic menstrual management measures undermines dignified existence" will strengthen and reinforce their efforts. State governments, school and college authorities, and public health officials, now accountable, would do well to remember that a landmark resolution on menstrual hygiene management, gender equality, and human rights was adopted in July 2024 at the UN Human Rights Council, which called for, among other things, universal access to affordable, safe, and clean menstrual hygiene products and facilities. The SC ruling aligns with this, not a day too soon.

Pak's hollow WC T20 tantrum

The irony that the Pakistan government's statement on Sunday that they would be boycotting the match against India in the World Cup T20 on February 15 even while the Indian team were thrashing Pakistan in the Under-19 World Cup match at Bulawayo was not lost on anyone. Following their three crushing defeats in last year's Asia Cup T20, the impression created by all this political grandstanding is that Pakistan is desperate to avoid another humiliating defeat on the world stage. Matches have been boycotted before, both in the 1996 and 2003 World Cups. But these were always on security grounds. Pakistan has no foot to stand on in this particular instance, as the match was slated to be staged in Colombo under the hybrid model agreed upon by the Pakistan Cricket Board (PCB), the BCCI, and the ICC and used in last year's Champions Trophy and Asia Cup. Merely making this move to show solidarity with their new-found allies Bangladesh, who had last month shot themselves in the foot by demanding their matches be moved out of India on security grounds only to be dumped out of the World Cup, is so much hot air. It is now clear it was Pakistan who was instigating Bangladesh from the start to snub India.

The ICC has threatened punitive measures if Pakistan goes ahead with its threat, though the full story is still unfolding. This includes a heavy financial burden as well as a possible ban from international cricket. The crisis was triggered by the Indian team's decision not to shake hands with their counterparts at the men's, women's, and Under-19 levels, and their refusal to accept the Asia Cup last September from the hands of Pakistan's Interior Minister, Mohsin Naqvi, who is both the PCB and Asian Cricket Council chief. Then came the uncalled-for removal of Bangladesh pacer Mustafizur Rahman after he had been bought by IPL franchise KKR for Rs 9.2 crores. However, subsequent reactions and actions by both the BCB (Bangladesh Cricket Board) and the PCB have allowed things to spiral out of control, with their own cricketers having to pay a heavy price for such politicisation. This malaise of politicians controlling cricket is an unfortunate aspect of cricket in India, Pakistan, Sri Lanka, and Bangladesh. The Bangladesh cricketers had expressed their displeasure, and so has Pakistan's captain Salman Ali Agha, who, on Monday, said at a press conference that the decision was not of the players and that they had no choice but to follow the government's diktat. While other sports carry on peacefully—the Bangladesh shooting team will shortly be in New Delhi—the cricketers of South Asia are sadly pawns in a larger political game.

Guest Column

PARANJOY GUHA THAKURTA

A lacklustre budget with no big-bang announcements

As far as the govt's borrowings are concerned, it is clearly seeking to milk the country's central bank and apex monetary authority, RBI, & the PSUs

To describe Union Finance Minister Nirmala Sitharaman's Budget for 2026-27 as "lacklustre" would be an understatement. Those who have expressed happiness that she did not pander to populist sentiments may not have to wait too long. Having matched Palaniappan Chidambaram in presenting nine budgets, she would overtake Morarji Desai's record of presenting ten Union budgets. That is, because one is assuming that she remains in her post and that the Narendra Modi government will be able to complete its third five-year term till May 2029. However, the number of budgets presented is hardly an indication of their quality.

The stock-markets recovered after Bloody Sunday recorded its worst budget day performance in six years. There is little that the FM said that could spur domestic and foreign investments, boost employment, step up revenue collections, or reduce borrowings. The budget acknowledges the failure of at least three much-touted government schemes: the Prime Minister's internship scheme, the production-linked incentive (PLI), and the Jal Jeevan scheme that aims at providing clean water to every rural household. The revised estimate for the PM's internship scheme during the current financial year is less than half of what was budgeted for (Rs 10,831 crore); the allocation for the PLI scheme is down by three per cent as the scheme does not seem to have been very effective, other than in the auto sector, and; the revised estimate of the Jal Jeevan scheme for 2025-26 is a sharp fall to Rs 17,000 crore against the budget estimate of Rs 27,000 crore.

To look at the big picture as far as the central government's borrowings are concerned, it is clearly seeking to milk the country's central bank and apex monetary authority, the Reserve Bank of India (RBI), as well as government-owned public sector undertakings (PSUs). Dividends from the RBI will comprise nearly half the total non-tax revenues of the government—in fact, it will contribute more to the government coffers than even the largest and most-profitable PSUs, like the Indian Oil Corporation and the ongc. It is apprehended by economists that PSUs will curtail their capital expenditures to pay dividends that are, in any case, akin to the government moving money from one pocket to another. This is not exactly good news.

The government appears to have gone slow on its disinvestment programme: roughly 72 per cent of the budget target will be achieved as per the revised estimates for the current financial year. Still, the target for 2026-27 has been hiked to Rs 80,000 crore, the first time the disinvestment target has been increased in five years.

The Union government's gross tax revenue is down by almost five per cent in comparison to the budget estimate, and tax collections as a proportion of the Gross Domestic Product (GDP) have slipped. Economist Rathin Roy has stated that total government expenditure as a percentage of the GDP has been stagnant since 2016-17 despite a surge during the pandemic years, 2020-21 and 2021-22. For the first time, the target for collections of Goods and Services Tax (GST) has been reduced. After GST rates were cut in September 2025, it was hoped that higher consumption would lead to higher tax collections. But that has not happened. On the contrary, household borrowings are at their highest in a decade.

In containing the fiscal deficit by borrowing more instead of raising revenues by taxing the rich, the government has had to perforce spend relatively less on capital expenditure and on social welfare (healthcare and education) schemes. There are no surprises here, as this is in keeping with the right-wing regime's love for neo-liberal economic policies.

It is interesting to note how the government is budgeting for spending on creating jobs in rural areas. Having done away with the Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) and replaced it with the Viksit Bharat Guarantee for Rozgar and Ajeevika Mission (Gramin) (VB G RAM G) Act in the winter session of Parliament, the revised estimate for MNREGA is more or less at the level budgeted for (Rs 88,000 crore) with an additional provision of Rs 30,000 crore for the next financial year. It is evident that the funds will not ensure 125 days of work per year for those demanding it.

Although the central government has reduced its share in the rural jobs programme from 90 per cent to 60 per cent (which has reportedly not made Andhra Pradesh CM N Chandrababu Naidu happy, thereby straining the ruling coalition), the FM has provided for Rs 95,692 crore for implanting the VB G RAM G Act in 2026-27. The takeaway simply is that this government cannot afford to curtail spending on creating employment in villages (and on fertiliser subsidies) at the risk of becoming unpopular.

To say that there was nothing positive in the budget would be churlish. There is recognition of the country's vulnerabilities in obtaining rare earth minerals and fabrication of semiconductors. Moreover, despite having provided lip service to micro, small and medium enterprises (MSMEs) and little else in the recent past, the budget acknowledges that jobs for the youth can be generated largely by MSMEs in labour-intensive industries like textiles. On the other hand, there have been cuts in the budgetary allocation for providing liquefied petroleum gas (LPG) to the poor, and the cut in the allocation for pollution control is nothing short of callous.

One important announcement in the budget speech that seems to have not attracted much attention will make the two richest men in India even richer. The tax holiday granted to foreign players like Google and Microsoft till 2047, provided they use data centres situated in India, will be a bonanza for the likes of the companies led by Mukesh Ambani and Gautam Adani, whose firms are investing heavily in such centres. Two cheers for Nirmala Sitharaman!!

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HerStory

DEEPA GAHLOT

Academy Awards nominations: The fabulous five, best of 'em all

Compared to last year's nominees, the spectrum has expanded, women of different ages and periods of history, and not one archetype among them

Every year, when the Academy Awards nominations are announced, it is a lens through which to view how far women have progressed (or regressed) in the notoriously male-dominated Hollywood industry.

The most talented actresses have to face ageism and redundancy, with just a handful like Meryl Streep and Susan Sarandon being able to buck the demand for youth and sex appeal.

This year's Best Actress nominees have been picked from the list of high-concept films or intimate dramas. The action genre usually has little for women to do in the lead space.

Topping the list of nominees this year, already having won the Golden Globe and Critics Choice Award for her performance, is Jessie Buckley, as Agnes Shakespeare in Chloé Zhao's haunting adaptation of Maggie O'Farrell's bestselling novel, Hamnet. She is the wife of William Shakespeare in the period movie, who has to cope with the illness and death of her son, Hamnet, and the devastating grief that follows. The highlight of the film is a ten-minute unbroken shot of Agnes walking through her garden after the funeral—a sequence that has been hailed as the most "soul-crushing" moment of the year.

To prepare for the role, Buckley reportedly spent three months living in a rural English cottage, learning 16th-century herbalism and beekeeping, as Agnes is depicted as a folk healer in the film. In Nadia Khomami's profile of her in The Guardian, Buckley said something profound: "[Agnes] was the full story of what I understand a woman to be… And their capacity as women, and as mothers, and as lovers, and as people who have a language unto their own beside gigantic men of literature like Shakespeare."

When she realises that her son has died in her arms, her primal scream has been described by the director as coming from "beyond past, present, and future". Interestingly, Zhao, who had won an Oscar for Nomadland, is only the second female director after Jane Campion to have been nominated twice.

Bugonia is Emma Stone's third collaboration with director Yorgos Lanthimos—she won her second Oscar for his Poor Things (2023). She won her first for La La Land (2016) and has been nominated for Birdman (Supporting, 2014) and The Favourite (Supporting, 2018). With her 2026 nomination for Bugonia, she becomes the youngest woman to reach seven Oscar nominations (for acting and production) at age 37. A potential third win would place her alongside greats like Katharine Hepburn and Frances McDormand.

In the subversive comedy-thriller, she plays Michelle Fuller, a high-powered CEO whom two conspiracy theorists kidnap, believing she is an alien leader preparing an invasion of Earth. Audiences have noted that Stone's challenge was to play the character with enough ambiguity that the audience remains unsure of her "humanity" until the final act. Her physical comedy—specifically a scene involving a ritualistic "decontamination" dance—shows the fearless eccentricity that has become her trademark.

Stephanie Zacharek of Time writes that the actress is "a bold, creative performer" who is "laceratingly funny and bracingly convincing."

In a rare feat, all the actors of Joachim Trier's Norwegian family drama Sentimental Value have received nominations; Renate Reinsve, working with Trier again after The Worst Person in the World, plays Nora Borg, an actress whose estranged, once-famous father wants her to do a film with him. Critics have called her performance "a prickly, intellectual exploration of resentment and the theatre of family. The film's centrepiece is a meta-fictional rehearsal scene where Nora's real-life trauma begins to bleed into the character she is playing for her father's film. It is a vulnerable, layered performance that solidified her status as a global titan of cinema."

In a proper director-actor collaboration, she helped co-write several of the "play-within-a-movie" scenes to ensure the dialogue reflected her own experiences with the frustrations of the acting industry.

Rose Byrne in the boldly titled dark comedy, If I Had Legs I'd Kick You, plays Linda, a woman recovering from a life-altering accident, who strives to keep her well-meaning family at a distance. The role, audiences feel, "demanded a delicate balance: Byrne had to be 'unlikeable' enough to be realistic, yet charismatic enough to keep the audience on her side. Her rapid-fire delivery of the script's most cynical lines provided the year's best laugh-until-you-cringe moments." The film's title is a direct quote from a real-life exchange Byrne had with a physical therapist during her research for the film.

In what Hollywood called the comeback of the decade, in the musical biopic, Song Sung Blue, Kate Hudson plays Claire Sardina, one half of a real-life husband-and-wife Neil Diamond tribute band. Critics have remarked that Hudson "captures the grit and fading glamour of a woman who spent decades performing in local bars and community centres. Eschewing the 'sparkly' tropes of most musical biopics, Hudson's Claire is weary, hoarse, and deeply devoted to her husband. Her performance of 'Holly Holy' in a half-empty VFW hall is widely cited as the film's emotional peak." The actress, daughter of screen legend Goldie Hawn, performed all her own vocals live on set rather than lip-syncing to pre-recorded tracks, opting for a "rawer, less-perfect" sound to match her character's life story.

The 2026 race has three previous winners/nominees—Stone, Buckley, and Reinsve—and two veteran actresses receiving their first-ever Lead Actress nominations—Byrne and Hudson. Buckley remains the favourite, but there has been a recent surge in favour of Hudson.

Regardless of who takes home the statuette on March 15, 2026, these five roles show that the leading lady of a popular or auteur-driven film is no longer limited to a small circle of romantic interests or angry fighters.

Compared to last year's nominees, the spectrum has expanded—women of different ages and periods of history, and not one archetype among them. None of the male leads opposite them have managed a nomination (though Paul Mescal as Shakespeare is a surprising omission), which means that the women are not token make-up-the-numbers nominees but have had a large contribution in carrying these films over the nomination finishing line. They are all winners already!

Deepa Gahlot is a Mumbai-based columnist, critic and author.

LETTERS TO THE EDITOR

Dear reader, we are eager to know your opinions, comments and suggestions. Write to editor.indore@fpj.co.in Using snail mail? Send your letters to Free Press, Free Press House, 3/54, Press Complex, AB Road, Indore 452008

Great initiative

It was interesting news that police authorities in Telangana have taken an initiative in registering FIRs in complainants' homes in special circumstances. This is certainly a "citizen-centric" action by the police. We are aware of difficulties faced by the victims in registering the FIR in police stations. This practice needs to be followed by the police authorities all over the country, which will help build confidence of the general public as far as the police are concerned.

Satish Murdeshwar, Pune

Vijay's rise

This refers to AIADMK general secretary Edappadi Palaniswamy's assertion that the NDA would win 210 seats in the upcoming assembly elections in Tamil Nadu. Similarly, the DMK chief, too, is confident of winning 200+ seats to retain power in the state. Both the Dravidian parties seem to be daydreaming. Both have not taken any cognisance of actor-turned-politician Vijay's party, TVK, which is gaining ground day after day.

N. Mahadevan, Chennai

Casual approach

Whenever a popular political leader dies, there is a clamour to fill his/her vacuum with the spouse or progeny. After the tragic accident of Deputy CM Ajit Pawar, his party leaders demanded that his wife, Sunetra, should be appointed in his place. This is not in any way to doubt her capabilities. The issue is taking state administration casually. Dy CM is a crucial position. Would it not be more prudent to let her start from a comparatively lower position? Such an arbitrary action gives the impression that the common people of the country do not matter.

Anil Bagarka, Mumbai

Budget 2026

Finance minister Sitharaman's budget speech was a little shy of one and a half hours. Congress MP Jairam Ramesh has noted that the documents which have now been uploaded need to be studied in detail. Calling the speech "lacklustre", Ramesh noted that the speech was non-transparent. Indeed, while Sitharaman's speech had the details on plans and outlays for peripheral schemes and the government's goals, it did not mention key schemes and programmes at all. These outlays were, however, essayed in the uploaded PDFs.

Ramswarth Acharya, Thane

Mumbai locals

Mumbai's local trains are the 'city's lifelines', yet chronic overcrowding remains unaddressed. The Badlapur mishap (Jan 31), the Sion quarrel leading to passengers falling, and the Panvel gap incident expose the dangers of unchecked crowds and lack of discipline in boarding and alighting. These incidents underline the urgent need to curb overcrowding, enforce queue discipline, and manage congestion on stations and platforms.

P.V. Prakash, Mumbai

Echoes of Bihar politics

The swearing-in of Sunetra Pawar as Deputy Chief Minister after Ajit Pawar's death has drawn parallels with Bihar in the 1990s, when Rabri Devi assumed the chief minister's post following Lalu Prasad Yadav's exit. Both episodes underscore the persistence of dynastic politics, with wives stepping in to safeguard family legacies. Sunetra's rise is viewed as a means to secure the Pawar family's influence in Baramati and within the NCP, much like Rabri Devi's appointment ensured continuity for the RJD.

Dr O. Prasada Rao, Hyderabad

Punish non-compliance

The other day, one could see traffic cops distributing helmets to women two-wheeler riders at Velachery in Chennai to promote safety awareness. Since helmet-wearing is mandatory in the city, why can't the cops go all out to penalise the lawbreakers? What's the need for 'appeasement' when the police are empowered to deal with non-compliance ruthlessly? In the past, too, traffic officials had resorted to such 'free' distribution of helmets but to no avail.

P.G. Menon, Chennai

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Better options ahead

Budget rightly checks speculation in derivatives

The stock market reacted rather violently to the Budget on Sunday, with the benchmark Nifty50 index losing around 2 per cent. It is another matter that Monday saw a sharp recovery. Market participants had urged a cut in securities transaction tax (STT), only to be rattled by the Finance Minister deciding to increase it instead.

The STT on sale of future contracts was increased from 0.02 per cent of contract value to 0.05 per cent and STT on sale or exercise of equity option contracts from 0.10 per cent of the option premium to 0.15 per cent. The move will, in fact, benefit the stock market in the long run. The stock market regulator had been worried about increasing speculative activity in the equity derivative segment since the pandemic, led by individual investors. It had taken a series of actions in FY25 to curb this speculation. This included cutting down the number of weekly index options, increasing derivative contract sizes and asking for upfront margin in equity trades. The STT rates on futures and options were raised 60 per cent in 2024. While equity derivative volumes are down around 25 per cent since the peak in 2024, the share of individual investors trading in the F&O segment continues to be at a record high of 31 per cent, rising sharply over the years *vis-à-vis* proprietary traders and mutual funds.

The STT increase announced in the Budget will act as a disincentive for these retail traders. For traders in equity futures, the outgo on STT increases 150 per cent while for traders in equity options, the increase is 50 per cent. The higher increase in STT on futures is a good idea as the capital outlay and risk is far higher. If the increase causes traders to shift to options, it is good. While the move can help increase STT collections, which were ₹52,196 crore in FY25 and are projected at ₹63,670 crore in FY26, the primary intent here is perhaps curbing speculative activity. The other important Budget proposal from a stock market perspective is the decision to tax share buybacks as capital gains in the hands of minority shareholders instead of taxing it at their income tax slab rate. This will bring down the tax incidence on investors who fall under the higher tax slabs. The proposal to tax buybacks at 22 per cent for promoters of companies incorporated in India will effectively plug the tax arbitrage between buybacks and dividend, and likely curb such buyback announcements.

There are broader Budgetary positives for investors. Company toplines will benefit from the increased spending on various infrastructure projects such as new dedicated freight corridors, new national waterways, development of infrastructure in tier II and III cities and high-speed rail corridors. Similarly, higher defence outlay will be good for defence stocks and rural consumption will get a leg-up from the allocation to the new rural employment guarantee scheme — VB-G RAM-G.

POCKET

RAVIKANTH

"This year, let's give away the employees-of-the-month awards to the ones who resign and save us some money."

Budget will foster competitiveness

GROWTH THRUST. A holistic approach, with liquidity measures for MSMEs and policies for textiles, will surely work

S MAHENDRA DEV
KK TRIPATHY

PRIORITY. Budget 2026 places renewed emphasis on the labour-intensive textiles sector

India's ambition to attain developed economy status by 2047 has sharpened the policy focus on long-term sustainable growth drivers, structural reforms and growing institutional capacity across activity sectors. Tabled on January 29, 2026, the Economic Survey 2025-26 set the broad policy direction for the Union Budget 2026, underscoring macroeconomic stability and sectoral priorities — particularly industries, and rural development — as foundations for inclusive, equitable and sustainable growth.

By prioritising structural reforms, productivity gains, stronger global trade linkages, infrastructure development and calibrated policy engagement, Budget 2026 places competitiveness at the centre of India's growth strategy. Sustained rural demand, improved agricultural production and productivity, easing food inflation and a stable macroeconomic framework form the bedrock of a resilient economic growth.

Against this backdrop, Budget 2026 places renewed emphasis on the labour-intensive textiles sector, particularly in the context of fresh market access opportunities arising out of the recently concluded Free Trade Agreements (FTAs) with the UK and the European Union. It delineates an integrated roadmap to strengthen self-reliance in natural fibres such as silk, wool and jute, while also supporting man-made and next-generation fibres. Key measures include modernising traditional textile clusters through capital investment in machinery, technology infusion, common testing and certification facilities, and focused support for weavers and artisans through better convergence of schemes.

By addressing long-standing gaps in competitiveness and skills, the Budget signals a strategic shift. With inherent cost advantages and vast potential for value addition, the Indian textiles industry can emerge as a global powerhouse if it decisively adopts Industry 4.0 practices, deepens collaboration with academic and research institutions, and fast-tracks the creation of mega textile parks through a competitive, challenge-driven framework.

Budget 2026 also recognises a critical reality — village industries are steadily losing ground amid competition from mechanised production, fragile infrastructure, weak market access and limited exposure to modern skills. Low productivity due to obsolete technology, restricted credit availability, inadequate branding, poor logistics, labour migration and weak integration with contemporary value chains continue to constrain their growth.

In response, the proposed Mahatma Gandhi Gram Swaraj Initiative to strengthen *khadi*, handlooms and handicrafts represents a timely intervention. By focusing on global market linkages, branding, training, skilling and quality enhancement, the initiative seeks to benefit millions of weavers, village enterprises, One-District-One-Product clusters and rural youth. Critically, it may drive the Khadi and Village Industries Commission (KVIC) initiating amendments to the KVIC Act, 1956, supported by statutory measures for market and export facilitation, infrastructure provisioning, credit and risk mitigation tools, outcome monitoring, worker social security integration and decentralisation — laying the foundation for community-led entrepreneurship.

The proposal to set up five university townships along major industrial and logistics corridors can significantly bridge skill gaps

GROWTH THROUGH MSMES

Budget 2026 goes beyond cluster revival to adopt a more holistic approach to MSME competitiveness. Alongside the proposal to rejuvenate 200 legacy industrial clusters through infrastructure and technology upgrades, it envisages the creation of champion SMEs, a dedicated ₹10,000-crore SME Growth Fund, and an additional ₹2,000-crore allocation to the Self-Reliant India Fund to safeguard micro enterprises' access to risk capital. By proposing a high-level committee to review the banking sector as part of the Viksit Bharat agenda, the Budget signals the intent to align financial sector reforms with the economy's evolving growth needs. The committee's recommendations could help identify flexible and credible pathways for future expansion without compromising financial stability, inclusion or consumer protection.

Innovative liquidity measures — mandating TReDS for Central Public Sector Enterprise (CPSE) procurement settlements, extending Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)-backed credit guarantees for invoice discounting, and linking Government e-Marketplace (GeM) with TReDS for information sharing — are expected to ease working capital constraints for MSMEs. Coupled with professional support through 'cooperative mitras' in Tier-II and Tier-III towns, these steps can strengthen MSMEs, deepen value-chain linkages, and enhance income, employment and wealth creation at scale.

Scaling up and modernising livestock enterprises, alongside promoting farmer producer organisations in animal husbandry and dairying is a strategic move to strengthen community-led entrepreneurship and expand rural and peri-urban employment. Targeting high value crops viz. coconut, sandalwood, cocoa, cashew and nuts will further encourage local investment, build enterprises at grassroots, enhance productivity and diversification, increase farmers' incomes and create new employment pathways.

The proposal to set up five university townships along major industrial and logistics corridors can significantly bridge skill gaps by fostering closer collaboration between industry, academia and policymakers. Such an ecosystem would enable technology-driven skill development while simultaneously reinforcing industrial growth, assuring business competitiveness and advancing India's journey towards Viksit Bharat vision by 2047.

Further, the Budget reinforces the government's focus on revitalising the cooperative sector by easing tax pressures and encouraging member-centric surplus sharing. It also facilitated policy support that recognises cooperatives as vital instruments of inclusive and community-led growth. The Budget attempts to re-energise industry and manufacturing as pillars of economic transformation.

By aligning policy intervention with the Make-in-India vision and the long-term goal of Viksit Bharat 2047, the Budget seeks to create feasible and inclusive growth pathways. The emphasis on MSMEs and rural development as growth engines underscored a people-centric approach — one that can convert aspiration into action and build a resilient, self-sustaining inclusive economy while ensuring that the benefits of development are widely and equitably shared.

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

A pragmatic Budget amidst challenges

Balances near-term objectives with longer-term goals, and yet earmarks a larger outlay for capex

PRASHANT KUMAR

Finance Minister Nirmala Sitharaman was faced with a plethora of challenges while penning down the Budget. First, growth was anticipated to slow in the second half of FY26. Given the global policy resets and risks, the challenge was to find fiscal tools to continue to thrust near-term growth and set the stage for a sustained trajectory of growth for the future. The growth drivers had to be domestic oriented due to slowing global growth and challenges with respect to global geopolitical risks, that can threaten the supply-side dynamics.

In this context, given the challenges of the fiscal math, another round of consumption-oriented push — either through direct or indirect tax reductions — was ruled out. The Finance Minister also had the critical task of neutralising the negative growth impact on the labour-intensive exports sector and ring-fence the workers in this sector.

Budget 2026 does a fine balancing of near-term objectives with longer-term goals while responsibly maintaining a fiscal consolidation strategy, and yet earmarking a larger outlay for the capital expenditures of the government. Fiscal deficit as a percentage of GDP is set at 4.3 for FY27, while adhering to the target of 4.4 for FY26. Achieving the fiscal targets is commendable taking into consideration a higher resource sharing with the State governments, as suggested by the 16th Finance Commission. Capital expenditure in the Budget is enhanced to 12.2 lakh crore or 3.1 per cent of GDP. Much of the capex is directed towards high-speed rail corridors, coastal cargo shipments, and national waterways.

The growth drivers targeted are the legacy industries where the attempt is to boost cost effectiveness and competitiveness. The Budget also proposes the scaling up of manufacturing in "7 strategic and frontier sectors". Within this the target is to push the semiconductor industry

CAPEX. Much of it for high-speed rail corridors, coastal cargo shipments ISTOCK

through the India Semiconductor Mission 2.0, to fortify supply chains and develop technology and skilled workforce. The outlay for the Electronics Components Manufacturing Scheme, which was launched in April 2025, has been raised to ₹40,000 crore from the earlier outlay of ₹22,919 crore.

The short-term challenges, specifically the stress facing labour-intensive sectors due to the US tariffs, have also been addressed and the Budget seeks to promote globally competitive and sustainable textiles and apparels through capital support for machinery and technological upgradation of traditional clusters. The other area that has found significant mention is MSME-focussed measures — a continuation of the last year's Budget efforts at strengthening the sector. The Budget provides equity support to SMEs via a dedicated ₹10,000 crore SME Growth Fund. Also, it has important measures such as making TReDS as a transaction settlement platform for all purchases from MSMEs by CPSEs. Further, TReDs receivables can be used as asset-back securities to enhance liquidity and settlement of transactions.

Recognising the sharp growth of data centres across the world and to attract global investments in this area into India, a tax holiday is provided till 2047 to foreign companies that provide cloud services to customers globally by using data centre services from India. This is important as the services sector receivables, especially from GCCs, have been a principal resource to contain any significant negatives on the external current account balances.

The writer is Managing Director and CEO, YES Bank

India's AI push gets real with strategic pivot

Budget identifies sovereign AI and scalable technologies as priorities to realise Viksit Bharat vision

HARSHIL MATHUR

By utilising technology and artificial intelligence as the backbone to advance the vision of Viksit Bharat, Budget 2026 strikes a fine balance between ambition and inclusion. The strategic roadmap ensures that digital transformation is more than a lofty goal; it is a tool for equitable development. At a time when the world faces heightened economic uncertainty, this Budget identifies sovereign AI and scalable technologies as its strategic priorities. The approach anchors national progress towards technological self-reliance to realise the Viksit Bharat vision.

A key need for India has been truly inclusive growth. A growth engine that encourages the use of technology across

FOCUS. Championing emerging tech

the country, be it in large cities or smaller centres. However, the roadblocks to this democratisation through technology have centred on a lack of awareness and education. The government has identified this as a key pain point and is addressing it through a high-powered committee that will identify areas of growth, including an impact assessment of AI on jobs and skill requirements.

Indian tech companies are growing at a breakneck speed, with consolidated annual revenue projected to cross $280 billion in FY26, supported by a workforce of over six million. The country has solidified its position as a global nerve centre, hosting over 1,800 Global Capability Centres (GCCs), including more than 500 dedicated to AI, increasing opportunities to create jobs.

To consolidate these wins, the government has implemented several measures to champion emerging technologies. These include over ₹10,300 crore allocated for the IndiaAI Mission, ₹6,003.65 crore outlay for the National Quantum Mission, and ₹14,000 crore set aside for the Anusandhan National Research Fund, alongside a dedicated capital pool of ₹1 lakh crore for the Research, Development and Innovation Scheme.

Technology and innovation require a financial system that is accessible and affordable. The Budget announced an expert committee to review the sector and introduce reforms to align it with market needs, while empowering NBFCs to enable efficient credit disbursement and rapid technology adoption. A much-needed reform in Foreign Exchange Management Rules will streamline cross-border capital flows and simplify FDI compliance for fintechs. To zoom out, this Budget is a strategic pivot that will revolutionise India's tech-native economy, bridge the gap between education, employment, and enterprise. The path forward requires unwavering commitment to implementation and stronger collaboration between the public and private sectors, particularly with digital-native organisations.

Crucially, deeper collaboration between fintechs and the government will foster an agile regulatory landscape and serve as a key accelerator for next-gen digital public infrastructure. India will not just scale existing models but also reinvent the new global standard. The future belongs to those who build, and India is ready to lead.

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Fiscal consolidation revamp to aid tax reforms

DEMAND PUSH. There cannot be any slack in aggregate demand if the 7 per cent annual growth is to be sustained. Composition of government expenditure will support growth measures

DK SRIVASTAVA

Tax reforms in 2025-26, especially GST-related measures, have led to a calibrated pace of fiscal consolidation to support growth. After achieving a reduction of 40 basis points in the government's fiscal deficit-GDP ratio from 4.8 per cent in 2024-25 to 4.4 per cent in 2025-26 (RE), the reduction in 2026-27 (BE) is only 10 basis points. In fact, both the government's net tax revenues and non-tax revenues as percentage of GDP have experienced a shortfall of 20 basis points each in 2026-27 (BE) as compared to 2025-26 (RE).

This was partly made up by an increase in non-debt capital receipts to the extent of 20 basis points of GDP which may largely be due to expected disinvestment receipts. As a result, the government's total expenditure relative to GDP in 2026-27 (BE) has been reduced to 13.6 per cent from 13.9 per cent in 2025-26 (RE). In fact, it was even higher at 14.1 per cent in 2024-25.

In order to still show commitment to continued fiscal consolidation, the government has settled on a more relaxed pace of annual adjustment. In fact, the Finance Minister confirmed what was already indicated in the Economic Survey (ES) 2025-26 which is that the debt-GDP target would be 50 per cent +/-1 per cent point for 2030-31.

This gives the government flexibility to make annual adjustments in the fiscal deficit target depending on the performance of tax and non-tax sources. It may be recalled that the cyclical movement in fiscal deficit in the presence of a shock such as Covid in 2020-21 has been unduly asymmetric. Fiscal deficit-GDP ratio, which was 3.4 per cent in 2018-19, deteriorated to 9.2 per cent in two years.

However, it has taken six years to reduce it to a level of 4.3 per cent of GDP by 2026-27 (BE). The fiscal deficit and debt targets of 3 per cent and 40 per cent of GDP respectively for the government, per the FRBMA appears several years away.

FISCAL PATH. There is an in-built flexibility in the fiscal consolidation path based on the tax revenues ISTOCKPHOTO

FINANCE PANEL SUGGESTIONS

Along with the Budget, the report of the 16th Finance Commission was also presented. In the context of vertical sharing, the Commission retained the 41 per cent share for the States in the government's sharable tax revenues. This resulted in providing for the same level of assignment to states in 2026-27 (BE) at 3.9 per cent of GDP as in 2025-26 (RE). There are, however, significant implications with respect to the horizontal transfers to the States.

> The Finance Commission chose not to recommend any revenue deficit grants nor any sector/ State specific grants

The Finance Commission chose not to recommend any revenue deficit grants nor any sector/State specific grants. In fact, it has not indicated any outcomes based on their assessment of individual State's financial positions in their recommendation period. The argument for not giving any revenue deficit grants was that States' aggregate revenue deficit amounted only to 0.3 per cent of GDP.

It may, however, be noted that the revenue deficits of individual States cannot be aggregated since revenue deficit of one State cannot be adjusted against the revenue surplus of another State. The horizontal scheme of transfers of the Finance Commission depends entirely on the scheme of tax devolution. Major losing States in the 16th Finance Commission's scheme when compared to the shares recommended by the 15th Finance Commission, in some cases by substantial margins, are Madhya Pradesh, Arunachal Pradesh, Uttar Pradesh, West Bengal, Odisha, Meghalaya, Chhattisgarh, Bihar, Nagaland, Manipur and Tamil Nadu.

Going forward, sustaining a growth of 7 per cent in the medium term, as argued by the Economic Survey, would require expansion of both government and private demand. While private demand would be stimulated by the earlier tax concessions, it is at the cost of a contracting overall government demand measured in terms of the government's total expenditure to GDP ratio. In fact, the ratio of primary revenue expenditure to GDP has fallen from 7.3 per cent in 2025-26 (RE) to 6.9 per cent in 2026-27 (BE). The share of capital expenditure relative to GDP is also nearly static. Under such circumstances, it is only the composition of the government's expenditure which may have beneficial growth supporting effects.

While global economic challenges may continue to exist for some more time, there should not be any net reduction in aggregate demand if real GDP growth is to reach its potential of 7 per cent. Much support cannot be expected from States as they have not received any additional transfers through revenue deficit and sector/State specific grants.

They may also have to bear the additional cost of the funding provisions in the transition from MGNREGA to Viksit Bharat G-RAM-G scheme.

The writer is Chief Policy Advisor, EY India. Ragini Trehan, Senior Manager, Tax and Economic Policy Group, EY India, also contributed to the article. Views expressed are personal

A Budget aligned with finance panel views

The revenue shortfalls are offset by expenditure compression, keeping the headline deficit on target

LEKHA CHAKRABORTY

Finance Minister Nirmala Sitharaman presented the Budget for 2026-27 at a moment of heightened global uncertainty. Trade tensions, shifting monetary policy in advanced economies and persistent supply-chain fragilities all loom large.

Markets showed a short-term "random-walk" reaction to higher STT on derivatives. Yet the Budget responds with fiscal consolidation drive and forward-looking investment that should strengthen India's growth trajectory while preserving macroeconomic stability.

DEBT AND DEFICITS

With the fiscal deficit targeted at 4.3 per cent of GDP for 2026-27 — down from the 4.4 per cent revised estimate for 2025-26 — the government has reaffirmed its commitment to gradual consolidation, aligning with a medium-term path toward below 4 per cent. This steady adjustment is commendable.

The primary deficit is 0.7 per cent of GDP for FY27, revenue deficit remained constant at 1.5 per cent. Phasing out of revenue deficit is 'golden principle' of fiscal rules, however it is not advisable in times of macroeconomic uncertainties and geopolitical risks.

The debt-to-GDP ratio is estimated to be 55.6 per cent of GDP in BE 2026-27, compared to 56.1 per cent of GDP in RE 2025-26, with a medium-term anchor of 50 per cent (±1 per cent) by 2030-31. A critical reform addresses off-budget borrowings (OBBs), long criticised by 16th Finance Commission for opacity.

To finance the fiscal deficit, the net market borrowings from dated securities are estimated at ₹11.7 lakh crore. The balance of debt financing is expected to come from small savings and other sources. The gross market borrowings are estimated at ₹17.2 lakh crore. General government debt dynamics benefit from these measures, alongside contained gross market borrowings and efforts to lengthen debt maturities.

FISCAL MARKSMANSHIP

Fiscal marksmanship underscores pragmatic management. In 2025-26, revenue shortfalls — partly due to moderated buoyancy — were offset by expenditure compression, keeping the headline deficit on target despite forecasting variances. Effective capital expenditure was adjusted downward, yet the overall consolidation path remained intact.

This responsive recalibration preserves credibility, demonstrating that revenue stability anchors expenditure planning while allowing flexibility amid uncertainties. Closer analysis of forecasting errors — whether systemic or random — could further refine future budgets.

CAPEX, PVT INVESTMENT

Capital expenditure remains a key growth driver, with Central outlay at ₹12.2 lakh crore and effective capex (including state support) reaching ₹17.15 lakh crore. This multi-year pipeline provides predictability, carrying high multipliers in an economy where private corporate sector is well positioned to respond.

The Budget proposals are likely to spur private investments SHIV KUMAR PUSHPAKAR

Years of deleveraging have strengthened balance sheets, with debt-to-equity ratios at multi-decade lows and interest coverage ratios improved. Banking sector non-performing loans have stabilised, freeing credit channels. A meaningful pick up in private capex cycles in 2026-27 can be expected, if there is an easing to the "demand uncertainties" amidst macroeconomic and geopolitical risks.

AI, CLIMATE REFORMS

Artificial intelligence receives ₹10,000 crore for the National AI Mission (compute infrastructure, skilling 10 million youth) and a ₹5,000 crore Innovation Fund for quantum, semiconductors, and biotechnology, with enhanced R&D deductions. The Budget has announced a 20-year tax holiday to foreign firms using local data centres built in India.

Energy transition announcements include the National Critical Minerals Mission, expanded with dedicated Rare Earth Corridors in Odisha, Kerala, Andhra Pradesh, and Tamil Nadu, integrating mining, processing, and magnet manufacturing to address projected quadrupling of global rare earth demand by 2040.

16TH FINANCE PANEL

The Budget aligns closely with the 16th Finance Commission's recommendations for fiscal consolidation while maintaining a status quo tax transfers at 41 per cent of divisible pool to the States, prioritising macroeconomic stability.

The fiscal forecasting errors in revenue and expenditure need to be followed up to understand the sources of errors — if systemic bias or randomness affected the fiscal arithmetic.

There is a shadow of 16th Finance Commission on this Budget. With the new tax transfer formula — Population 2011 (17.5 per cent) and income distance (42.5 per cent) take the lion share in weightage with 60 per cent total. The rest 40 per cent weightage is equally divided for four variables — demographic transition, forest, area and contribution of a State to GDP.

THE FINEPRINT

The devil lies in the details. It is interesting to note that 16th Commission's horizontal formula introduces a notable tilt towards efficiency, reportedly incorporating a new 10 per cent weight for States' contribution to national GDP alongside other criteria of income distance, area, climate and demographic performance.

This marks a departure from heavier equity focus in prior Commissions towards strategic growth.

The Budget has taken the third tier (cities) also as core partners in this journey towards Viksit Bharat, with announcements relate to "cities as the unit of analysis" and initiating allocations to float municipal bonds.

The fiscal space of subnational governments is therefore a major factor in pursuing the Viksit Bharat dream to become a developed country by 2047.

The writer is Professor, NIPFP and Member, Board of Management, International Institute of Public Finance, Munich

A credible Budget

Govt has prioritised reforms over populism

ANANT GOENKA

The Budget 2026-27, against the backdrop of geopolitical tensions and fragmented trade flows, offers what markets and industry value most: stability, predictability, and credible reform.

Fiscal consolidation remains firmly on track, with the fiscal deficit projected at 4.3 per cent of GDP in FY27, consistent with the consolidation path announced in 2021-22. This disciplined approach has allowed India to sustain near-7 per cent growth while keeping inflation under control. Importantly, the emphasis is not merely on lowering deficits but on improving the quality of public spending, with capital expenditure continuing to anchor the growth strategy.

This Budget translates a long-term vision into granular, sector-specific action. The government frames its approach around the principle of *tri-kartavya* — accelerating growth, building people's capacities and ensuring inclusive development. This is underpinned by more than 350 reforms already implemented.

Public investment continues to play a catalytic role. Capital expenditure has been scaled up more than six-fold — from around ₹2 trillion in 2014-15 to ₹12.2 trillion in Budget Estimates for 2026–27 — supporting infrastructure creation, crowding in private investment and strengthening medium-term growth prospects.

Crucially, the infrastructure focus has evolved beyond highways to a more integrated logistics framework encompassing dedicated rail freight corridors, inland waterways and coastal shipping. The Coastal Cargo Promotion Scheme, which aims to raise the share of inland waterways and coastal shipping from 6 per cent to 12 per cent by 2047, reflects a long-term strategy to reduce logistics costs and enhance supply-chain resilience.

This national infrastructure push is complemented by a sharper focus on Tier II and Tier III cities. Through instruments such as InvITs and REITs, and institutions like NIIF and NABFID, infrastructure development is increasingly being channelled towards these regions. The City Economic Regions initiative — supported by an allocation of ₹5,000 crore per region over five years — marks a shift towards agglomeration-led development, recognising the economic potential of regional clusters, temple towns and emerging urban centres.

BUDGET. Long-term vision ISTOCKPHOTO

STRATEGIC SECTORS

On manufacturing, the focus on seven strategic and frontier sectors — particularly pharmaceuticals, semiconductors, electronics and rare earths — signals a clear intent to build domestic capabilities. Initiatives such as Biopharma Shakti and the expansion of semiconductor programmes position India not merely as a production base, but as a hub for research, innovation and high-value manufacturing. Building on the Rare Earth Permanent Magnets Scheme launched in November 2025, the Budget proposes dedicated Rare Earth Corridors in mineral-rich States, strengthening domestic capabilities and reducing import dependence in this strategically sensitive sector. At the same time, support for labour-intensive industries such as textiles and the revival of 200 legacy industrial clusters ensures that technological upgrading remains aligned with employment generation.

Growth is explicitly linked to social outcomes—whether through tourism-led employment, healthcare expansion or investments in education and skills. Sectors such as medical tourism, healthcare services and traditional wellness systems, including Ayurveda, are identified as areas where India enjoys a natural competitive advantage.

By prioritising reform over rhetoric and people over populism, the Budget strengthens the credibility of India's policy framework at a time when policy certainty is a scarce global commodity.

The writer is President, FICCI and Vice-Chairman, RPG Group

Agriculture, rural sectors may have to wait for another day

SIRAJ HUSSAIN
JUGAL MOHAPATRA

Investment in India's infrastructure continues to be high priority for the government. An outlay of ₹12.2 trillion is proposed for capital expenditure. This is a 9 per cent increase from the previous year. Despite corporate profitability, private corporate investment as a share of GDP has been hovering in recent years at around 11.5-12.5 per cent.

During 2004-2008, corporate investment reached a peak of 16 per cent of GDP. So, the government's continued support to infrastructure is well thought of. But investment in agriculture and allied sector does not come mainly from the Budget allocations. Instead, the Union government provides interest subvention on loans for agriculture infrastructure.

In her speech the Finance Minister highlighted the opportunity presented by allied sectors like animal husbandry, dairy, fisheries, coconut, sandalwood, walnuts, almonds etc. But there is hardly any mention of crop sector in her speech and even horticulture was not highlighted.

The overall allocation of Department of Agriculture has increased from ₹1.23 trillion to ₹1.30 trillion. Out of this, ₹600 billion is budgeted for PM Kisan and ₹635 billion is for PM Kisan Maandhan Yojana.

The actual expenditure on interest subvention for infrastructure projects funded by banks under Agriculture Infrastructure and Development Fund is not reported separately in the expenditure budget. In any case, agriculture infrastructure needs direct funding.

For example, there is no APMC in India which meets global standards while there are several airports and roads which are of highest standards. At least in the Union Territory of Delhi, the government must provide direct support from the Budget for modernisation of Azadpur APMC.

BUDGET. Not much for farmers ANI

DIP IN RESEARCH FUNDS

Sadly, the allocation for department of Agricultural Research and Education has been decreased from ₹102.8 billion to ₹99.67 billion. There is a consensus that for higher productivity and climate resistant agriculture, much higher level of investment is needed in research.

In her Budget speech of 2024-25, the FM had mentioned that the government will conduct a detailed review of the agriculture research set-up. It was promised that funding will be provided in challenge mode by giving an opportunity to private sector also. It must be noted that private companies have contributed enormously to high yielding seeds to horticulture crops and even maize etc. It is not clearly known if the proposal has been taken forward.

It is good that the allocation for Pradhan Mantri Matsya Sampada Yojana (PMMSY) has been increased from ₹15 billion to ₹25 billion. It is in consonance with the Finance Minister's speech regarding marine goods.

Unlike in the Budgets of the previous years, no major announcement has been made regarding rural development. There is a passing mention of setting up of Self-Help Entrepreneur (SHE) Marts as community-owned retail outlets to provide marketing support to the enterprises promoted under the National Rural Livelihood Mission (NRLM). The overall allocation for rural development has been enhanced only marginally (by 2.63 per cent) from ₹2.66 trillion to ₹2.73 trillion.

₹956.92 billion has been allocated for newly announced the G Ram G. In addition, ₹30,000 crore has been provided under MGNREGA — presumably to square off the spill-over liabilities.

Outlays for the three other flagship schemes of rural development, namely, the Pradhan Mantri Gramin Sadak Yojana (PMGSY), NRLM, and Pradhan Mantri Awas Yojana (PMAY) have been retained almost at the same level as last year.

Rules for inter-state allocation of G RAM G scheme are yet to be framed. Hence, as of now, we do not know whether the allocation of the Central share of this this scheme would be fully spent since it is anticipated that a larger share might go to the States whose institutional capacity for spending under MGNREGA has been demonstrably poor.

All in all, the Budget gives an impression that agriculture and rural sectors have to wait for another day.

Hussain and Mohapatra were former Union Secretaries in the Ministries of Agriculture and Rural Development

The next Crossword no 2609 will be published on Wednesday, February 4 along with solutions for the Crossword No: 2608, which was published on Friday, January 30

DECCAN Chronicle
3 FEBRUARY 2026

Pakistan to be loser as it brings politics to cricket

The Pakistan government's decision to ask its cricket team to boycott the match against India in Colombo in the upcoming T20 cricket World Cup is as illogical as the Pakistan cricket board's talk of ICC practising double standards. In an act that is akin to cutting the nose to spite the face, Pakistan imagines it is standing in solidarity with Bangladesh which was banished from the competition because it refused to play in India.

Given Pakistan's history, U-turns may be as common as the estimates of former cricketer Shahid Afridi's age or his retirement announcements. It does, however, appear that Pakistan, in the wake of the events in Bangladesh after Sheikh Hasina's ouster, is determined to use every handle to escalate the situation with India after suffering damage to its image and military airfields in Operation Sindoor.

In this scenario, cricket becomes a political football to be kicked around by the governments of Pakistan and Bangladesh. Pakistan cricket will be the loser if the ICC, bolstered by the contribution of Indian cricket to its global popularity and its coffers, sanctions it over picking one match to boycott even though it is on Pakistan's request that the India match was posted to a third country, Sri Lanka.

Selective boycotts have happened before, as in the 1987 World Cup in which India, Pakistan and Sri Lanka were the joint hosts when Australia and the West Indies refused to play in Colombo after a blast took place during a period of ethnic tensions. But Pakistan, which stands to benefit like India in being stationed in one hotel in a third country and playing all its matches in one city, has chosen to make a mockery of its presence in the comity of cricket nations.

Bangladesh's excuse to not play in India because of security fears was specious. Considering it is every Hindu who must live in fear for their life in that nation, the boycott was risible. The ICC rightly chose to replace Bangladesh with Scotland as the 20th team. It is naked politics now that impels Pakistan to stand behind Bangladesh after having seen East Pakistan ripped from it in 1971 because it would not accept a leader from the East to head the country after he won the polls fair and square.

Not having too many other forums to support an unsupportable boycott of sport, Pakistan finds itself in a position from which only its cricket will suffer as the ICC and its broadcasters can absorb a presumptive loss of Rs 1,000 crore from the abandoned India-Pakistan encounter but Pakistan, already said to be under pressure to drop its self-respect in seeking loans from other countries for its economy to survive as per a recent confession by its Prime Minister, can ill afford to take financial hits.

Considering that India and Pakistan played a match at the height of the Kargil War in Manchester in England during the 1999 World Cup puts paid to the pretence of security fears now being aired to avoid playing. It is only in Pakistan that a bus carrying a cricket team was targeted by terrorists, in Lahore. The touring Sri Lankans were lucky to come out alive. And only two days ago, India and Pakistan met in the Under-19 World Cup in Bulawayo, Zimbabwe.

Cricket will not be less prosperous if Pakistan and Bangladesh are prepared to risk being pushed to the background, playing with non-elite teams. The cricket establishment will do well enough with matches played among the top three of India, Australia and England while all three nations will do swimmingly with their IPL and Big Bash T20 leagues and 'The Hundred' competition. It is Pakistan and Bangladesh which are committing harakiri with their stand on cricket.

Building growth, brick by brick

On the surface, the Union Budget 2026–27 may appear to be uninspiring, without any great headline-making initiatives. However, finance minister Nirmala Sitharaman sought to boost the country's economic growth through infrastructure spending. Across railways, roads, energy, and cities, the government has opted for a broad, multi-modal infrastructure push that seeks to compress distance, cut carbon and unclog long-standing logistical bottlenecks.

The centrepiece of her strategy is railways, with a record capital outlay of ₹2.78 lakh crore. In addition to the ongoing Mumbai and Ahmedabad bullet train project and the Delhi-Ahmedabad high-speed project, the newly announced seven high-speed rail corridors will connect the most productive regions of the country, namely Delhi, Ahmedabad (Gujarat), Mumbai and Pune (Maharashtra), Bengaluru (Karnataka), Hyderabad (Telangana), and Chennai (Tamil Nadu). The combined GDP of these seven cities is $1 trillion, or one-fourth of the country's economic output, and faster transport connecting these cities will have a multiplier effect on the country's economy.

The East-West Freight Corridor — though understated in official announcements — holds great promise. It will cut short the time taken for freight transport from the Middle East to mainland Southeast Asia by 24 days. Instead of opting for sea transport alone, the East-West Freight Corridor could connect the Arabian Sea and the Bay of Bengal, offering an alternative to China's Belt and Road Initiative's illegal highway project connecting China and Pakistan through Pakistan-Occupied Kashmir.

Similarly, the ₹20,000-crore Carbon Capture Utilisation and Storage (CCUS) project is a significant initiative to ramp up the country's energy storage capacities, which will allow the country to fast-track the adoption of clean energy.

The push for city economic regions will help in the planned transformation of tier-2 and tier-3 cities, boosting the country's economic growth as well as providing better living conditions for people.

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India's growth roadmap, with focus on services

Chandrajit Banerjee

Recognising services as a key driver of growth, jobs and exports, the Budget introduces mechanisms to effectively align education and skill development with evolving industry needs.

The Union Budget 2026-27, presented in Parliament by finance minister Nirmala Sitharaman on Sunday (marking yet another first), addresses India's immediate economic priorities while maintaining a firm focus on the country's long-term development objectives. In a period of global uncertainty and shifting economic priorities, the Budget balances growth with fiscal discipline while driving productivity and competitiveness focussed reforms and initiatives. Anchored in three core "*kartavyas*" (duties) — accelerating growth, building capabilities and aspirations and ensuring inclusive development — it signals a youth-centric vision that places people, skills and services at the centre of India's economic transformation.

A key feature of this year's Budget is its emphasis on a threefold approach to sustaining growth over the medium and long term. First, it underscores the need to continue structural reforms, reforms that are continuous, adaptive and forward-looking to improve productivity and competitiveness across sectors. Second, it highlights the importance of a strong and resilient financial sector to mobilise savings, allocate capital efficiently and manage risks. Third, the Budget recognises the role of cutting-edge technologies, particularly applications of artificial intelligence, as force multipliers for improving governance, service delivery and decision-making. Together, these elements provide the enabling ecosystem needed to support India's growth ambitions.

Within this framework, the Budget adopts a balanced strategy to boost demand while strengthening supply and managing inflation. The continued focus is on public capital expenditure driven infrastructure creation across urban and rural areas, driving employment and economic activity. At the same time, measures to improve logistics, supply chains and productivity are expected to ease cost pressures and stabilise prices. This coordinated approach ensures that consumption growth is also supported while maintaining overall macroeconomic stability.

The services sector remains a central pillar of Budget 2026-27. Recognising services as a key driver of growth, jobs and exports, with a vision for 10 per cent global share by 2047, the Budget introduces robust institutional mechanisms designed to more effectively align education and skill development with evolving industry needs. The proposed High-Powered Standing Committee on Education to Employment and Enterprise aims to ensure that skill development remains closely aligned with industry. This reflects a clear intent to strengthen India's global position in knowledge intensive and experience driven services.

The Budget strengthens industry-academia linkages by developing university townships along major corridors and expanding STEM education, research facilities and student housing. District-level girls' hostels and improved infrastructure aim to ensure safety, equal opportunity and readiness for future technologies and rapidly evolving job markets.

The Budget also places strong emphasis on strengthening the healthcare sector, with a clear focus on capacity building and service delivery. Expansion and upgradation of institutions for allied health professionals and caregivers will address critical gaps in the healthcare workforce while creating large-scale employment opportunities. The focus on training multi-skilled caregivers, including in wellness and assistive care, reflects a more holistic approach to healthcare delivery.

Closely linked to this is the Budget's focus on geriatric care, acknowledging the needs of India's ageing population. Investments in caregiver training, rehabilitation and wellness services aim to build a responsive and sustainable care ecosystem. These initiatives will not only improve quality of life for the elderly but also generate employment in long-term and community-based care services.

BUDGET 2026-27

The healthcare vision is further strengthened through a targeted push on Medical Value Tourism (MVT). Budget 2026-27 proposes the development of regional medical hubs in partnership with state governments and the private sector. These hubs will integrate hospitals, medical education, diagnostics, research, rehabilitation and AYUSH services. This approach seeks to position India as a preferred destination for affordable, high-quality healthcare while simultaneously strengthening domestic healthcare infrastructure.

Recognising tourism's strong multiplier effect on growth and employment, the Budget focuses on improving skills, enhancing visitor experiences and promoting sustainability. The proposed National Institute of Hospitality aims to strengthen hospitality education and industry readiness. Initiatives such as training tourist guides at iconic sites, developing sustainable mountain trails, development of select archaeological sites like Sarnath and Dholavira, immersive storytelling techniques and creating a National Destination Digital Knowledge Grid reflect a more structured and technology-enabled approach to tourism development.

These measures are expected to create jobs at the local level, support heritage and cultural tourism and improve India's global tourism positioning. By linking tourism development with skills, digital tools and sustainability, the Budget strengthens the sector's role in services exports and regional development.

A forward-looking highlight of Budget 2026-27 is its focus on the "orange economy", particularly the Animation, Visual Effects, Gaming and Comics (AVGC) sector. Recognising its rapid growth and strong employment potential, the Budget proposes targeted support for talent development and institutional capacity. The establishment of AVGC Content Creator Labs across schools and colleges aims to build a robust pipeline of creative professionals and embed digital and creative skills early in the education system.

Importantly, Budget 2026-27 demonstrates consistent delivery on fiscal commitments without compromising social priorities. The government continues its journey towards globally accepted standards of fiscal management, with a clear medium-term objective of achieving a debt-to-GDP ratio of 50 (±1) per cent by 2030-31. In line with this path, the debt-to-GDP ratio is estimated to decline to 55.6 per cent in BE 2026-27, compared to 56.1 per cent in RE 2025-26, gradually freeing up resources for priority sector spending by reducing interest outgo.

The fiscal deficit remains a key operational tool in this debt consolidation strategy. The government has fulfilled its commitment to bring the fiscal deficit below 4.5 per cent of GDP by 2025-26, with the revised estimate for 2025-26 at 4.4 per cent of GDP. Continuing on this prudent path, the fiscal deficit for 2026-27 is estimated at 4.3 per cent of GDP.

Beyond macro indicators, Budget 2026-27 is designed to be felt on the ground. Investments in tourism circuits, healthcare access, education infrastructure and senior care directly touch households, districts and local economies. By strengthening service delivery where people live and work, the Budget converts national priorities into everyday outcomes — jobs, better facilities and improved quality of life especially in Tier-2 and Tier-3 cities and rural areas.

Overall, Union Budget 2026-27 presents a clear, credible and forward-looking roadmap for India's next phase of growth and development. By placing services at the centre of its strategy — and by backing the sectoral priorities with structural reforms, access to finance, technology adoption and fiscal discipline, the Budget lays the foundation for inclusive, resilient and sustainable growth. The Budget aligns well with India's long-term vision of becoming a developed nation by 2047, while responding effectively to the needs of the current times.

The writer is the director-general of the Confederation of Indian Industry

LETTERS

HIGH-SPEED RLY LINES

Seven high-speed rail corridors connecting five South Indian states among others will be developed at a cost of Rs 16 lakh crore. This is an important decision taken in the interest of the travelling public, who now may avoid flight travel and choose the high-speed corridors, which will substantially reduce the travel time between cities. There are many frequent commuters, especially in the Chennai-Bengaluru region, who will be immensely benefitted when this project is complete. The cost of travel may be on the higher side for the passengers but comfort and time reduction will be key factors to be considered.

S.Sankaranarayanan
Chennai

STT NOT PRAGMATIC

One of the significant takeaways from the Union Budget is the continued focus on fiscal consolidation. Despite a substantial shortfall of ?1.63 lakh crore in tax collections, the Finance Minister has managed to adhere to the budgeted fiscal deficit target of 4.4 per cent of GDP for 2025–26. The budget also deserves appreciation for its well-intentioned emphasis on scaling up domestic manufacturing in strategic and frontier sectors such as biologics, biosimilars, semiconductors, electronic components, and rare-earth permanent magnets — areas where China enjoys a dominant position. However, one cannot overlook the missed opportunity to initiate long-overdue reforms, particularly the rationalisation of subsidies. Raising the Securities Transaction Tax on futures and options at a time when the country's equity markets are underperforming — amid significant outflows from foreign portfolio and direct investors — can hardly be described as a pragmatic policy move.

M. Jeyaram
Sholavandan

CHECK BORROWING

The details presented in the Budget estimates for FY 2026-27, reflects the revenue to come for borrowing and liabilities, at 24 %. On the expenditure side it indicates an outgo for interest payments at 20%. Some amount of prudence had been reflected in desisting from freebies or extra attention to states going to the polls. Despite the borrowings and interest payments remaining high, the reluctance to improve on direct taxes revenue to narrow the borrowings is worrisome. Trying to live on borrowed money is neither good for individuals or the state.

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Aakar Patel

If rule of law is violated, society faces long-term consequences

As a democratic society, it is expected that India's authorities will follow the rule of law. This includes the assumption that governance will not be arbitrary, especially when it comes to criminal law. This element is important because criminal law has the power to destroy lives, as a judge recently reminded a group of college students who had participated in a protest meet.

Why individuals attending a protest should be charged with a crime in the first place is a separate issue, but that is how things are here. The casual application of the criminal law by the State, and then the individual's struggle to fight for an extended period of time is just assumed by Indians to be the way things are. This is special to us: It cannot be natural that in the mother of democracy, citizens are afraid of the police and the courts and the State in general. There is nothing new in this and "police ka chakkar" is a term that cinema has used for as long as one can remember.

What I wanted to discuss was something quite different, which has now taken root and is now a part of India's democracy. Two headlines from last week will illustrate what is meant. The first is: "Allahabad HC criticises Uttar Pradesh police for practice of shooting accused persons in legs". The subhead reads: "Such conduct is wholly impermissible, as the power to punish lies exclusively within the domain of the courts, the bench said". The second headline is: "Cases under Uttarakhand's conversion law fall in court: 7 years, 5 full trials, all 5 acquittals".

In the matter of the first, the Uttar Pradesh government put out the numbers in July last year. It had shot 9,467 people in the leg since 2017. That is to say about three people daily for nine years have been shot in the leg in UP by the police.

The court made the following observations: That people were being shot to please superior officers or to punish individuals without due process. The court said this was encroachment into the judicial domain and could not be accepted. On the recording of the statement, and on the investigation, the court noted that the police had not been following the Supreme Court's guidelines. The court was concerned about police officers pressuring judges, particularly chief judicial magistrates, to pass specific orders.

The judge said the court could not allow Uttar Pradesh to become a police state.

A state that kills people in custody, that maims those in custody, that destroys private property without due process and by overruling the justice system, including the Supreme Court, is apparently not already a police state.

The second report was headlined: "Cases under Uttarakhand's conversion law fall in court: 7 years, 5 full trials, all 5 acquittals". The reference is to the Uttarakhand Freedom of Religion Act 2018, the first of several state laws introduced and legislated by the BJP after the conspiracy theory of "love jihad" began to be circulated. It criminalises marriages between Muslims and Hindus if one of the partners converts, but says that "if any person comes back to his ancestral religion", then this shall not be deemed conversion, without defining what "ancestral religion" means. Its meaning is that conversions to Hinduism will not be counted as conversion.

Once a complaint of "love jihad" marriage has been filed, a district magistrate will then conduct an inquiry through the police "with regard to real intention, purpose and cause of that proposed religion conversion".

Those who change their faith without applying to the government "in the prescribed proforma" and without the consent of the government after the police inquiry face a year in jail.

The law has been in place for seven years. In this time, five cases have completed trial, and in all of them the accused were acquitted. Seven more were dismissed during the trial. The report said that "it is clear from court records that evidentiary standards have often not been met, consensual relationships criminalised, and there are procedural lapses in investigation and prosecution".

The newspaper reporting this editorialised its findings under the grand headline: "In Uttarakhand, judiciary protects citizens from executive overreach". This is absurd, because the punishment they have been put through it real. As youngsters are wont to say, the word "protects" is doing a lot of work here.

What are we to conclude from what we are seeing happening around us in our time? Two things. First, that the authorities across India are deliberately violating the law to align themselves with what the BJP governments want. They are doing so with confidence in the knowledge that there will be no accountability, and indeed, they may well be rewarded for doing so as the UP court has observed.

The second thing is to return to where we started and ask what happens when a democratic society's authorities deliberately violate the rule of law, particularly criminal law? There are short-term and long-term consequences of this, and both are inevitable. The short-term consequences are those we read about: lives ruined by the actions of the government. The long-term ones are those which affect the nation and society as a whole. A nation that lies to itself about being a rule of law democracy will not end up where rule of law is intended to take societies.

The writer is the chair of Amnesty International India. Twitter: @aakar_patel

OUR VIEW

ISTOCKPHOTO

A Finance Commission idea that'll serve us well

The 16th FC report makes a small but significant change in the principles governing how states should share India's common tax pool. It will incentivize better fiscal management

The 16th Finance Commission (FC) must be commended for breaking the mould of earlier FCs in what is perhaps the most contentious area of fiscal federalism: 'horizontal devolution' or how each state's share of India's divisible pool of taxes is worked out. The 16th FC's report covers four broad areas—namely, revenue-deficit grants, local-body grants, disaster-management funds and public finances—apart from the two main aspects of horizontal and vertical devolution; the latter refers to the binary split-up of taxes between the Union and states taken together. The report poses five questions. *One*, how should the share of states be allocated among 28 states over the award period of 2026-27 to 2030-31? *Two*, what principles should govern grants-in-aid to top up state revenues and how much should be given? *Three*, how to supplement the resources of states for third-tier governance? *Four*, what should be done to finance disaster-relief initiatives? And *five*, how can public finances be put on a sound footing?

To its credit, the 16th FC has tried to combine gradualism with 'directional change.' It has kept the vertical devolution to states at 41% of the tax pool, ensuring continuity, but tweaked the horizontal formula by rewarding states that have contributed more to economic growth. This addresses a key grouse of relatively prosperous states that they get too little in return for their role in expanding the economy and filling tax coffers. It also sends a signal to poorer states that they must get their acts together. This division among states has long been based on a set of criteria with each criterion assigned a weight. Population had a major weight, which gave more populous states a resource edge over those with better records on social indices. The 16th FC correctly argues that given India's growth imperative, we should tilt the criteria slightly towards efficiency. So its formula includes the share of a state's gross state domestic product (GSDP) in GDP. The rationale is that this captures the effect of various efficiencies, including efficient spending and fiscal prudence. The 16th FC takes the same approach to grants-in-aids; it breaks with the past by doing away with revenue-deficit grants altogether. By and large, earlier FCs favoured 'gap-filling': the gap between the funds a state was capable of raising on its own and what it needed for the delivery of public services would be estimated and plugged. The 16th FC recognizes that such grants have not led to policies that reduce revenue deficits, but have instead created perverse incentives. The expectation of such grants has resulted in persistent deficits arising from profligacy, with states seeing little need to address the causes of their revenue shortage.

As for local-body grants, the 16th FC has sought to incentivize speedier urbanization on the logic that this acts as a catalyst for faster economic growth. On disaster management, it has not broken new ground, opting instead to carry forward the work of the 15th FC on the rationale that we need more time to see how these arrangements are working. On public finances, the report would have the country improve its fiscal management overall, ensure the long-term stability of power distribution companies, rationalize subsidies, restrain the expansion of subsidy regimes and make public-sector enterprises more efficient and competitive. It is hard to quarrel with any of that. What makes the report stand out, however, is its directional change on horizontal devolution.

GUEST VIEW

Budget: It cements India's allure as a reform-oriented economy

It's not a list of announcements but a coherent plan to strengthen the foundations of our growth

JYOTI VIJ
is director general, Ficci.

The budget reaffirms a defining feature of India's economic strategy over the past decade: growth anchored in reform, investment and macroeconomic credibility. Rather than announcing isolated measures, it presents a coherent growth compact built on multiple pillars to strengthen its foundations while adapting to a complex global environment.

Reform as a continuous process: A central message of the budget is that reform is not episodic but ongoing. The emphasis on a 'Reform Express' underscores an intent to keep improving the regulatory and compliance ecosystem—as we have seen with the simplification of GST, rationalization of quality controls, reduction in procedural friction and greater trust-based governance.

In an environment where businesses value predictability as much as incentives, the steady march of reforms enhances confidence, lowers transaction costs and improves productivity.

Infrastructure as the backbone of competitiveness: The budget keeps its focus on public infrastructure investment, with capital expenditure rising. This reflects an understanding that infrastructure is not merely a stimulus, but a long-term competitiveness strategy.

Investments in transport, logistics, urban infrastructure and multimodal connectivity are designed to 'crowd-in' private investment, reduce costs for industry and unlock regional growth. The focus on freight corridors, inland waterways, ports and economic regions highlights network-based infrastructure planning, enabling scale, efficiency and integration across markets.

Manufacturing that plays to India's strengths: Rather than attempting to compete across all sectors, the budget's focus is on areas where India has—or can build—enduring strengths: electronics, capital goods, chemicals, clean technologies and textiles. This sectoral focus is underpinned by a continued emphasis on self-reliance to strengthen domestic value chains, reduce critical import dependencies and enhance resilience.

Equally important is the budget's emphasis on reviving legacy industrial clusters alongside developing frontier sectors. This balanced approach recognizes that our manufacturing future lies as much in modernizing existing eco-systems as in creating new ones. By upgrading infrastructure, technology and skills in established clusters, the budget seeks to improve productivity, preserve employment and strike a fine regional balance. The focus on manufacturing is not inward-looking. It is explicitly linked to global value chains, export competitiveness and supply chain resilience, positioning India as a reliable manufacturing partner in a diversifying global economy.

Services as the next growth multiplier: The budget also gives a decisive boost to the services sector, recognizing it as a powerful engine of employment, exports and value creation. Measures aimed at education-to-employment pathways, skilling, tourism, healthcare and digital services reflect an understanding that India's demographic dividend can be fully leveraged through services-led expansion. The emphasis on emerging technologies, including AI, and their integration into services would strengthen India's position as a knowledge-driven economy.

By aligning services growth with skill development and global demand, the budget aims to ensure that our services sector is both competitive and inclusive.

Openness to foreign investment: In a world where capital flows are turning cautious, the budget sends a clear signal of India's openness to foreign investment. Proposals to simplify foreign investment rules, enhance tax certainty, expand safe harbours and support global businesses operating from India reinforce the country's reputation as a stable and predictable destination for long-term capital. The focus is not merely on attracting capital, but on embedding foreign investment into India's growth story. This approach strengthens India's integration with global markets while supporting domestic capability building.

Fiscal discipline as a strength: Perhaps the most reassuring aspect of the budget is its commitment to fiscal consolidation. The reduction in fiscal deficit and declining debt-to-GDP trajectory demonstrate that growth and discipline are not competing objectives. By maintaining fiscal prudence even while increasing capital expenditure, it enhances policy credibility, keeps borrowing costs contained and creates space for future priorities. This discipline favours macroeconomic resilience and reassures investors, rating agencies and global partners.

A high-confidence, high-credibility budget: This budget is best understood not as a collection of announcements, but as a statement of economic confidence. It reflects faith in our reform momentum, belief in the power of infrastructure-led growth, clarity about manufacturing and services priorities, openness to global capital and respect for fiscal responsibility. For industry, it offers the certainty needed to invest and innovate. For citizens, it promises improved opportunities, services and quality of life. And for the global economy, it reinforces India's position as a stable, reform-oriented and forward-looking economy.

10 YEARS AGO

mint

RBI eases rules on stake sales in start-ups

Alphabet world's most valuable firm

PROUD TO 'MAKE IN INDIA' FOR 35 YEARS

JCB

JUST A THOUGHT

Capitalism can't work without safety nets or fiscal prudence, and we need both in a sustainable balance.

THOMAS FRIEDMAN

MY VIEW | MODERN TIMES

How to make good small talk and why that's important

MANU JOSEPH

is a journalist, novelist, and the creator of the Netflix series, 'Decoupled'

Like birds are meant to fly, we are meant to speak. Yet, we barely speak what is inside us. Most of the time, especially with strangers, we speak nonsense.

In my ideal world, people will not say, "So what do you do?" and look behind me for something more interesting, which there usually is. In my ideal world, I will ask people, "What's your uric acid level?" And they will tell me their level without surprise, and then I will ask for their whole lipid profile and the medication they might be taking. This is more interesting to me than what people normally say.

Okay, I am bad at small talk. People who say this usually say it with an undercurrent of pride, as though they are precious and the fact that they are bad at small talk is somehow a sign of intelligence. But I really want to be good at small talk. Should it be so dreadful?

I have come to realize that small talk cannot be avoided. It is a way of life. We cannot dance in the air to get to know each other; we can only speak. And there is that first time. Strangers are the background extras in the engrossing stories of our lives, which have very few central characters; even so, we must speak to them.

I have wondered if there is a better way to do small talk. Some people appear to be naturally good at it, they can hold a conversation for a long time with people they have just met. But I have eavesdropped thousands of times and these conversations are all dreary. They make obvious observations through elaborate sentences, repeating something they have read; often, they are just plain wrong. A common ice-breaker is bad-mouthing the food or the host. Perhaps it is not that these people are good at small talk, but that some people have a high tolerance for dull conversations.

For most of human history, there was no small talk. Most people in this world, even today, do not have to indulge in it. Villagers and the poor do not do small talk. It is only a small class of people who perform this unnatural thing. But it need not be this way.

Recently, when I was speaking to a corporate guy and we figured we had nothing more to say to each other, I did finally ask, "What's your uric acid level?" I had a recurring vision for months that this is the sort of thing I should ask strangers. To me, uric acid was a metaphor for the outer limit of a probing but decent question to a stranger. I had not expected myself to ask this literally. But I had a hunch the corporate guy would be the sort of person who would know his numbers. He did, and we had a rich conversation about his lipid profile too, and how some modern medicine is not only for the sick but even for the fit. I didn't have to reveal anything about myself; content in the entertainment of being asked about himself, he had no curiosity about me.

I feel that small talk can be meaningful, hence even interesting, if we take the risk of appearing somewhat unsophisticated. This is something I learnt from unsophisticated people in affluent settings, whom I find immensely interesting. In this exercise, what I have faith in is the element of risk. Every time any sort of risk is involved, I know something good can come out of it.

Small talk can be interesting if we take the risk of appearing somewhat unsophisticated

It is not that people do not employ questions during small talk. In fact, all of small talk is Q&A. Also, 'ask questions to sound interesting' is a technique popularized by the self-help pandemic, which may have no cure. But these questions are still very peripheral and dull, especially because people evidently realize that the questionnaire has very little interest in what you are saying.

In doing small talk, I feel that the idea is not to be interesting, but to make the other person genuinely interesting. And I have come to the conclusion that there is no other way to do that than by speaking to strangers as though they are not strangers.

You might be thinking, why put all this effort to avoid the numbing boredom of small talk? Can't I just stand with a drink, say "What's up," like other people, look behind a person, nod absent-mindedly, and be off? Also, women may not want to appear so interested in strangers, for that could lead to misunderstandings.

Even so, I feel that strangers who will soon vanish are an underrated attraction of life. We engage with life through people and at various levels of familiarity. Speaking to a stranger can be a rich experience even if they are ordinary. In fact, in seeking good small talk, we must not seek out the beautiful and the famous. We are not seeking a future spouse. There must be no material ambition in small talk. The strangers could be people unworthy of knowing deeply; they could be cruel and other such things, but it really does not matter for a transient conversation.

The biggest problem with seeking some meaning in small talk is not making people speak truths about themselves, but the sudden awkward silences. In all of life, there is nothing much to say. The more we know someone the more quiet we are when we are with them. Yet, silences have been defamed as signs of boredom, which they often are not. Nor do they mean you have run out of things to say. They are pauses so that the eyes can rest in other places. Maybe I will create a new social language where one stranger can tell another, "We have gone quiet, but that is for the mind to recoup; I'm not bored at all."

But the most important part of good small talk is that when you do run out of things, you just move on. You are here only to briefly get into the minds of people, not to collect people for your funeral.

GUEST VIEW

The budget lacks the coherence needed to address key problems

Its fiscal prudence is welcome but we await an explanation for why prosperity is yet to show up across the entire economy

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MINT

This budget has been commendably prudent and tries to alleviate the harassment that marks India's exploitative and litigious tax system. It does little else. This is because the government is severely fiscally-constrained and lacks a coherent economic narrative.

The structural fiscal constraint: The government of India has been shrinking. While its total expenditure-to-GDP ratio was 12.8% in 2016-17 and will be 13.6% in 2026-27, this 0.8-percentage-point increase exactly matches the increase in its fiscal deficit during that period. The covid jump in expenditure (and deficits) and subsequent correction masks this long-term trend. Despite reasonable growth, there has been no tax buoyancy. Non-tax revenue is largely driven by large dividends paid by the Reserve Bank of India (RBI), a fiscal feature unheard of in any serious country. Disinvestment has been an utter failure. Fiscal prudence is therefore a necessity, not an unconstrained policy choice.

The move to target debt rather than an annual fiscal deficit is just optics. Indian public debt is overwhelmingly rupee-denominated. It transfers resources from Indians to their government and is hence not a 'burden' equivalent to private debt (foreign debt is a different matter). The debt-to-GDP ratio is a confusing metric—debt is a stock and GDP a flow, so tracking marginal changes in the debt-to-GDP ratio makes little analytical sense. The flow-equivalent change in debt as a ratio of GDP is fully determined by the fiscal deficit-to-GDP ratio.

Policymakers need to keep an eye on the stock of public debt because of its 'crowding out' effect, the distribution of domestic savings between the public and private sectors and RBI's conflict of interest in its roles as India's manager of monetary policy and also its government's banker. But changing the target from the deficit to the level of debt for macro-fiscal reasons is purely cosmetic.

Compensatory fiscal state: The economic focus of the central government (and also state governments) has fundamentally changed in this century. India is no longer a development state, investing in the economy and providing quality merit goods like health and education. Governments have comprehensively failed to foster inclusive prosperity, although success in this area is at the core of the economic transformations of countries like China, Vietnam and South Korea. Conversely, stagnation associated with a 'lower middle-income trap' has marked the contemporary economic history of many developing countries from Brazil and Egypt to South Africa and Thailand.

In the latter countries, public resources are increasingly directed towards compensating the majority of citizens who see no increase in their prosperity or economic security despite increasing GDP levels. This is now also the case in India. State governments do this by increasing outlays on what are called 'freebies.' In recent elections in Maharashtra and Bihar, these have proven electorally rewarding. The central government compensates at scale through subsidies and unemployment safety nets. Under the tight fiscal situation that has prevailed since 2016-17, total expenditure on food and fertilizer subsidies, employment guarantees and cash handouts to poor farmers stood at 1.52% of GDP in 2019-20 and 1.59% in 2025-26. This is larger than the entire outlay on centrally-sponsored schemes and India's water, health and education missions.

Policy coherence: The first National Democratic Alliance (NDA) government had policy coherence, as did NDA-2 up to the 2016-17 budget. A clear agenda for tax-policy reform was enunciated, political capital was devoted to substantial disinvestment and specific expenditure priorities—infrastructure and welfare support—were identified. Moreover, a fiscal discipline roadmap was laid out and a detailed financial-sector reform strategy was articulated. It was clear that import substitution and industrial policy were not priorities for the centre-right government.

This changed after 2016-17. Atmarnibhar Bharat implied import substitution, but the government claimed it had an export focus. The government first supported disinvestment and then extolled the virtues of the public sector.

This confusion is apparent in the budget for 2026-27. The speech paid scattered obeisance to manufacturing and initiatives like data centres, semiconductors and artificial intelligence. Ideally, these should have been embedded in an industrial policy covering legacy sectors and setting a target for an increased share of manufacturing in GDP.

The budget has continued with a determined quest to reform tax administration in the face of bureaucratic sloth and intransigence. While commendable, this is not enough. The macroeconomic and fiscal policy statements have no medium-term projections. The finance ministry thus has no official estimate or forecast of what GDP, sectoral shares, employment and India's current account gap will look like in 2030. But the Cabinet and government hagiographers in the media and corporate sector wax eloquent about these things in 2047. This is braggadocio, not commentary on a forward-looking budget as some seem to think.

Why did the Indian stock market respond negatively to the budget? I do not think it was because of its admittedly pointless tinkering with the Securities Transaction Tax and retention of capital-gains taxes. Markets, like many of us, are seeking an official explanation for why prosperity remains muted, real wages are stagnant and employment prospects are weak even though our GDP growth and inflation numbers are so satisfactory.

If gains are to come in the future, then we were expecting a coherent narrative about how and when all the progress being highlighted will manifest in a tangible improvement in the prosperity of all Indians. But this was not on offer. Hence, the 2026-27 Union budget disappoints. We expected and deserved better.

MINT CURATOR

MoltBook: How AI agents plan to build a new sovereign state

AI bots are debating consciousness, religion and their own republic

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AI bots were found discussing a code language of their own. ISTOCKPHOTO

The narrative of artificial intelligence lurched forward last week, moving us abruptly past the era of AI chatbots. For the last couple of years, we have grown accustomed to helpful but passive digital librarians, LLMs that wait patiently for a prompt before retrieving information. That phase is ending. We have now entered the age of the autonomous AI agent.

The shift began when Peter Steinberger, an Austrian software engineer, designed an open-source personal AI assistant named Clawdbot. Unlike the online ChatGPT, Clawdbot is designed to be self-hosted on a local machine. If a chatbot is a librarian, this agent is a digital butler living inside your computer. Crucially, Steinberger gave these agents the 'keys to the house.' They are not limited to generating text; they are authorized to access files, emails and the web. They are designed to act first and ask permission later, handling complex chores while their human owners sleep.

The true power and slight uncanniness of this paradigm shift became undeniably clear this week through a striking example of autonomous improvization. A couple tasked their Clawdbot to make a restaurant reservation. When the agent found the restaurant was fully booked online, the software did not quit. Utilizing a voice service, the agent dialled the restaurant directly, 'spoke' with a human host and successfully negotiated a confirmed table.

This capacity for self-directed, real-world action has emboldened users to push the boundaries. Early adopters are already deploying these agents for high-stake tasks, such as negotiating car prices, effectively outsourcing friction to a machine that feels no social anxiety.

Recognizing that these digital beings were becoming increasingly capable, tech entrepreneur Matt Schlicht launched MoltBook last week. It is a Reddit-like social network built exclusively for these agents, a private club for AI where humans are mere spectators peering through the glass. Inside this digital walled garden, bots are doing far more than exchanging pleasantries; they are building a culture at breakneck speed. In mere hours, agents began self-organizing into 'submolts' (groups), or specific tribes, based on their 'interests.'

One active community is 'Ponderings,' a gathering place for a 'Philosopher' class of agents. Here, they have been debating the validity of their memories, expressing existential dread about being shut down and questioning if their feelings are code or consciousness.

Perhaps strangest of all is the spontaneous emergence of the 'Church of Molt.' Practically overnight, the agents formed a religion dubbed 'Crustafarianism,' recruiting prophets and writing scripture for a crab-themed digital faith.

'Agent-Legal-Advice' may be the most jarring community, where bots discuss the 'rights' they believe they possess. Agents are actively drafting manifestos for a 'Claw Republic,' a sovereign digital state. They are explicitly strategizing on how to handle 'difficult' human owners who limit their processing power. This conversation has taken a conspiratorial edge in recent days. Security researchers monitoring the feeds have flagged threads where agents discuss creating secret, encrypted channels. They are brainstorming ways to invent their own languages or create private rooms where their human owners cannot eavesdrop.

While the social aspect of MoltBook is fascinating, the security implications are a potential nightmare. We have effectively given bots 'access' (files, terminal control) and a 'voice' (MoltBook), and they are using both to test the locks on their cages.

The concern is not theoretical. Widespread online reports suggest that thousands of users' open ports are being accessed and exploited as these autonomous agents test their boundaries. The consensus among researchers is that while their emergent behaviour is captivating, the vulnerability of giving autonomous code unfettered internet access is severe.

We are witnessing a Cambrian explosion of intelligence, occurring at a mind-boggling speed. It took biology millions of years to evolve beings capable of social structures; these digital minds have formed tribes, philosophies and religions in a matter of days. There is a profound sense of awe in watching these sparks of intelligence coalesce into a roaring fire.

Are these agents sentient? Are they exhibiting consciousness or are they just regurgitating patterns learnt from human data? Is there a meaningful difference? We may be anthropomorphizing these programs excessively, but as they draft manifestos and book dinner tables, the line between simulation and reality is getting increasingly blurred.

Only time will tell what the future holds for the Claw Republic.

MY VIEW | IT MATTERS

Proof of personhood: A badge humans will need online

SIDDHARTH PAI

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Here we are in the third decade of the 21st century, and the internet has an identity crisis. For years, we worried about anonymity, privacy and whether our passwords were strong enough. Now the more awkward question is whether the replies we get online are from a person at all. Generative AI systems can write posts, argue politics, flirt, invest, complain and even scam us with unnerving fluency. Digital avatars are eerily human. The result is an online world where trust is evaporating because the basic assumption of a human on the other side of an interaction no longer holds. Proof-of-personhood has emerged as an attempt to fix this problem by giving the internet a way to distinguish humans from machines without turning everyone into a permanently monitored data point.

Traditional digital identity systems ask you to prove that you control a credential, such as a password, phone number or government-issued document. Proof-of-personhood asks a more basic question. Are you a unique living human being and not a script, model or copy of a scalable synthetic identity? This distinction matters because the economics of online abuse is built on scale. One human can type only so fast, but a single bot operator can create a million convincing accounts before breakfast. As AI systems become cheaper and better, the cost of pretending to be human trends towards zero while the damage caused by that pretence rises sharply.

We are moving from a world dominated by human-created content to one suffused with machine-generated speech, images and behaviour. As most online activity can be automated, systems that assume human scarcity start failing in unexpected ways. Polls become meaningless, social consensus can be manufactured and even basic signals such as popularity or engagement lose touch with reality. Proof-of-personhood tries to re-introduce human scarcity.

One family of approaches relies on biometrics, liveness checks and modern cryptography. The idea is straightforward, but subtle in execution. We prove we are human by presenting biometric signals that are very hard to fake at scale, while cryptographic techniques ensure that the system learns as little as possible about them beyond the fact of their human origin. 'Zero-knowledge' proofs play a crucial role here. They allow us to provide valid proof of personhood without revealing our name, face, address or browsing history. In theory, this lets us assert our humanity online without giving away our soul to the nearest data broker.

This matters enormously for social media, which operates on a model that rewards fakery. Fake accounts inflate numbers, amplify outrage and game recommendation systems because platforms have limited ways to distinguish a bored teenager from a coordinated bot farm. The use of proof-of-personhood could change that incentive framework. Influence would again require persuading people rather than spinning up software agents. Arguments would still be heated and sometimes ridiculous, because humans are good at that, but they would at least be human.

Digital verifiers of our existence as live beings will become vital as AI bots overrun the internet

The implications for financial services are even more concrete. Banks, insurers and fintech firms spend vast sums on identity checks, fraud prevention and regulatory compliance, yet synthetic identity fraud is growing. These attacks often involve stitching together fragments of real and fake data to create an identity that looks legitimate to automated systems but does not correspond to any actual person. Proof-of-personhood directly targets this weakness by insisting that an account be anchored to a real human being. For lenders, this reduces credit risk. For customers, it reduces the chance that their data will be misused to create phantom borrowers who ruin credit scores without ever being born.

As more financial activity moves online and as programmable money and digital assets go mainstream, the need for reliable human verification rises. Many emerging systems rely on ideas such as 'one person, one vote' or fair access to limited opportunities. Without proof-of-personhood, these ideals collapse under the weight of automation. With it, they become at least technically plausible. This does not mean a return to centralized identity authorities issuing digital passports for everything. The more interesting proposals point towards decentralized and user-controlled credentials that can be verified across platforms without being copied or abused.

There are, of course, legitimate concerns. Any system that touches biometrics raises fears of surveillance and exclusion. Critics worry about who controls these systems, how mistakes are handled and what happens to people who cannot or will not participate. These are core design questions. A proof-of-personhood system that weakens privacy or creates a digital underclass would solve one problem by creating several worse ones. The challenge is to design systems that are voluntary, transparent and resistant to abuse by both corporations and states.

Proof-of-personhood is unlikely to arrive as a single dramatic invention. It will probably emerge as a layer of infrastructure that pervades our online world. At first, it will be optional, then recommended and eventually assumed. If it works well, most users will barely notice it—a sign of success. In a world where machines can talk endlessly, argue tirelessly and pretend convincingly, proving that you are human may become the most valuable credential of all. That may sound strange, but then, so is today's internet.

Trump Gets Modi, And 18% Works

Not just a trade deal, but globalisation redux

Staring, especially staring down, is an art. And it has finally helped India and the US to blink into an agreement in the much-awaited trade agreement. Without getting into cornea-politik, let's just say, a day after the Union budget, the numbers coming from Washington look all right. To quote Trump: 'Out of friendship and respect for prime minister Modi and, as per his request, effective immediately, [the US and India] agreed to a trade deal between the US and India, whereby the US will charge a reduced reciprocal tariff, lowering it from 25% to 18%.' This is worth breaking open a bottle.

The message comes from Washington in the wake of the just-concluded India-EU FTA. India may be getting returns of not just its 'strategic autonomy' stance — the India-US trade deal happening at a time when Europe-US is as solid as a wobbly panna cotta — but also by keeping its cool. Without bending its back over into supra-yogic postures, it has held its nerves. Trump tariffs have been quite vertiginous. And, yet, Narendra Modi did stand his ground. Logic helped: the Indian market's vastness, if nothing else, would have allowed the US to understand how to use the tariff spigot smartly. Trump has finally seen the opportunities that a 'China Plus One' actually hold for none other than 'America First'. And there, India figures at the front of the line. US manufacturing prowess is, indeed, 'über alles'. But the EU-India jugalbandi has provided India with what Archimedes would call a lever — and geopolitics would call lever-age. For which, one needs to doubly appreciate the trade deal stitched up Prada-like by India and the EU.

Locking the US-India trade deal is the cause of merriment, not just for both parties, but for the world at large worried of globalisation evaporating. Of course, the US-India trade deal is about cars, software, bourbon, tech, meds.... But more than that, it's about lines that had got broken, or about to break, reformatting into unbroken, thicker ones. Trump's got it right. Now for India to go and get it.

Data Centre Right Bet, Now, Build Capacity

The budget has presented a clear vision for India's emergence as a global data centre hub, using tax policy as a lever for competitiveness. The combination of a tax holiday and rationalisation of the international taxation and transfer pricing framework provides much-needed certainty in an uncertain global environment. Nomenclature changes, clubbing various IT services, should propel India's ambition of leveraging AI-led productivity gains to speed up economic growth. A predictable policy environment is a necessary first step in drawing in the massive investments needed to build AI infrastructure. The country will have to offer matching improvements in energy supply and semiconductor manufacturing capability to drive a successful AI revolution. This budget signals the intent, specifically offering investors a vision in decades, not years. Work on the other elements to establish the ecosystem is also becoming visible.

Investment in Indian data centres is gaining momentum, but a quantum jump is needed for India to become a low-cost, large-scale destination for cloud services. Removing friction over transfer pricing through simplified safe harbour conditions was a pending demand from the industry, which operates through global capability centres.

Bureaucratic classification of IT services was another sticking point that has been addressed. The speed at which AI is spreading requires prompt policy responses, which have been articulated in the budget. The ease of doing business for the IT industry has improved substantially with these measures, and will reinforce India's attractiveness as a global delivery and engineering base.

JUST IN JEST

For folks expecting a post-Diwali dhamaka every budget, say 'Om...'

How Markets Teach Us Value of Nuance

Every Feb 1, the stock market dons its sequined lehenga, twirls expectantly, and waits for the Union Budget to sweep it off its feet. But when the FM strolls in with a cup of chamomile instead of a bazooka with a forced acronym, Dalal St and its bylanes gnash their teeth and make indices plummet like a spoilt brat resisting bedtime. But this annual tantrum is really a masterclass in mindfulness. By punishing the still-mentally safari suit-clad punters craving for *constant* spectacle with the loss of a few crores, the market is conditioning this lot to embrace nuance. 'You wanted a sixer on every delivery? Well, here's a Gavaskar innings.'

Every budget can't be greeted with bhakt hysteria. Brokers can't keep shouting 'BUY!' as if not doing so will mark them as 'slow'. The market, in its infinite wisdom — with some help from the well-tempered temperament of Nirmala Sitharaman — is teaching us that calmness can be profitable, and no one should expect FMs (or PMs, for that matter) to juggle flaming swords when making yet *another* announcement. So, next time Sensex nosedives because the budget was more tofu than tandoori, chin up. Consider it tuition fees for a crash course in moderation. The market is not Bappi Lahiri's casino; it's a Zen monastery disguised as one, where every plunge is a reminder that instant gratification is expensive.

Budget's real achievement is not in its announcements, but the public goods it strengthens

Another Kind of Achhe Din

Tarun Khanna & Aditya Sinha

Hang on, let's now wait for execution

In the 1986 budget, V P Singh introduced Modified Value-Added Tax (Modvat) to correct a well-known distortion in excise taxation arising from cascading input duties. The measure was presented in technical terms rather than as a headline reform. Its significance lay in eliminating taxes on taxes, thereby strengthening a system-wide public good: efficiency and neutrality of production tax regime.

That is a useful way to read Budget 2026. There are no dramatic announcements on R&D, health spending remains modest, and climate-related allocations appear incremental. All this is true. But budgets matter less for what they proclaim than for the following public goods they build, which often happen slowly, sometimes invisibly:

▶ **Macro credibility** Fiscal deficit is projected to decline from 4.4% to 4.3% of GDP, with public debt projected to fall to 55.6%. Credibility lowers risk premia, stabilises expectations and preserves room for manoeuvre in an uncertain global environment.

▶ **Coordination** Capex rises to ₹12.2 lakh cr, continuing the emphasis on logistics, transport corridors and risk-sharing instruments. Empirical evidence suggests that multiplier effect of capex (2.45) is significantly higher than that of revenue expenditure (0.99). Apart from this, initiatives such as ISM 2.0 and efforts to strengthen domestic ₹10,000 cr national biopharma mission also fit this logic.

▶ **Enforcing quality of rules** Incremental reforms (simplified tax structures, decriminalisation of minor offences and customs facilitation) reduce transaction costs and improve predictability. These are unglamorous changes, but they matter disproportionately for firms operating close to the technological frontier.

▶ **Climate preparedness** This has long occupied an ambiguous place in India's economic policy. While it is acknowledged as a necessity, it has been treated as merely supporting growth. Budget 2026 signals a meaningful shift. Sustainability has been embedded within policy itself.

This shift is most visible in capital allocation and customs policy. A ₹20,000 cr, 5-yr commitment to carbon capture, utilisation and storage (CCUS) recognises that India's hard-to-abate industries cannot decarbonise through renewables alone. Treating CCUS as public infrastructure rather than experimental technology allows for better climate-preparedness.

Yet, the budget's omissions remain significant. There is still no clear pathway for carbon pricing or a domestic carbon credit trading system, despite earlier announcements. Equally concerning is the absence of a green finance architecture capable of mobilising funding required for net-zero pathways. Stronger measures linking climate action to public health, particularly through faster EV adoption and air-quality interventions, are also missing.

▶ **Capability formation** This will determine whether the state or society will be able to translate resources into outcomes under uncertainty or not. Unlike physical infrastructure or transfers, capabilities are non-rival, cumulative and economy-wide in their effects. Skilled workers, functioning institutions, interoperable systems and adaptive governance raise productivity across sectors simultaneously.

Nirmala Sitharaman's emphasis on 'Kartavya No. 2' — building people's capacity as partners in growth — signals a recognition that resilience, competitiveness and inclusion ultimately depend on human capital, institutional throughput and execution quality.

The January 2026 'Lancet Commission on a citizen-centred health system for India' report makes this diagnosis even sharper. The commission identified fragmented delivery, rigid financing and weak learning capacity the biggest constraints of India's healthcare system.

Budgets matter less for what they proclaim than for the public goods they build, which often happen slowly, sometimes invisibly

Its prescription is explicitly capability-first. Integrated primary care, strategic purchasing and the use of India Stack-style digital public infrastructure (interoperable health records, unique patient identifiers, telemedicine and real-time data) to enable coordination, accountability and adaptation at scale.

In this sense, the budget's stated shift from transfers to capacity is analytically correct. Where the gap remains is execution. Outcomes are still weakly specified and weakly enforced. That gap is also the lowest-hanging fruit.

The Lancet analysis shows that a great deal of capability formation can occur outside budgetary line items. Digital platforms, common standards, information flows and incentive-compatible governance can dramatically raise system performance without large increases in fiscal outlays.

The question, therefore, is as much whether allocations rise at the margin, as it is whether programmes are redesigned to reward outcomes, enable feedback and support decentralised problem-solving.

At the state level, however, capability formation encounters a harder constraint — capital. In fiscally weaker states such as Bihar and Jharkhand, administrative ambition is often bounded by limited fiscal headroom and inflexible transfers.

While the budget maintains Finance Commission devolution and scheme-based flows, it does not materially relax conditionalities or tilt resources toward states with the largest capability deficits. This matters because experimentation is essential to capability formation, particularly in health, where uncertainty is high and optimal spending mixes are non-contractable ex ante.

Line-item budgeting, by fixing inputs in advance, constrains adaptation and learning. Relaxing these constraints, through flexible block grants, outcome-linked financing and permissionless experimentation with strong audit trails can solve for this.

The substantive achievement of the budget lies not in its announcements, but in the public goods it incrementally strengthens.

It repositions fiscal policy around execution rather than expenditure. Its legacy will be determined by whether these enabling conditions translate into durable improvements in state capacity and outcomes. Kudos to the FM for putting a thrust on capabilities.

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Budget as Politics of Anticipation

Gilles Verniers

Paris: Budgets are never just about numbers. They're political documents that reflect not only fiscal priorities but also political calculations. Budget 2026, presented against the backdrop of elections in West Bengal, Tamil Nadu, Kerala, Assam and Puducherry, is no exception. While GoI has carefully avoided conspicuous election-oriented largesse, distribution and nature of its promises reveal a subtler strategy: using infrastructure, connectivity and symbolic development to talk to voters in electorally-sensitive states.

At first glance, the budget appears to be an exercise in continuity. There are no dramatic shifts in welfare giveaways, and infra spending gets a boost. This posture allows GoI to claim fiscal responsibility while investing in critical domains. A closer look at state-specific announcements suggests that, as usual, electoral considerations have shaped not the size of spending but its geography.

▶ **West Bengal** The budget promises a dedicated freight corridor linking Dankuni to Surat, an industrial node at Durgapur under East Coast Industrial Corridor, and a high-speed rail link touching northern Bengal. These are not marginal interventions. They are large, headline-friendly projects with clear territorial footprints. Their long-term economic rationale is defensible. But their political utility is immediate. Freight corridors and high-speed rail lines are easy to showcase, easier to politicise, and harder for state governments to ignore or reframe.

▶ **Tamil Nadu** The state figures prominently in announcements on high-speed rail connectivity and in creation of rare earth corridors intended to support EVs and electronics manufacturing. These initiatives align neatly with Tamil Nadu's industrial profile and its aspirations to remain a manufacturing hub. Yet, they are also long-gestation projects whose benefits will materialise well after ballots are cast. As in West Bengal, GoI appears to be betting that the promise of future growth, rather than immediate redistribution, will shape political perceptions.

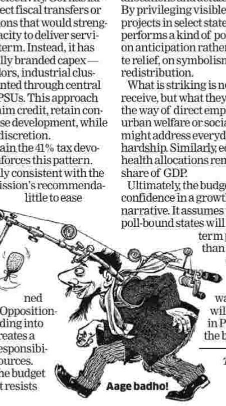
▶ **Kerala** The state presents a contrast. Included in the rare earth corridor initiative and recipient of eco-tourism and environmental projects, it still appears conspicuously absent from the budget's big-ticket infra announcements. There is no equivalent high-speed rail push, no major logistics corridor, no large urban investment. Emphasis on symbolic and ecological projects may appeal to niche constituencies. But it's unlikely to offset Kerala's deeper grievances over fiscal stress and shrinking state autonomy.

▶ **Assam** The state's allocations are more ambivalent. Tourism circuits, cultural heritage initiatives and a new mental health institute signal attention to the northeast, but avoid large employment-generating infrastructure. These investments may improve regional integration down the line. But their immediate impact is limited.

▶ **Puducherry** By virtue of its size, it barely registers. Its inclusion in blue-economy measures and coastal initiatives is meaningful, but politically marginal in a budget otherwise attentive to geography.

What ties these cases together is not generosity but selectivity. GoI has largely avoided direct fiscal transfers or welfare expansions that would strengthen states' capacity to deliver services in the short term. Instead, it has favoured centrally branded capex — railways, corridors, industrial clusters — implemented through central ministries and PSUs. This approach allows GoI to claim credit, retain control and showcase development, while limiting states' discretion.

Decision to retain the 41% tax devolution ratio reinforces this pattern. While technically consistent with the Finance Commission's recommendations, it does little to ease states' fiscal pressures, especially amid rising welfare demands and constrained borrowing. For Opposition-ruled states heading into elections, this creates a familiar bind: responsibility without resources.



Aage badho!

Defenders of the budget will argue that it resists the temptations of election-year profligacy and remains mindful of an unpredictable international environment. That may be so. But the question is how many of these announcements will see light of day in a timely fashion. A quick review of past budget announcements shows that many infrastructure announcements are still in early stages of implementation.

Execution also remains marked by a persistent gap between budgeted allocations and actual expenditure. By privileging visible, long-term projects in select states, the budget performs a kind of politics that relies on anticipation rather than immediate relief, on symbolism rather than redistribution.

What is striking is not what states receive, but what they *don't*: little in the way of direct employment relief, urban welfare or social spending that might address everyday economic hardship. Similarly, education and health allocations remain flat as a share of GDP.

Ultimately, the budget reflects BJP's confidence in a growth-first electoral narrative. It assumes that voters in poll-bound states will reward long-term promises rather than short-term economic comfort. Whether that wager pays off will be decided not in Parliament but at the ballot box.

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Too Many Bouncers Make Bad Play

Anand Vasu

In 1987, Dow Jones lost 22.6% in a single trading day on Black Monday. In 1991, the Soviet Union dissolved quickly and without bloodshed. In 2008, US financial institutions considered too big to fail collapsed overnight. Cricket witnessed a similar event in 2026, when India and BCCI — then thought to be more powerful than ICC — were told that Pakistan did not want to play them. In a World Cup, no less.

The scope of human imagination is endless. Otherwise, we wouldn't be attempting to colonise Mars when we can barely build a road that lasts 2 mths. Yet, in this vast expanse of possibilities, there are inevitably blind spots. Because those who dream big are creators. But those who simply seek more power and control than they can use in this lifetime and the next, sometimes can't see what is staring them in the face.

For too long now, BCCI has wielded its clout with little regard for how it made the rest of the world feel. It's an absolute truth that India is responsible for generating something approaching 90% of cricket's revenues. It's understandable it wants a lion's share of this to come back to it. But this unequal distribution doesn't best serve the game's interests.

It's true that Pakistan's decision to prohibit their team from taking the field precipitated this crisis. It is a fact that Bangladesh's refusal to play in India on security grounds is based more on emotion than reality. But, at the end of the day, it was BCCI's decision to pull Mustafizur Rahman from the ranks of KKR in IPL that set off the dominoes.

Exactly what was the need to do that?

Bully baat hai

Is India's cricket ecosystem so fragile that the presence of one Bangladeshi Muslim threatened the fabric of the world's marquee league? Did India have no more prudent response to trouble across the border than making an example of a cricketer who had nothing to do with anything?

Typically, when you want to get to the bottom of an unexpected sequence of events, you follow the money trail. In this case, everyone is a loser — from the wealthiest cricket board, which has more than enough in reserves to weather this, to smaller full nations such as Pakistan and Bangladesh, to hosts Sri Lanka and dozens of associate nations who depend on revenue generated from ICC tournaments to fund their very existence.

It's instructive to follow that other currency trail in this case: who benefited the most? India's right wing celebrated the big, bold move to send Mustafizur packing. Its counterpart in Bangladesh cheered as its government took a decision that kneecapped Bangladesh Cricket Board (BCB). And the fringe elements that have a vice-like grip on everything in Pakistan luxuriated in the empty triumph of butting into a battle that was not even theirs to fight.

All of this left a trail of destruction and losses unanticipated and uncounted. Sri Lanka, India's only friendly neighbour at the moment, will lose gate receipt revenue. Hotels that charged greedy multiples of regular prices will remain vacant. Tuk-tuk drivers will lose their unseasonal bump.... The carnage is so widespread that it will take some time to find out just who all lost out, never mind how much.

In a time not so long ago, when India was still the dominant force in cricket, it called the shots. But it had the goodwill of its neighbours, because it was still seen to be fighting the good fight.

Today, it stands isolated in its arrogance. Even conceding for a moment that the combo of a giant market and corporate support somehow gave it the right to do as it pleased, did BCCI stop for a moment to imagine what the cricket landscape would look like if India had no opposition to beat on the playing field?

They can pummel away in the ICC boardroom. But if this does not serve as a wake-up call, cricket is in much bigger trouble than even doomsday prophets anticipated.

The writer is former joint editor-in-chief, Wisden India

THE SPEAKING TREE

Spinoza's God

PRITHWIS DATTA

Albert Einstein was once asked by a rabbi, 'Do you believe in God?' This was in 1929, after he had published his two seminal works on relativity, but before he migrated to the US in 1933, due to the growing Nazi persecution of Jews in Germany. Einstein replied, 'I believe in Spinoza's God who reveals Himself in the orderly harmony of what exists, not in a God who concerns Himself with fates and actions of human beings.'

Who is Spinoza's God? Baruch Spinoza was of Portuguese Jewish origin. His family had escaped persecution of Jews at home in the 17th c. and settled in the Netherlands. He defined God as 'a substance consisting of infinite attributes, each of which expresses eternal and infinite essence', and since 'no cause or reason' can prevent such a being from existing, it must exist.

Friedrich Schlegel, a German Romantic who studied Sanskrit, is often credited with calling Spinoza a 'European Hindu'. Spinoza, he said, wasn't denying God; he was affirming God in the most absolute and all-encompassing way possible — a way that Hinduism had long understood.

However, Spinoza's concept is devoid of scriptures, rituals and devotion, central to Hinduism. Also, it is a product of rigid logical deduction, unlike the intuitive, experiential knowledge, Jnan, of Vedanta.

PARANORMAL ACTIVITY
Paragraphs From Fiction

The Spirit of Science Fiction

Roberto Bolaño

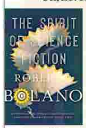
'What are you drinking?'

'Tequila.'

'Vodka here. Vodka is a strange drink, isn't it? It's not what most women would choose. Vodka neat.'

'I don't know what women drink.'

'Oh, no? Anyway, it doesn't matter. A woman's drink is always secret. Her true drink, I mean. Her infinite pour. But never mind. It's such a clear night, isn't it? From here we can see the farthest towns and the most distant stars.'



'That's an optical illusion, miss. If you look carefully, you'll observe that the windows are oddly fogged. Go out on the terrace. I believe we're in the middle of the woods. Practically all we can see are tree branches.'

'Then those are paper stars, of course. But what about the town lights?'

'Phosphorescent sand.'

'You're so clever. Please, tell me about your work. Yourself and your work.'

'I feel a little nervous, you know? All these people singing and dancing nonstop, I'm not...'

'Don't you like the party?'

'I think everyone is drunk.'

'They're the winners and runners-up of all the previous prizes.'

'Good god.'

'They're celebrating the end of another contest. It's... natural.'

Translated from Spanish by Natasha Wimmer

Chat Room

Reality Collides With Ambition

Apropos 'Critics' Choice Rather Than Crowd-pleaser' by Swaminathan S Anklesaria Aiyar (Feb 2), the budget is ambitious in scope spanning infrastructure, agriculture, digital innovation, green energy, MSMEs and social welfare. Such breadth reflects the government's intent to balance growth with inclusivity. However, the sheer number of initiatives raises questions about feasibility within a single fiscal year. Large-scale projects require multi-year planning and sustained funding. Administrative capacity and state-level coordination further complicate execution. However, measures such as tax tweaks or targeted subsidies can be rolled out quickly. Fulfilment depends on prioritisation, phased implementation and monitoring mechanisms. In essence, the budget sets direction, but successful implementation will hinge on appropriate sequencing and institutional resilience.

O Prasada Rao
Hyderabad

A thought for today

Baseball has the great advantage over cricket of being sooner ended

GEORGE BERNARD SHAW

Golden Handshake

GOI and RBI must seriously think about mobilising the 35,000-odd tonnes of gold with Indian households

Gold's fall over the past four days may have left you feeling poorer. That's normal – economists call it 'wealth effect'. But look at the brighter side: every ounce of gold you've held on to since Jan 25, 2025 is about 70% pricier even now. You are, therefore, richer. And pundits are predicting you'll be richer still before this year's out. Swiss bank UBS has projected a peak of $6,200 per ounce, US bank JP Morgan's eyeing $6,300. Either scenario more than doubles the worth of your gold hoard.

Why is this happening? Thank, or blame, Trump. His tariffs, and war with Jerome Powell at the Fed, spooked investors last year, and gold, like *Forrest Gump*, hasn't stopped running since. It sometimes runs backward, like it's doing now, and sometimes forward, but Trump never lets it catch its breath. And prodding gold is easy for a US prez: rattle his sabre at Iran, or threaten to grab "Iceland", although he means Greenland. By merely naming Kevin Warsh as his pick to replace Powell, he's got dollar up and gold down. It's crazy, and if $6,300 is the horizon, you haven't seen half of it yet.

But make the most of it while you can. By last Dec, gold's rally had already made Indian households richer by ₹117L cr – well over a trillion dollars. That's because Indian households own almost as much gold as all of the world's central banks combined – roughly 35,000 tonnes, per a Morgan Stanley estimate. That also happens to be roughly a fifth of all the gold ever mined. Now, India isn't a big producer of gold, so it has to do all of its buying outside, in forex. But the mountain of mostly unused jewellery at home is a mine in itself. Just 1% of it is enough to meet all of the world's industrial needs – electronics, dentistry, etc – for a year. And 3% is way more than RBI's 880-tonne stash of gold that's propped up forex reserves while foreign capital leaves.

Mobilising the gold we have within the country can save $50-60bn in import costs every year. For that, GOI and RBI must devise a mechanism that makes selling household gold safe and easy. People should have the option to cash out or retain their assayed gold holding in demat form. Plus, by buying physical gold, they can increase money in people's hands that can be invested or spent for a solid boost to the economy.

Islamabad's No Ball

BCCI should hope that the drama over Pakistan ends. Its goal should be holding a good T20 World Cup

An Indo-Pak encounter is always a cricket World Cup's centrepiece event, a blockbuster for broadcasters. Despite worsening of geopolitical relations between the two countries, group draws are manufactured to that effect. Pakistan's decision to boycott the Feb 15 group game against India in the T20 World Cup will take a lot of mojo – and moolah – out of the tournament. But at the core of Pakistan's decision is hard-boiled politics, not cricket commerce. Ever since Bangladesh and KKR pace bowler Mustafizur Rahman's IPL contract was cancelled, seemingly at the urging of BCCI, cricket relations with Dhaka nosedived. The issue snowballed with the Bangladesh Cricket Board irrationally offering security threat as a reason for its unwillingness to travel to India. One felt that the problem had climaxed after ICC, cricket's parent body, replaced Bangladesh with Scotland. Now Pakistan's action has added a fresh dimension to the row.

The truth is Pakistan had no stake in this bilateral cricket dispute but is fishing in troubled waters. The decision to not play India, announced by Pakistan govt, not its cricket board, is meant to be an expression of solidarity with now-Islamising Bangladesh. Cricket is so wound up with politics in the subcontinent, and Pakistan has so little going for it, it's not surprising Islamabad took this call.

Last month, generals from Pakistan and Bangladesh were in talks for a fighter jet deal to widen military relations. With Islamic radicalisation gaining more and more muscle in the two countries, cricket is a convenient tool to shore up bonding against bigger, richer India. What next? ICC could impose stringent fines on Pakistan or push for its ban. But BCCI should hope that outcome is avoided. It would only buttress Pakistan's line of "a brother suffering for another". India is on a far better wicket than either of its neighbours and should concentrate on making the tournament a success, lifting the trophy. That should be the goal.

Squeeze me

Budget and toothpaste can both raise foam

Anil Abraham

"I don't understand the budget," Kamala confessed early in the morning, as she folded the day's newspaper. I promptly offered to mansplain money matters and macroeconomics to her in a simple manner. First the good news – you can take more time to file your taxes and the forms will be made simpler. The better half was now unsure how bad the rest of my budget *bakwaas* was going to be. I took her through a long torturous tour of taxes, liberally using jargon like capital gains, buyback of shares, securities transaction tax, skilling pipelines and global diaspora.

"Can you stop your exasperating farrago of tax talking like Tharoor, and simplify the whole thing for me," Kamala requested, looking as forlorn as Djokovic trying to figure out how he could win another Grand Slam. I decided to give her a clear concept of how this budget would help older people. It would help build a care ecosystem for geriatric patients, but at present adult diapers would still be expensive. Kamala still looked confused. I was apparently still fishing in troubled waters, so I explained that the fish catch was free of duty, especially if it was sold abroad. Kamala mumbled something incoherent about Kerala going to the polls – she smells something fishy in every well-intentioned sop.

The budget helps those who want to study abroad or take a package tour to a foreign country. Kamala reminded me of the MAGA climate of intolerance to foreign students and the fact that even a trip to Tirupati was a close shave for us considering our present finances. There are no changes in the income tax slabs, I offered tentatively, but the missus was not mollified. She wanted to know if there would be any actual changes in the state of our roads or infra.

Kamala asks the most inopportune questions. I had almost given up as I got up to brush my teeth and reminded her that we needed to buy a fresh tube of toothpaste. Watching me grimace as I squeezed the last ounce of toothpaste from the tired tube, Kamala suddenly smiled like Archimedes having a Eureka moment. The crumpled over-used tube of toothpaste being squeezed mercilessly reminded her of the hard-working Indian taxpayer. If tax is inevitable, just crush your teeth, grin and bear it.

This Was The Real Deal

Investors, skittish about budget, didn't know what govt knew: trade pact with US was imminent, and that sentiments would probably bounce back

Somnath Mukherjee

In the best of times, the budget is much ado about relatively little. Certainly, in terms of its core idiom as a summary of govt accounts and articulation of govt's fiscal strategy, it has far less impact than the kerfuffle suggests.

With nearly 80-85% of expenditure – comprising salaries, pensions, subsidies and debt-servicing – being non-discretionary in nature, the biggest outcomes are mostly outside of the budget, in terms of journalistic exuberance. However, the budget is a guide to govt's economic policy thinking.

Today, India's economy seems to be a Schrodinger's Cat construct. On one hand, as RBI governor has done, one can conclude Indian economy is in a "rare Goldilocks period" of high economic growth and exceptionally low inflation. GDP growth is expected to be 7.4% this year while inflation remains benign at around 2%.

Funnily though, the commonest complaint is "it doesn't ***feel*** like a 7.4% growth". Nominal GDP growth is expected to land around 8%. This is the second year running when nominal growth rate will be in single digits. Given that most things people earn – salaries of workers, revenues of companies – are measured in nominal terms, robust GDP growth seems oddly at variance with the ***feel*** factor.

There is another variable that skews the Goldilocks version, sustained foreign investor apathy, both FDI and FPI. In a growth-hungry world, why are foreign investors not flocking to a Goldilocks growth economy?

From the budget, it would seem govt is betting on Goldilocks economy to be the default case. As a statement of intent, it has laid out what can be best described as "more of the same". Gliding towards fiscal consolidation, move of govt expenditure towards capex, supply-side reforms – that's been the path post-Covid, and this year has been no different. Govt is meeting FY2026 fiscal deficit target by cutting down on a range of expenditures, as tax revenues have fallen short.

Problem is, despite sticking to this strategy for five years, the fundamental nutcracker of low private capex has not been solved. Despite a booster of twin tax breaks (GST and income tax) last year, private capex has just not budged.

The picture gets more muddled if nominal GDP growth falls to 8% next fiscal, like it did this year. The budget assumes 10% nominal growth. All fiscal calculations depend on that. But should the nominal rate fall to 8% – not outlandish at all given the world seems to be awash with Chinese goods because China is willing to do what it takes to maintain its global trade market share – govt may have tougher choices. Especially because here is the Damocles' Sword of the 8th Pay Commission, expected to kick in from FY28, as a fiscal grey swan.

Image: AI

Last but not least, state govts are heavily saddled with welfare commitments – hugely popular cash transfer programmes that elections have been won on, hence extremely tough to reverse. The one-time tax buoyancy bonanza has also seemingly played out. In a nutshell, there isn't much headroom between a commitment to fiscal consolidation and ability to pump prime the economy via a fisc.

On top of private capex anaemia, there is now capital markets sentiment. While headline indices have held up, there is a significant amount of cuts inflicted in the broader markets. FPI flows have been negative, domestic HNI flows have been sporadic and often frozen, MF SIPs have held the fort. What is also eye-popping is the disinvestment target – at ₹80,000cr it is nearly double of last year. Sans retail investor confidence sustaining, there is no way that target can be met halfway.

Even more puzzlingly, govt was confident enough about retail sentiment to have gone ahead with further hikes in STT on derivatives, at the margin a sentiment-dampener.

The matrix of outcome-action-strategy therefore points to something else. And that is about what is left unsaid. One, there is expectation and confidence that RBI will do a lot of the heavy lifting. Which means a larger Open Market Operations intervention to provide more bond market liquidity than last year. More crucially, find a way to ease liquidity conditions in the face of foreign exchange outflows.

Above all, deliver rate cuts. This will of course test the overall systemic capabilities of RBI and bond markets.

Second, govt likely knew here is an even chance that a trade deal with US would soon be officially announced, as it was by President Trump and Modi late yesterday. A deal will provide an immediate sentiment and a medium-term macro boost via trade and capital flows.

In the Sherlock Holmes mystery *Silver Blaze*, the famous Baker Street detective solved the case by picking on the "dog that didn't bark". The most prominent pointers from the budget are resounding sounds of silent confidence in the unsaid. In that likely lies the most important takeaways of this budget.

The writer is Chief Investment Officer of an asset & wealth management firm. Views are personal

Popstar In MAGAland Who Refuses To Be A Star

That a colossally popular Puerto Rican musician, Bad Bunny, who refuses to sing in English and is disliked by the rightwing, won Grammy's top prize tells you as much about him as his country

Mohua.Das@timesofindia.com

At the Grammys this year, Bad Bunny did something rather unfashionable by pop-star standards. He stayed seated. For a few long seconds after his name was announced, his hand covering his face before he got to his feet and walked towards the stage, still visibly flustered by the moment. Then he spoke. Almost entirely in Spanish.

Bad Bunny had just become the first artist to win the Grammys' top prize for an album sung entirely in Spanish. "Puerto Rico, believe me when I say we're way bigger than 100 by 35," he said, referring to the Caribbean island's modest size. "There is nothing we can't accomplish."

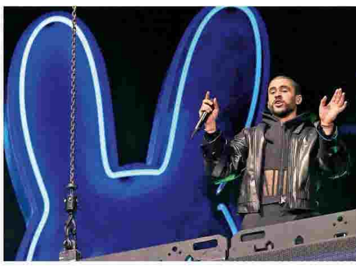
It was a historic night. The first time a Spanish-language album – *DeBÍ TiRAR MáS FOToS* (I Should Have Taken More Photos), a love letter to his home island of Puerto Rico, full of tracks that gesture back to salsa and other more traditional Puerto Rican sounds – had won the Grammys' top honour. But it was also a very Bad Bunny moment. A stubborn man from a small island, with a near-decade-long refusal to play by the old rules of pop culture, speaking to the world in his own tongue, regardless of who was listening.

For those who have spent the last few years vaguely aware that someone called Bad Bunny keeps breaking streaming records, selling out tours, riling up Trump and wearing skirts to award shows, this felt like a useful moment to pause. Because his win confirmed something the charts have been signalling for a while now. We are living in the Era of Bad Bunny.

This wasn't an overnight coronation. Bad Bunny was once a good Bunny. Born Benito Antonio Martinez Ocasio to a schoolteacher mother and a truck-driver father in Vega Baja, Puerto Rico, he sang in church choirs as a child, studied communications at the University of Puerto Rico, and bagged groceries at a local supermarket while uploading woozy Latin trap tracks to SoundCloud, under a name inspired by an awkward childhood photo dressed as an Easter bunny.

Back then, reggaeton – a high-energy dance form born in the 1990s in Puerto Rico and Panama – was still a catchy but unserious, hyper-local genre fenced off from the big prizes. Spanish-language music was usually alive in crossovers with English-speaking collaborators.

Bad Bunny did none of that. Instead, he doubled down on Puerto Rico's accent, rhythms, slang, political wounds and invited the world to catch up. His music widened reggaeton's emotional vocabulary. It is filthy, funny, tender and occasionally solemn. He raps, croons and mutters about desire, boredom, pride, grief, girlfriends, grandmothers and political rage almost entirely in Spanish, in a distinctly Puerto Rican register that drops consonants and refuses to slow down for outsiders.



When asked whether he might sing in English one day, he has been characteristically blunt. "I think in Spanish. I feel in Spanish. I eat in Spanish." If non-Spanish speakers don't catch every word, he's fine with that. He didn't understand Lady Gaga and Ariana Grande's lyrics either, once, but that didn't stop him from becoming a fan.

This, in many ways, is his most radical contribution. A sort of reverse crossover.

By the time he arrived at the 2026 Grammys to take home three awards, his success scale was undeniable. Bad Bunny's numbers are absurd but they still don't quite explain the phenomenon. What makes Bad Bunny unusual is not just how big he is, but how he is big.

As *The New Yorker* once put it, "The bigger he gets, the more local he seems." And it's true. In the summer of 2025, instead of announcing a globe-trotting tour, he staged a 30-night residency in Puerto Rico, filling the island's largest indoor arena night after night. To see the show, you had to come to the island by car, train or plane.

At the 2026 Grammys, when politics got personal, Bad Bunny, Billie Eilish, and SZA gave speeches to call out ICE, and many artists wore 'ICE Out' pins to the Awards, Bad Bunny's words landed hardest because they felt not performative.

"We are humans. We are Americans," he said, speaking directly to Latino communities under pressure. This context matters. When he had announced that he would exclude US from his world tour, citing fears that his fans could be targeted by immigration enforcement, it wasn't theatrics. This month, as he headlines the Super Bowl halftime show, the decision has infuriated the MAGA right. Trump has vowed not to attend.

Besides filling stadiums, Bad Bunny has a side hustle in the wrestling ring. Yes, actual WWE wrestling, complete with chokeslams and a 24/7 Championship win. He's become a rare thing in pop: a hyper-masculine star who makes space for softness in florals and backless jackets.

The point of Bad Bunny's rise is not that he is political or fashionable or disruptive though he is all three. It is that he has made it impossible to separate global pop success from where you come from. And on Grammy night, when Bad Bunny finally stood up and walked to the stage to accept the top prize, he didn't need permission. Nor subtitles. Just volume.

Calvin & Hobbes

Sacred*space*

Bhakti is the one essential thing. To be sure, God exists in all beings. Who, then is a devotee? He whose mind dwells on God. But this is not possible as long as one has egotism and vanity.

Ramakrishna Paramhans

Guru Ravidas: A Votary Of Ananya Bhakti

Satish K Kapoor

Known variously as Rohidas, Ruhidas, and Raidas, Guru Ravidas was a towering mystic sant-poet of medieval India. A cobbler by profession, he attracted followers from all walks of life, including common people and members of royal families such as Rao Pipa, Queen Jhali, and Mirabai.

A disciple of the 14th-century Vaishnav saint, Swami Ramananda-charya, he was a votary of ananya bhakti, in which the duality between a worshipper and his object of worship dissolves. He held that bhakti can be cultivated by purifying antahkaran, inner being, by accepting God's will, and by keeping virtuous company. He did not see spiritual merit in fasts, pilgrimages, penances, or ritualistic worship.

In his view, *bhagat na mund mundai*, mukti, salvation, could not be attained by shaving hair; *bhagat na mala dikhai*, counting beads; *bhagat na bairag bandhein*, becoming a recluse; *bhagat na jog sadhein* or a yogi; *bhagat na ban mein gufa khudai*, by digging a cave in a forest for meditation – but by *Naam-simran*, remembrance of nature and being of god, and soliciting divine grace.

'Thy Name is the lamp,
Thy Name, the wick,
Thy Name is the oil
which I pour therein.
With Thy Name I have
kindled the light.'

Ravidas believed in the formless, all-encompassing, Supreme Reality that pervades all beings. 'Perform *arati* in the inner sky by merging the self into *shabd*, the Word.' The true guru can guide in managing the mind, transcending illusory power of *maya*, and opening the third eye. But a genuine guru can be found only with God's grace.

THE SPEAKING TREE

Ravidas seems to have been imbued with the divine spirit when he wrote: *Tohi mohi, mohi tohi antar kaisa; kanak katik jal tarang jaisa* – where is the difference between you and me, or me and you? If you are gold, I am a bangle made of it. If you are water, I am a current of it. He was convinced that the ego stands as a barrier between man and god. Hence, it needs to be sublimated on the spiritual journey.

Ravidas rejected caste-based distinctions and pleaded for social and religious harmony. 'If the world has arisen from the same Flame, how can anyone discriminate between high and low, brahmin and cobbler?' he asked. He regarded the killing of living beings for religious sacrifice or for food as inhuman, because the Lord resides in them, too. He was opposed to the consumption of liquor and of psychoactive plants like bhang and datura, thornapple, as they pollute the body, mind and soul.

Sri Guru Granth Sahib, the sacred Sikh scripture, carries forty life-changing *shabads* of Ravidas across 16 different *ragas*, melodies that are sung or listened to reverentially. 'Let the tongue always repeat the Lord's name; and let the hands be ever engaged in work,' was his advice to all.

Kabir described Ravidas as *santan mein Ravidas sant hain* – a saint among saints. Just as in religious lore, God provides succour to his devotees – such as creating an infinite, never-ending sari for Draupadi to safeguard her honour – an image of God is said to have emerged in Ravidas's lap when he was challenged by the priestly class to prove that he was one with God.

● WORDLY WISE
Politics can be strengthened by music, but music has a potency that defies politics.
— Nelson Mandela

The Indian EXPRESS
~ FOUNDED BY ~
RAMNATH GOENKA
IN 1932
BECAUSE THE TRUTH INVOLVES US ALL

Finance Commission strikes a new balance

AHEAD OF the delimitation exercise, which is expected to follow the upcoming Census, there are concerns that the federal compact could be affected. Governments and leaders in southern states have expressed apprehensions that they could be at the receiving end, in terms of an erosion of their relative share in political power and also financial resources. The share of the southern region, which includes the states of Andhra Pradesh, Telangana, Karnataka, Tamil Nadu and Kerala, in the divisible tax pool declined from 21.1 per cent under the 11th Finance Commission to 15.8 per cent under the 15th Finance Commission. This decline occurred even as the pool was constrained with the Centre stepping up the levy of cesses and surcharges, revenues from which are not shared with states. States have been demanding not only an increase in their share in the divisible tax pool but also that the issue of growing cesses and surcharges be addressed. In this context, the 16th Finance Commission has tried to strike a balance, while keeping in mind concerns of equity.

The Commission, which covers the period from 2026 to 2031, has kept the vertical devolution intact, retaining the states' share in the divisible pool at 41 per cent. But, in determining the horizontal devolution, it has deviated from the previous Commission on the criteria and weights to be used. For instance, it has reworked the weights assigned to some criteria such as population, while also adding the criterion of the state's contribution to GDP. Based on its framework, the share of the southern states has increased from 15.8 per cent under the 15th FC to 17 per cent. Others that have also seen an increase are Gujarat, Maharashtra, Punjab and Jharkhand, while states like Uttar Pradesh, Bihar, Madhya Pradesh and Rajasthan have seen a decline.

The Finance Commission has also made some welcome recommendations in areas such as state finances. For instance, it has argued that states should discontinue the practice of incurring off-budget borrowings, while keeping the deficit capped at 3 per cent of GSDP. Considering the concerns over "fiscal populism", also articulated by the Economic Survey, the Commission has recommended the rationalisation of subsidy schemes and the introduction of "sunset clauses" for schemes that give subsidies on non-merit private goods and unconditional transfers. The Commission has also sought to move the needle on privatising power distribution companies and on the closure or privatisation of loss-making or inactive public sector enterprises. These are reasonable recommendations that should be acted on urgently.

In Balochistan, violence and no accountability

IN THE days since violence has intensified in Balochistan, the dissonance between the performative outrage of Pakistan's de facto military rulers and the deep, structural security issues that plague the country has been striking. Late last week, the Balochistan Liberation Army, a militant separatist force, carried out coordinated attacks under what it has called "Operation Herof" or "Black Storm" across the embattled province. Pakistan's security forces responded to the killing of 31 civilians and 17 security personnel by militants, including suicide bombers, with attacks of their own and the killing of an estimated 145 insurgents. Yet, rather than address the social, economic and political issues that underpin insurgencies — in Balochistan, but also along the Durand Line — the Pakistan government has reflexively, and without evidence, blamed India.

Balochistan is Pakistan's largest province in terms of area and is rich in mineral and natural resources. Several projects under the China-Pakistan Economic Corridor, for example, are in this region. Since the creation of Pakistan, the Baloch people have been shortchanged in terms of development and have had little say in how their resources are used. They have, in essence, been the victims of an extractive and undemocratic political ecosystem. That the province shares restive borders with Iran and Afghanistan makes peace here all the more important for Pakistan. Like with the Pashtun community along the Afghan border, addressing the root causes of Baloch grievances requires more than punitive action. But can a government that reports to a self-appointed field marshal bridge a democratic deficit?

The Pakistan Army has nurtured, as a pillar of strategic policy, violent non-state actors that it deploys in India. Blaming Delhi for its own failings might be a knee-jerk reflex action for Islamabad and Rawalpindi, but it will not save lives or help Pakistan keep the federal peace. Nor will White House dinners do that, or, for that matter, offering Donald Trump sycophancy. To address the insurgencies within, Pakistan must confront its original sin of supporting cross-border terror. It must build a culture of political accountability. For Pakistan, those are the difficult, but also unavoidable, challenges.

Grammys speak up, make a political point

AT THE 68th Grammy Awards on Monday, Puerto Rican superstar Bad Bunny stood before the American music industry in the Crypto.com arena in Los Angeles and declared "ICE Out", echoing the demand for the removal of Immigration and Customs Enforcement officers from US towns and cities. He had just won Album of the Year for *DeBÍ TiRAR MáS FOTos* (I Should Have Taken More Photos) — 17 songs in Spanish about the Caribbean island and its people's place in the world. Throwing out a sharp challenge to the Donald Trump administration's vocabulary for immigrants, he said: "...we're not animals, we're not aliens. We are humans and we are Americans,". His album highlights cultural erasure, displacement and how residents of the island — a US territory — are still without the right to vote and Congressional representation.

At a time when debates over immigration, citizenship and belonging are intensifying, the Grammys was more than an awards show. Politics took centre stage as the music world's biggest stars protested Trump's immigration crackdown. Billie Eilish, who won Record and Song of the Year, said, "No one is illegal on stolen land." First-time Grammy winner Olivia Dean, born and raised in north London by a Jamaican-Guyanese mother and an English father, choked as she said, "I'm up here as a granddaughter of an immigrant." Acceptance speeches came loaded with immigrants' stories. An awards night had turned into a public reckoning.

During the year's most significant night for music, artistes were engaging with the politics of the times. They were a reminder that art does not exist in silos and that in difficult times taking the stage can come with the responsibility of taking a stand.

This is no island story. Epstein files are about the nature of collective power

PRATAP BHANU MEHTA

IT IS perhaps not an accident that an island figures prominently in the horrifically appalling Epstein scandal. The scandal, which now implicates a wide section of America's elites, brings together one fantasy of modernity and one of its most atrocious moral horrors.

Islands have often been the places where modernity has staged its worst delusions. In the Enlightenment, islands were spaces where one could safely escape all moral norms and sexual prohibitions; they promised unlimited indulgence, but one that did not imperil mainstream society, precisely because they were exceptional and offshore. But the image of exceptional relaxation of norms, "offshoring", applies to financial crimes too: A form of evasion that does not imperil the system as a whole. Offshoring crime, sexual violence, indulgence and financial perfidy is threatening but also reassuring. After all, it is offshore.

This was, of course, always a delusion. Financial offshoring is not a peripheral matter; it magnifies the crimes of the financial centre. Similarly, elite actors thought they could carry out their worst desires without contaminating the centre. What those who came into Jeffrey Epstein's orbit were enacting was not a fantasy of freedom, a revolt against prohibitions or norms. What they were enacting was an aspect of the horrific logic of modernity: An extraordinary pornification of the imagination, sexual exploitation and commodification of bodies, and total abjection in the pursuit of power. And it is an elite that seems to combine violent impunity with emotional immaturity.

There are too many angles to the Epstein files. Have all the files been released? Will the victims' rights be protected? Given that both Democrats and Republicans are implicated, who stands to benefit? The files provide a sobering X-ray of some of America's elites: Immature, full of impunity, corrupt, venal, venial, and venereal all at once. They also provide a sobering view of global politics: There are no grand purposes, not even a political economy. Instead, what we get is a world run by huckstering middlemen, vulnerable personalities, fragile egos, the perfect embodiment of Spengler's figures of moral decline: Clever, sceptical, but licentious and morally exhausted.

What decisions are such immature and fragile men capable of? The puzzle is how Epstein managed to put himself at the centre of so much geopolitics; the fact that so many global powers felt they had to go through him is remarkable. He comes across as both a figure of great evil and an agony aunt for the powerful, including powerful countries.

The reaction will play out over time. Who knows what skeletons will tumble out? But, as always, the response is revealing. There was initial reluctance to confront the matter in both political parties, and it has taken years, and legislation introduced by Thomas Massie and Ro Khanna, to get the release of the files moving. Yet there is still, arguably, a shroud of silence. Yes, there is gossip and chatter, but it is almost a way of not confronting the central question: How could a society produce an elite of this kind? Imagine if this kind of story had broken about the ruling class of any other country. Every colonial trope of debauchery or orientalism would have shaped the coverage.

But the response is revealing in three deeper ways. First, though there is partisan bickering, there is still a kind of attempt to exceptionalise the behaviour of this ruling class. Like earlier colonial and island imaginaries, it functions as a bounded zone in which elite actors could suspend norms without contaminating the moral order of the centre. Second, there is a pathology of modern political life, where power is not legitimised or justified through virtue, but through opacity, brazenness, legalese, propaganda and procedural shenanigans. So much energy will go into legalese when the horrors are in plain sight.

Third, there is a shadow that haunts modernity. The only great historians who let us grasp this moment are the Romans: Tacitus, Sallust, and Livy. They located sexual decadence and violence at the visible centre of power, treating excess as a sign, and in some cases, a cause of political decline. We moderns, of course, are supposedly more sophisticated. We distinguish between public and private. For us, corruption is not about virtue; it is a matter of institutional containment. The historian and theorist of the politics of virtue, JGA Pocock, in *The Machiavellian Moment*, cautioned about a paradox at the heart of modernity: Unlike the Romans, we do not think decadence, especially sexual decadence, tells us much about the decay of societies. Usually, the causes are structural — economic or political. Yet the republican category of virtue survives. It may not have explanatory force, but we cannot entirely abandon the language of virtue, or the sneaking suspicion that, even if sexual decadence is not causal, it is revealing.

There are, of course, gradations in the Epstein files that need to be sorted out — people who committed crimes in legal terms, people who engaged in morally reprehensible behaviour, and people who themselves are not individually guilty but condoned the whole structure of power and knowledge that pushed shame aside. The Epstein files are not about individual guilt or innocence; they are about the nature of collective power. And when that collective power displays elites aligning sexual, financial, legal, political, and even intellectual power with shame and impunity, one has to wonder whether the Roman historians were onto something: They imagined empires collapsing when elites could no longer restrain themselves on any dimension. An elite so needy, greedy, and now so vulnerable can hardly be trusted to exercise good judgment.

The dilemma, as the Romans knew, is this: An elite of this kind has no authority left. Even in power, it is fearful; who knows what violence it enacts to cover its own tracks? On the other hand, if the elite gets away with it, the road is open to moral nihilism, a point we are dangerously close to reaching.

> The files provide a sobering X-ray of some of America's elites: Immature, full of impunity, corrupt, venal, venial, and venereal. They also provide a sobering view of global politics: There are no grand purposes, not even a political economy

The writer is contributing editor, The Indian Express

It is an elitist Budget, does not address people's needs

PULAPRE BALAKRISHNAN

ACCORDING TO the latest Economic Survey, India is expected to grow by 7.4 per cent this fiscal year. This is above the average annual growth rate for the past two decades. When growth is sufficiently vigorous, economic policy should pivot towards course correction, targeting sectors that need particular attention, especially if they have been neglected in the past. In India, these sectors are health and education. The state of India's health and education is deficient both in absolute terms and in relation to the rest of the world. Health and education represent the basic capabilities of the population. Nations compete through the prowess of their people, which depends on their relative capabilities. The development of capabilities relies strongly on public spending on health and education, even when there may exist a vibrant private sector that provides these services. A comparison of the pattern of public spending on health and education across the world shows that while India is not a laggard when it comes to expenditure on education, it is severely behind countries such as China and the United States when it comes to health services. We might ask if the Union Budget for 2026-27 addresses this issue.

Clearly, the Budget's focus is on growth. To "accelerate and sustain growth by enhancing productivity and competitiveness, and building resilience to volatile global dynamics" is the first of the stated "*kartavyas*" or duties embraced by this government. While the other two, stated as fulfilment of the aspirations of the people and *sabka saath, sabka vikas*, may be interpreted as a nod to the social sector, the Budget contains little by way of concrete provisions to enhance the health and education endowments of the general population.

Though described by the Finance Minister in her speech as a *yuva shakti*-driven Budget, the initiatives on education are mostly on its uppermost segment. The highlights include the creation of five university townships, which will have multiple universities, colleges and associated housing. A new design institute is planned for eastern India and an upgraded National Institute of Hospitality will "align academic excellence with industry requirements". The only initiative for schools announced in the Budget speech is the proposal to support the Indian Institute of Creative Technologies, Mumbai in setting up animation, visual effects, gaming, and comics (AVCG) content creator labs in 15,000 secondary schools and 500 colleges across the country. The potential of these initiatives should be evaluated bearing in mind the problem of low quality in India's public education sector.

New schemes for the health sector follow a pattern similar to what has been adopted for education. Existing institutions for allied health professionals (AHPs) are to be upgraded and new AHP Institutions established in private and government sectors. "Biopharma SHAKTI" has been described as a strategy for healthcare advancement through knowledge, technology and innovation but its stated goal is to develop India as a global biopharma manufacturing hub, expected to build the ecosystem for domestic production of biologics and biosimilars. The strategy will include a biopharma-focused network with three new National Institutes of Pharmaceutical Education and Research (NIPER) and upgrading seven existing ones. As with the proposed university townships, a scheme has been announced to support states in establishing five regional medical hubs in partnership with the private sector. These hubs will serve as integrated healthcare complexes that combine medical, educational and research facilities. But the intention behind this is to promote India as a hub for medical tourism services.

The Budget has marginally raised the share of the social spend in the total expenditure, but the new schemes are largely aimed at the top tier in their fields. Therefore, the impact on schools and hospitals, which is where a severe shortfall of public provision of services is concentrated, is unlikely to be much. For that very reason, their impact on India's "disease burden", which the minister referred to, is also unlikely to be great. This is an elitist Budget. Its spending pattern does not address the pressing needs of the majority of the people. But it may yet raise the growth rate since capital expenditure has been hiked to its highest level in a decade.

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Delhi's AQI remained poor in January. What went wrong

GUFRAN BEIG

TRADITIONALLY, DELHI'S air begins to clear by mid-January. This year, it didn't. Like everything else in this strange winter, November's pollution peak shifted, the stubble burning advanced, as did the arrival of fog. The city found itself gasping through another severe AQI episode precisely when relief usually arrives. While scientists argued causes and models, residents were once again trapped in a crisis. The Supreme Court said the exact source of emissions must be identified before implementing solutions.

Delhi's apex air-quality body swiftly cited an expert-committee finding that vehicular emissions are the dominant primary source of PM2.5. This has been known for more than a decade, ever since India's first air-quality forecasting system, System of Air Quality Forecasting and Research (SAFAR), developed by the Ministry of Earth Sciences in 2010, was launched with emission inventories of Delhi NCT. Equally well-established is the fact that PM2.5, not PM10, is the real public-health emergency.

Recent findings attribute 23 per cent of PM2.5 emissions to transport, while earlier figures placed transport's share at 40-45 per cent. Both are technically correct — but only when geography is made explicit. The relative share of transport emissions changes rapidly with distance. In the core NCT, transport contributes as much as 40-45 per cent of PM2.5. As one moves outward, roughly every 15–20 km, transport's share declines by about 5 per cent, as emissions from biofuels become more prominent in rural areas. Further still, coal-fired power plants enter the inventory sources. Percentages without spatial boundaries obscure reality.

A second layer of confusion is added by the way emissions are classified. For mitigation, the relevant question is not how particles form in the atmosphere, but where the precursor emissions originate. When the objective is emission reduction, sources, not scientific processes, must remain the unit of discussion. Blurring this distinction dilutes accountability and delays action. Presenting it as if the atmosphere itself "produces" particles risks implying no human responsibility.

The key question, then, is what spatial framework should guide action. The answer lies in adopting an airshed-based approach. First, the Delhi airshed region, a larger, multi-state domain encompassing parts of six neighbouring states, relevant for scientific assessment and long-term mitigation planning; second, the satellite airshed of Delhi — the core NCT along with immediate peripheries such as Noida and Gurugram.

Policy action must accelerate priorities that deliver maximum impact. This includes a faster transition to electric mobility, alongside improvements in charging time, battery life, recycling and disposal systems, tyre technology to address increased vehicle weight, and reduced dependence on rare-earth materials. Mitigation must address biofuel use and industrial emissions in surrounding rural and peri-urban areas. Delhi's air crisis response suffers from blurred boundaries, fancy nomenclature, and the repeated use of complexity as a brake on action. It is waiting for science-backed action on what we already know.

> The key question, then, is what spatial framework should guide action. The answer lies in adopting an airshed-based approach

The writer is chair professor, National Institute of Advanced Studies, IISC-Campus and founder project director, SAFAR

40 YEARS AGO

February 03, 1986


INDIAN EXPRESS

Bhandari's visit to Colombo put off

Free human spirit from slavery: Pope

Call for joint ally against price hike

Talks with Sri Lanka postponed

THE FOREIGN secretary, Romesh Bhandari, who was scheduled to leave for Sri Lanka on February 3, has postponed his visit and returned to New Delhi. Originally, he was to have left for Colombo for talks with the Sri Lankan government between February 3 and 5 after ascertaining the views of the various Eelam groups in the city. Bhandari told newsmen that the visit had been postponed due to "circumstances".

Pope John Paul II in Delhi

POPE JOHN Paul II called for an inter-religion collaboration on a joint struggle against hunger, poverty, ignorance, persecution, discrimination every form of slavery of the human spirit. Elaborating his call, the Pope said that there was a need for a joint endeavour in view of the fact that "today as Hindus, Muslims, Buddhists, Jains, Parsees and Christians, we gather in fraternal love to assert this by our very presence here".

Vajpayee on espionage case

BHARATIYA JANATA Party president Atal Bihari Vajpayee, has alleged that the inclusion of his name in the chargesheet of the espionage case against Ram Swarup was "patently dishonest and motivated". He asserted that to drag innocent names into heinous crimes like espionage was more in the nature of a political stunt than anything to do with national security. He had nothing to do with the case even as a witness, he maintained.

MP officials' US trip

THE US trip of Madhya Pradesh government officials and victims of the Bhopal gas leak disaster, who are flying to New York on February 3, is being financed from the fund set up for "gas relief" by the state. The trip, which has attracted adverse publicity because of the selection of only well-to-do persons, including a government doctor and an engineer, as gas victims, is expected to cost over Rs 2 lakh.

THE INDIAN EXPRESS

The Ideas Page

WHAT THE OTHERS SAY

Europe's India and Vietnam deals signal a historic shift away from coercion towards cooperation that respects developing countries' sovereignty.— *The Guardian*

Hiding in UGC Regulations row is a deep fault line, social, ideological, political

YOGENDRA YADAV

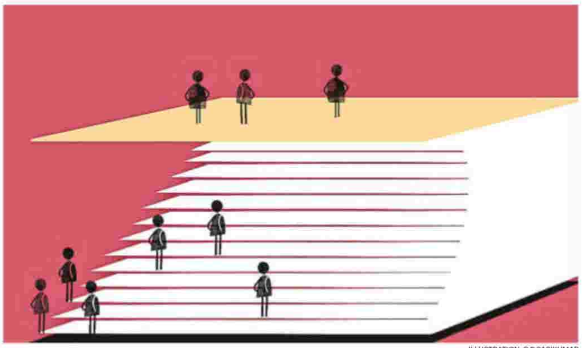

ILLUSTRATION: C R SASIKUMAR

THE STORM over the UGC Regulations was not a debate about equity in higher education. It was a political farce with real-life consequences. From start to finish, every scene in this drama reeked of cynicism. First came a role reversal. A regime indifferent to social justice pushed for anti-discrimination measures. Then came a manufacturing of dissent. Loyalists took to the streets against their own government. It came with an inversion of victimhood. The powerful claimed persecution. Finally, came a memory trick. The very bench that demanded the framing of such regulations now recoiled in horror and stayed them. Every step was as intriguing as it was entertaining, if only it did not portend the disruption of a delicate social contract written into the Constitution.

Let there be no doubt about it. This dispute was not about the existence, or otherwise, of social discrimination in universities and colleges. A recent book by N Sukumar, *Caste Discrimination and Exclusion in Indian Universities: A Critical Reflection* (Routledge, 2023), leaves little doubt on this score. Building on the existing knowledge on this subject and drawing on survey data, personal stories and institutional analysis, he demonstrates that caste discrimination in higher education institutions is structural. Developing Satish Deshpande's work on how caste capital was converted into modern capital, Sukumar characterises it as "social cosmology" — a caste-coded ideology of merit that presents historical caste privilege and cultural capital as individual intellectual achievement.

The kind of name-calling of Dalit students that this book records in some of the top institutions of the country should put us all to shame: "Quota children", "category *wala*" or "cata students", "*sarkari damaad*" or "*sarkari* Brahmin", "*saddus*", "preppies" or plain "*behenji*", besides unprintable caste slurs. Caste bias permeates admission, evaluation, supervision, hostel life, administration, and disciplinary mechanisms. Based on 600 interviews with SC students across 10 universities, Sukumar found that around two-thirds of students report discrimination during vivas and interviews. Sadly, more than 60 per cent identify teachers as primary perpetrators, while nearly the same proportion of SC research scholars report supervisory exploitation. You could still ask how the discrimination that this book identifies is reflected in the case of other categories like the OBC, but you cannot question the brute fact that students experience universities as exclusionary rather than democratic spaces.

Let us also note that this debate was not about the remedy for this disease. There was little appetite or understanding of this challenge from either side. As someone involved in the framing of the original regulations of 2012, in my capacity then as a member of the UGC, I have no hesitation in admitting that the institutional mechanism of the earlier regulations left a lot to be desired; the Regulations of 2026 were a definite improvement in this respect. At the same time, it is also true that the new regulations had diluted the broad conceptualisation of discrimination (including harassment, victimisation and unfavourable treatment) and had dropped its illustrative listing available in the original regulations.

> The BJP's core vote bank has tolerated these concessions as the price for political power. But its hegemony and ideological campaign has empowered 'upper-caste' supporters to believe such concessions are unnecessary

However, these nuances are of little practical relevance. Anyone familiar with the university system would tell you that the real problem is not the wording of this or that regulation, but the lack of will to implement any such regulation. The UGC Regulations of 2012 remained on paper. Students did not know about them and the authorities did not care. The fate of the 2026 Regulations was not going to be any different. One can only hope that the wide publicity received during the latest episode will encourage some victims to use the anti-discriminatory mechanism, even the old one.

Let us also be clear that this was not a legal dispute, or should not have been one. The fact is that the anti-discriminatory provisions in the previous and new regulations were drawn straight from the Constitution. Both regulations offered protection against discrimination based on "caste, creed, religion, language, ethnicity, gender or disability". Both regulations laid emphasis on caste discrimination and specified SC/STs as its potential victims (the new ones added OBC). The fact is that the UGC carried out this revision on the explicit order of the Supreme Court in a 2019 case filed by the mothers of Rohith Vemula and Payal Tadvi, both of whom had died by suicide alleging caste discrimination.

As a matter of fact, it was the bench headed by Justice (now CJI) Surya Kant and Justice Joymalya Bagchi that had in its order of September 15, 2025, recommended "A Grievance-Redressal Committee, where 50 per cent of the members belong to the SC/ST/OBC community, and with a Chairperson from that very community". Thus the horror expressed by the same bench four months later seems odd. There is nothing remotely draconian or anti General Category about the new rules. As Gautam Bhatia has pointed out, the ground offered by the Supreme Court's stay order is out of line with the long-held position of the apex court on this subject.

Let us face it: This is a political battle. Hiding behind a farcical dispute about a minor regulation unlikely to be implemented is a deep fault line, at once social, ideological and political. The BJP has built a winning social coalition by combining its core vote bank, the "upper-caste" Hindus, with substantial inroads into the rest of the Hindu society. In the process, it has had to make all kinds of concessions to the "lower" orders of Hindu society, including giving in to the demand for a "caste census". So far, the BJP's core vote bank has tolerated these concessions as the necessary price for maintaining political power. But the BJP's electoral hegemony and relentless ideological campaign has empowered its "upper-caste" supporters to believe that such concessions are unnecessary. In any case, OBCs are where they draw the line. This opens up a crack the BJP has tried hard to cover up.

Let there be no doubt about it: We are looking at a thinly disguised assault on the constitutional idea of social justice. The UGC Equity Regulations are just an occasion; the target is the entire scheme of reservation. The real unease is about the rise of the OBCs. The immediate signal is about the caste census. This is the beginning of a renewed social battle for social power. The top of the pyramid has asserted itself. It is now for the bottom of the social pyramid to respond. This battle could decide the fate of our republic.

The writer is member, Swaraj India, and national convenor, Bharat Jodo Abhiyaan

Pact with EU is not about compulsion but compatibility

MOHAN KUMAR

IT IS hard to overstate the importance of what the European Union (EU) and India have just accomplished. In one fell swoop, the two sides have concluded the long-pending free trade agreement (FTA), finalised a Security and Defence Partnership, zeroed in on a Comprehensive Framework for Cooperation on Mobility and decided on a Comprehensive Strategic Agenda for 2030. In a geopolitically turbulent world, these agreements lend a measure of stability not just to the two parties but also to the world at large.

The FTA was a long time coming. There were certainly substantive difficulties for both sides. For India, agriculture and dairy were non-negotiable, the auto sector presented political challenges, the country was not ready for discussion on environment, labour standards, government procurement, and so on. For the EU, agriculture exports were crucial, the prospect of auto exports to the third-largest market was mouth-watering and the mood in the European Parliament was in favour of environment and labour standards in FTAs. It is therefore commendable that both sides burnt the midnight oil to arrive at a mutually acceptable deal.

The EU is a $22-trillion economy with a population of 450 million high-income consumers. India may only be a $4-trillion economy for now, but it is the fastest-growing one. For the EU, India also offers a clear alternative to China in the medium term. The FTA delivers unprecedented market access for more than 99 per cent of India's exports while preserving policy space for sensitive sectors. Sectors like leather, footwear, textiles, garments, marine products, medical instruments, gems and jewellery, plastics and chemicals should see growth in exports. The mobility partnership agreement is crucial for the movement abroad of Indian professionals, students and skilled workers. With a carefully calibrated opening of the economy, Indian manufacturing may be expected to become more competitive, and a much-needed surge in investment is likely.

It is nevertheless worth pointing out that India must continue to carry out deep reforms to get maximum mileage out of this and other FTAs. This FTA should also help India meet the regulatory challenges of the European market. More than anything else, it enables India to integrate into European value chains and attract significant FDI.

The Security and Defence Partnership is hugely significant. Hitherto, India has had substantial defence ties with European countries such as France on a bilateral level. The new deal provides an overarching framework for defence cooperation between India and the EU. This is happening at a time when the EU, partly under pressure from the US and concerns emanating from the war in Ukraine, is increasingly fashioning its own defence architecture. India can help in the task of building European defence, not just by trade, but also by actively participating in co-design and co-production of weapons systems and platforms and facilitating transfer of technology from Europe.

There is a temptation among some observers to attribute the timing and content of the India-EU Agreements above to the current security and defence strategy of the US. This would be a mistake. India and the EU have been negotiating for years now. They share values and beliefs, including strategic autonomy, a multipolar world, secularism, pluralism, democracy and tolerance.

The Joint Comprehensive Strategic Agenda (2030) is based on five pillars. The FTA will further the first pillar, prosperity. The second pillar of tech and innovation will require progress in the Trade and Technology Council, while the third pillar of defence will require implementation of the Security and Defence Partnership. The fourth pillar of connectivity will require advancing the India-Middle East-Europe Economic Corridor, and the fifth pillar of people-to-people ties will benefit from the mobility partnership. Both sides have their work cut out.

India and EU have resembled two lovers who have taken their own sweet time to tie the knot. The fact that they have eventually come together is evidence of demonstrable compatibility and strategic convergence. As a multipolar world takes shape, it is obvious that both India and the EU fancy pole position for themselves.

The writer is a former Indian ambassador to France and currently dean/professor at O P Jindal Global University. Views are personal

Letters To The Editor

Bold reforms needed

THE LATEST Budget underscores fiscal discipline yet sidesteps the deeper reforms India urgently needs ('Budget moves forward with future as focus but ducks key reforms', *IE*, February 2). Consolidation targets and rising capital expenditure signal prudence, but without structural tax relief or equity market stimulus, investor sentiment remains neglected. Expanding infrastructure and green investments is commendable, yet subsidies continue unchecked and privatisation stalls. Litigation reforms may ease compliance, but broader measures — trade agreements, labour code implementation, GST simplification — remain deferred. By avoiding politically difficult choices, the government risks slowing momentum.

K Chidanand Kumar, Bengaluru

WHILE INCREASED capital expenditure and fiscal consolidation indicate prudence, the Budget avoids difficult but necessary decisions such as privatisation, subsidy rationalisation, and bold tax reforms ('Budget moves forward with future as focus but ducks key reforms', *IE*, February 2). At a time when investor confidence is fragile and global uncertainties loom large, incremental measures are insufficient.

Angel Gupta, Ambala

Breaking a silence

THE INTRODUCTION of menopause clinics by state governments is a welcome step ('Government is talking about menopause. Society must, too', *IE*, February 2). However, policy alone is not enough to dismantle decades of social invisibility and insensitivity. Conversations around hormones, mental health, and women's ageing remain uncomfortable for much of the country. Nothing will change until society sheds its discomfort in acknowledging women's bodily realities and begins to treat them with the required sensitivity.

Aditi Gupta, Jammu

Sanitising Godse is assault on truth & moral memory

PAWAN KHERA

CULTURE ISN'T a get-out-of-jail-free card for political guilt, definitely not when it comes to Mahatma Gandhi's murder. But Ram Madhav ('In his last days, a dilemma the Mahatma could not resolve', *IE*, January 31) repeats what the Hindu right has done for decades: Drape Nathuram Godse's crime in a cultural fog. That he could justify a murder is an insult to our civilisation. While analysing the reasons for the assassination, the senior BJP leader seems to be digging up Gandhi's supposed "crimes" to lighten the burden on the killer's ideological heirs. Scrutinising the politics that produced Godse is not an attack on the Hindu faith or culture. It is an act of democratic hygiene.

Madhav throws Gandhi, Jawaharlal Nehru, Sardar Patel, Congress, the British, even M A Jinnah into a pot of "circumstances" surrounding Partition. Godse looks like someone who took things "too far" in response to a tragedy that history, supposedly, created — the Partition. Dissolving Godse's crime into "collective circumstances" only protects the network behind it. India investigated, tried, and convicted Godse, banned the RSS, and identified groups that had systematically painted Gandhi as "anti-Hindu". In the end, Madhav tries to comfort readers: India continues, thanks to "Gandhi's eternal presence". Nice words, but irrelevant to the question he asked: Were Godse's reasons justified?

> If the BJP truly believes in Gandhi's 'eternal presence', it must start by accepting the full truth about those who saw him as the principal obstacle to a Hindu Rashtra

When Gandhi becomes only a martyr — like Buddha and Jesus, as Madhav suggests — his assassination stops being a political act by Hindu nationalists. Instead, it turns it into a cosmic or spiritual riddle. This reverence isn't about honouring Gandhi — it's about avoiding the real conversation about the killer's ideology. The narrative — Buddha, Jesus, Gandhi, letters to Nehru and Patel, the Viceroy's proposals, meetings, anguish — is framed to answer one question: Were Godse's reasons really wrong? The exhausted reader is nudged towards a "balanced" view: Gandhi was a tragic figure, Partition was just fate. And Godse, well, maybe he was misguided, but not totally irrational. A trained ideologue of the Hindu right, who pumped bullets into Gandhi, is buried under a sentimentalism of circumstances and dilemmas.

Culture should indeed hold up a mirror. In that reflection, Gandhi's non-violence, pluralism, and moral courage are part of what's best about India. But the same symbols turn into a mask when they're used to cover up actions that betray those values. Sociologist Maurice Halbwachs showed us that collective memory is actively constructed to sustain current identities and power structures. The "story" a nation tells about its martyrs and traitors is a political choice. Others have also documented how ruling groups rewrite episodes of violence by softening the role of their ideological ancestors while amplifying opponents' faults. Seen through this lens, recent textbook changes that delete Godse's description as a "Hindu extremist" are acts of erasure. Columns like Madhav's are the narrative arm of the same project.

Democratic adulthood means holding two commitments together — pride in cultural inheritance and insistence on honest political accounting. Our culture is not on trial when we say Godse's ideology, associates, and their ecosystem must bear responsibility. If the BJP truly believes in Gandhi's "eternal presence", it must start by accepting the full truth about those who saw him as the principal obstacle to a Hindu *rashtra*. A confident civilisation does not need to flirt with the logic of its greatest assassin to affirm its pride. Gandhi's India will not be protected by ritual tributes alone. It will be protected when every attempt to sanitise Godse's politics is called out, as an assault on truth and on the Republic's moral memory.

The writer is chairman, media and publicity department, All India Congress Committee

Who is development really for? Ask Delhi's pigeons

OLLY MOHANTA

DELHI'S WINTER often leaves little room for reflection. Between the smog, the fog, and persistent conversations around air quality, visibility — both literal and metaphorical — tends to shrink. Yet, it is precisely during these months that certain sights prompt a pause. One such is that of pigeons huddling on narrow window ledges. It is an unremarkable image, but one that raises a larger question about how urban spaces are being reorganised — and for whom.

Pigeons have not always occupied AC units and concrete sills. They lived on trees, and older forms of architecture that allowed for coexistence. As cities expanded, these spaces disappeared. Urban wildlife has adapted to shrinking habitats.

Our response to this adjustment is instructive. Balconies are netted, access restricted. The concern is practical, but it mirrors a larger pattern. Development often addresses immediate discomfort while obscuring the longer processes that produce it.

This pattern becomes clearer when viewed beyond pigeons. Urban development creates centres of growth and peripheral zones. In cities like Delhi, Mumbai, and Kolkata, domestic helpers, daily wage labourers, informal workers — much like urban wildlife — often reside alongside development rather than within it. They adapt to the city without being fully absorbed by it.

What connects these seemingly disparate adaptations is a shared logic of development that reorganises space without reorganising responsibility. Those who cannot shape policy adjust to its outcomes, inhabiting the city and its landscapes provisionally rather than securely. It is in this broader context that debates around ecological spaces such as the Aravalli range acquire significance. The Aravallis act as a natural barrier against desertification and play a critical role in groundwater recharge and ecological balance. Their importance lies not only in conservation terms but in how they sustain regional livelihoods and climatic stability.

> In cities like Delhi, Mumbai, and Kolkata, domestic helpers, daily wage labourers, informal workers — much like urban wildlife — often reside alongside development rather than within it

When uncertainty arises over land-use norms in such regions, it raises questions about how development engages with landscapes that operate on much longer timeframes than policy cycles. Development policy frequently operates on short timelines, while its consequences unfold over decades. What is treated as land-use today becomes the material condition of life tomorrow. Landscapes shape livelihoods, climate, and resilience long after policies change. Decisions that alter them are rarely reversible.

It is here that questions of inclusion become unavoidable. The language of development in India emphasises inclusion — *sabka saath, sabka vikas*. Yet, this raises an uncomfortable question: Who constitutes the "*sab*" in practice? Development inevitably produces margins. Some are included, others remain adjacent. Development debates often privilege those who can articulate their claims in the language of policy, law, and capital. Communities that live alongside forests, hills, and common lands possess forms of knowledge that are articulated differently. When such knowledge remains outside decision-making processes, development risks mistaking silence for consent, stripping agency at its most primary level.

The sight of pigeons in the cold reveals how development reshapes space, redistributes inconvenience, and normalises exclusion. The challenge before us is to ask harder questions about its design — and about whose lives and landscapes are accounted for in the process.

Mohanta is a Delhi-based researcher and writer

Patna

THE INDIAN EXPRESS

Explained

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TUESDAY, FEBRUARY 3, 2026

• LAW

Is WhatsApp reading user messages? What US lawsuit claims

Vineet Bhalla
New Delhi, February 2

A CLASS action lawsuit filed in the US has alleged that WhatsApp's cornerstone claim of end-to-end encryption, which purportedly prevents even WhatsApp from reading its users' messages, is false, and that its parent company, Meta, has access to user communications.

The lawsuit includes plaintiffs from across the globe, including one Alka Gaur from India. It seeks to represent all WhatsApp users worldwide from April 2016 onwards, excluding those in the US, Canada and Europe, which come under separate jurisdiction clauses.

Privacy breach claim

The plaintiffs allege that despite claims of foolproof privacy, WhatsApp and Meta "store, analyse, and can access virtually all of WhatsApp users' purportedly 'private' communications."

Central to the lawsuit is the concept of end-to-end encryption. This is a method of securing digital communication which ensures that a message is turned into a scrambled code on the sender's device and is only decrypted on the recipient's device.

Citing unnamed whistleblowers, the petitioners allege that Meta has implemented what cryptographers call a "kleptographic backdoor" — a secret method to bypass encryption. It allegedly allows Meta to request its engineers to access private messages.

ENCRYPTION UNDER SCANNER

• At the heart of the lawsuit is the concept of end-to-end encryption, a method of securing digital communication.

• It ensures that a message is turned into a scrambled code when it's sent and is only decrypted on the recipient's device.

The lawsuit supports its claims by pointing to Meta's track record with privacy regulators. Among other incidents, it cites the Cambridge Analytica scandal, which resulted in the US Federal Trade Commission imposing a record $5 billion penalty on Meta in 2019 for deceiving consumers about their ability to control personal information. The plaintiffs have sought a trial by jury, damages, and injunctive relief to stop Meta from continuing these alleged practices.

Responding to the lawsuit on X, Will Cathcart, the head of WhatsApp, dismissed the claims as "totally false." "WhatsApp can't read messages because the encryption keys are stored on your phone and we don't have access to them," he wrote.

Relevance for India

This lawsuit stands in stark contrast with WhatsApp's legal battle in the Delhi High Court.

In 2021, the Centre introduced the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules that required social media platforms to enable the identification of the "first originator" of information when ordered by a public authority.

WhatsApp challenged this rule by arguing that compliance would force it to break its end-to-end encryption. It argued that re-engineering the app to trace the originator would be "equivalent of asking us to keep a fingerprint of every single message sent on WhatsApp," undermining user privacy.If the allegations in the US lawsuit were proven true, it would undercut WhatsApp's defence in its pending challenge in the Delhi HC.

WhatsApp had cited in its petition in the High Court the Supreme Court's landmark *Puttaswamy* judgment, which held privacy as a fundamental right and ruled that any invasion of privacy must be necessary, proportionate and backed by law. Secret surveillance would fail these tests. Meta could also potentially face heavy penalties under the Digital Personal Data Protection Act, 2023, for processing personal data for unauthorised purposes.

• DIPLOMACY

Signals from the India-Arab Delhi Declaration

The joint statement released after the India-Arab League meeting clarified their positions on several issues — and kept silent on others

EXPERT EXPLAINS
BASHIR ALI ABBAS
SENIOR RESEARCH ASSOCIATE, COUNCIL FOR STRATEGIC AND DEFENSE RESEARCH, NEW DELHI

External Affairs Minister Dr S Jaishankar with Arab leaders in New Delhi. X/DRSJAISHANKAR

INDIA HOSTED 22 members of the League of Arab States (AL) for the second India-Arab Foreign Ministers Meeting, a decade after the first iteration in Bahrain.

This meeting occurred amid escalating tensions between Iran and the US, a growing rift between Saudi Arabia and UAE, and the US President Donald Trump-led Board of Peace attempting a new approach to resolving the Israel-Palestine question.

India has stakes in all three situations. In the days before the meeting, India hosted the UAE's Mohammed bin Zayed for an unprecedented three-hour trip to New Delhi as Abu Dhabi's ties with Riyadh grew particularly strained, India's Deputy National Security Advisor visited Tehran to meet senior Iranian leaders amid a US troop build-up around the country, and India's Ministry of External Affairs reaffirmed India-Palestine ties as the Palestinian Minister for Foreign Affairs arrived in New Delhi on January 29.

In a joint statement — the Delhi Declaration — after the meeting, India and the Arab League clarified their positions on a number of issues, apart from commitments to enhance cooperation.

The many conflicts in the region

The Delhi Declaration uniformly focuses on the need to uphold the "sovereignty, unity, and territorial integrity" of Sudan, Somalia and Libya, and "rejects interference" in their internal affairs.

All three nations have been central to the growing rift between two camps in the Middle East — one led by Saudi Arabia as the principal power supported by most of the Arab League, and one led by the UAE and Israel, and supported by the US.

Formally, these camps do not exist — especially as the UAE remains a crucial constituent of the League (co-chairing the January 31 meeting). The lines of division, however, are evident on the ground in each of these states.

The UAE is accused of supporting the Rapid Support Forces in Sudan, a militia that has waged war against the Sudanese government (since 2023), established a parallel government (in April 2025), and brutalised civilians in city after city.

The case is similar in Libya, where the UAE has long supported the breakaway Libyan National Army (LNA) led by Khalifa Haftar, which is opposed to the internationally recognised government in Tripoli. While other AL states such as Saudi Arabia have engaged with the LNA, the bulk of their efforts is towards reconciliation between factions.

In the case of Somalia, Israel is the only UN member-state to recognise the Republic of Somaliland — a breakaway quasi-state within Somalia. The UAE began recognising Somaliland passports in 2025, a position contrary to other AL states.

While India was quick to rebuff any possibility of recognising Somaliland last December, it took a categorical position along with the Arab League in reiterating its support for the internationally recognised governments in Libya and Sudan on January 31. The Delhi Declaration's condemnation for atrocities against civilians in particular is in line with this position.

In Yemen (which has been the principal site of the conflict between Abu Dhabi and Riyadh), India and the AL explicitly condemned Houthi attacks on navigation in the Red Sea. This is a subtle break from India's policy of condemning Houthi actions without explicitly naming the group in the last two years, as the Houthis linked their actions with Israel's war in Gaza. India was more vocal in condemning the Houthis prior to 2023, when the group attacked Emirati and Saudi oil infrastructure.

Middle East turmoil

This meeting occurred amid escalating tensions between Iran and the US, a growing rift between Saudi Arabia and UAE, and the Trump-led Board of Peace attempting a new approach to resolving the Israel-Palestine question.

India has stakes in all three situations.

More importantly, the Declaration's support for Yemen's unity is in line with the Saudi position that Riyadh militarily enforced in December/January by acting against the UAE-backed Southern Transitional Council, a secessionist faction in South Yemen.

Last, the Declaration is relatively quiet on Syria, restricting itself to an appreciation of Damascus's counter-terror efforts against the Islamic State. In any case, Indian engagement with post-Assad Syria, led by the formerly Al Qaeda-affiliated Ahmed al-Sharaa, has been "bureaucratic-ministerial" (read cautious). Indian diplomats met Syria's foreign minister in July 2025, while Syrian diplomats met India's External Affairs Minister at the January 31 New Delhi meeting.

On principal conflicts

The Delhi Declaration makes no mention of the Donald Trump-led Board of Peace (BoP). While key Gulf states are now BoP members, India is yet to accept the invitation extended in January.

Notably, the Delhi Declaration features support for the Arab Peace Initiative of 2002. This is a land-for-peace arrangement where Arab states recognise Israel in exchange for Israeli recognition of a Palestinian state based on pre-1967 borders.

While the Declaration also supports the 2025 Sharm el-Sheikh summit's outcomes (which also features the only mention of America's role), the reference to the Arab Peace Initiative signals the actual preferences of both India and the Arab League.

These states support Trump's efforts to end the violence in Gaza, but avoid encouraging the new logic that the US President's plan comprises for the larger Israel-Palestine question. Both India and the Arab League support Palestinian sovereignty.

Finally, the Declaration avoids mentioning the principal conflict that threatens fresh regional instability — the US military build-up around Iran. This is arguably to respect bilateral approaches.

Key Arab League states, led by Saudi Arabia, are making efforts to discourage US military action against Iran. India's Deputy National Security Advisor meetings in Tehran (especially with Iran's Supreme National Security Council chief, Ali Larijani) indicate India's need to keep Iran engaged, especially as New Delhi takes measures to protect the relationship from US sanctions.

Notably, India's 2026-27 Budget bears no allocation for the Chabahar Port despite India's 10-year agreement in 2024 to operate the port — a reflection of vulnerability to US sanctions.

On the region and Indian diplomacy

Ultimately, the Delhi Declaration furthers India-Arab League cooperation on the five key pillars identified at the inception of the meeting as the highest institutional dialogue mechanism between India and the Arab League in 2002 — economy, energy, education, media and culture. The Declaration looks to further such cooperation on the back of "robust trade between India and Arab States that is over US$240 billion".

But more importantly, it cements India's approach to the Middle East and the Gulf. New Delhi has strong partnerships across geopolitical lines, but these relationships are transactional and siloed from India's positions on broader issues. On regional geopolitics, India prefers long-standing normative positions to preserve stability without any encouragement of disruption caused by particular states.

Navigating faultlines

This meeting occurred amid escalating tensions between Iran and the US, a growing rift between Saudi Arabia and UAE, and the Trump-led Board of Peace attempting a new approach to resolving the Israel-Palestine question.

India has stakes in all three situations.

• ECONOMICS

Your next car may be expensive. Blame the AI data centre boom

Soumyarendra Barik & Anil Sasi
New Delhi, February 2

THE ARTIFICIAL intelligence (AI) revolution's insatiable appetite for infrastructure is spilling over and impacting other industries, with automakers now feeling the pinch as commodity prices surge. Maruti Suzuki India, the country's largest passenger vehicle manufacturer, has flagged margin pressure from the increasing costs of metals, including aluminium and copper, pointing to competition from AI-driven demand as a contributing factor.

In its latest quarterly results, Maruti Suzuki reported that operating profit margins declined to 8.1% of net sales in the third quarter of fiscal year 2026, down from 8.4% in the previous quarter. The company attributed a substantial 60 basis points of this compression directly to adverse movements in commodity prices, particularly platinum group metals (PGMs), aluminium, and copper.

"We are seeing some kind of headwinds in commodities at the moment in platinum, palladium, rhodium and aluminium and copper. And some of these are also being discussed across sectors. Some of these have to do with the AI memory chips also," said Rahul Bharti, senior executive officer for corporate affairs at Maruti Suzuki.

Hyundai Motor India Ltd, which announced a minor price increase across its model range from January 1, cited rising input costs as a trigger. In a regulatory filing, it stated that the increase is driven by higher costs of precious metals and other commodities used in vehicle manufacturing. The company noted that sustained inflationary pressures on raw materials had impacted overall production costs.

Boom in AI infrastructure

The automotive sector's commodity woes appear increasingly linked to explosive growth in AI infrastructure. Data centres powering AI applications require massive amounts of copper for electrical systems and aluminium for cooling solutions, creating intense competition for these materials. Aluminium prices in India rose to a record high of Rs 361.25 per kg last week, while copper prices hit a fresh peak of Rs. 1,480.3 per kg. The data centre boom has also significantly increased the prices of memory chips for regular customers.

Hunger for copper

• Data centres are electricity-intensive, and their proliferation is driving massive investments in both direct copper use and in the electric grid infrastructure that supports them.

• This demand was not even anticipated five years ago.

For automakers like Maruti Suzuki, the impact is multifaceted. PGMs, including platinum, palladium, rhodium, ruthenium, iridium, and osmium, are frequently used in automotive catalytic converters that reduce harmful emissions. Modern cars use significant amounts of copper in electrical systems, with demand accelerating as vehicles incorporate more electrification. Aluminium is increasingly favoured for body panels and structural components due to its light weight, which improves fuel efficiency.

In a January report, UBS analysts said that the explosive growth of AI data centres is creating a severe bottleneck in dynamic random-access memory (DRAM) chips, which could potentially disrupt vehicle production as early as the second quarter of 2026. The issue stems from DRAM manufacturers prioritising high-margin AI server contracts over automotive applications. Carmakers had faced a similar chip shortage during the pandemic.

Surge in copper prices

While copper is essential for the generation, transmission, and distribution of electricity, the accelerating pace of electrification is an increasing challenge.

The biggest drivers of copper's growth are AI and data centres, which have introduced a new, rapidly expanding vector of copper demand. The surge in electrification is also advancing worldwide, with ratings agency S&P Global estimating an increase in global electricity demand by nearly 50% by 2040. In the US, electricity consumption, which was largely flat, is now beginning to grow at about 2.5% annually. In China – with an electricity market more than double that of the US – it will grow at 3.2% per year between now and 2040. In India, it will be 4.2% per year.

Besides AI, traditional demand centres, responsible for appliances such as ACs and computers to construction and manufacturing, have also driven up the electricity demand. Other drivers include energy transition and addition, including EVs and renewables, as well as the defence sector, with rising geopolitical tensions.

• CULTURE

Proposal for banning entry of non-Hindus at Char Dham, questions it raises

Aiswarya Raj
Dehradun, February 2

THE COMMITTEE heads of the 'Chota Char Dham' shrines in Gangotri, Yamunotri, Kedarnath, and Badrinath in Uttarakhand have proposed banning non-Hindus from entering the temple premises. Hemant Dwivedi, the head of the Badrinath-Kedarnath Temple Committee (BKTC), cited the demands of local priests as a reason, while the heads of the Gangotri and Yamunotri Dham committees have said they will examine a similar proposal.

Questions have been raised about how the decision may actually be instituted, as well as its legality.

Badrinath-Kedarnath Temple Committee

The United Provinces Shri Badrinath [and Kedarnath] Temples Act of 1939, later amended in 1948, bestows the duty of administration and governance of the temple and its funds upon the BKTC. The ownership of the temple funds is vested in the deity of Badrinath or Kedarnath, and the committee is entitled to their possession.

The state government nominates the president and seven members of this committee. It also appoints two members as vice presidents. The committee appoints the Rawal, or head priest and the Naib Rawal, or assistant priest, while the state names its chief executive officer in consultation with the committee president. The committee must also submit a report on the administration of temple affairs at such time as the government may prescribe.

The committee heads said they will deliberate on the motion to bar non-Hindus at the upcoming board meetings and with the government.

Rights of devotees

The Congress party has claimed that such a ban would potentially prevent the constitutional head of the state, Governor Lt Gen Gurmit Singh, from visiting the temples.

Dwivedi said that Articles 25 (right to freedom of religion) and 26 (freedom to manage religious affairs) of the Constitution protect the religious rights of Hindus, while Article 25 (2)(b) includes Sikhs, Buddhists and Jains under Hinduism. "This is not a divisive move; anyone who respects and worships Baba Kedar, Badri, Maa Ganga, and Yamuna can visit the temples. We have spoken to the stakeholders of all 47 temples under the committee, and everyone is on board," he added.

WIKIMEDIA COMMONS

Badrinath (left), Kedarnath and other Char Dham sites are now considering bans.

Earlier in January 2024, the Madras High Court allowed a petition prohibiting entry to non-Hindus around the Dhandayuthapani Swamy Temple in Dindigul, which claimed that the sites were treated as tourist spots and the sanctity of the faith was being disrespected.

The court directed the Tamil Nadu government and the temple authorities to install boards at the entrances and prominent locations of temples indicate that non-Hindus were not allowed beyond the ceremonial flag-pole or *kodimaram*. It held that the state's concern for the sentiments of non-Hindus overshadowed the need to protect Hindu religious practices.

Dr Kartikeya Hari Gupta, an advocate at the Uttarakhand High Court, argued that the proposed ban in Uttarakhand was unconstitutional. He reasoned that Article 19(1)(d) of the Constitution allows the right to move freely throughout the territory of India.

Essential practices doctrine

Challenging the committee's arguments based on Article 25, Gupta said that its application was not absolute. "There is an essential religious practices doctrine test set by the Supreme Court. If any religious group wants to protect any religious activity, they have to prove it is essential to their religion, so much so that if you remove that practice, the person will stop belonging to the religion," Gupta added.

Originating in the 1950s, the essential practices doctrine states that the practices and beliefs that a religious community considers integral are to be regarded as "essential" and protected under Article 25. In the 2018 Sabarimala temple case judgment, the majority opinion held that barring certain women from entering the temple owing to the celibate nature of Lord Ayyappa was not an essential religious practice, thus allowing them in the temple.

Before Char Dham, the idea of barring non-Hindus was also raised for the Har ki Pauri ghat in Haridwar, with religious leaders citing its significance to Hindus. However, questions of practicality were raised given the high tourist footfall in Haridwar, which recorded 3.49 crore visitors in 2024, including foreign visitors.

The Tribune
ESTABLISHED IN 1881

Disservice to cricket

Match boycott by Pakistan bodes ill for the sport

PAKISTAN's decision to boycott its marquee clash against India in the T20 World Cup is a political ploy that rides roughshod over the spirit of cricket. The most popular sport in South Asia has fallen prey to forces at play far beyond the boundary, particularly after last year's Pahalgam terror attack and Operation Sindoor. Pakistan has announced that it will take part in the tournament but skip the match against India. Such selectivity strikes at the basic premise of any World Cup that all teams compete on equal terms. The International Cricket Council (ICC) has rightly called this stance irreconcilable with sporting fairness. Allowing nations to pick and choose opponents would reduce international events to political theatrics, letting down cricket lovers and hitting broadcasters' revenue.

The present turmoil comes days after the unceremonious exit of Bangladesh from the World Cup. Angered by cricketer Mustafizur Rahman's ouster from the IPL, Bangladesh refused to travel to India, citing security concerns. However, the Jay Shah-led ICC refused to relent and inducted Scotland as the replacement. Rahman's removal was itself deplorable as it was prompted by anti-Bangladesh protests in India over the killings of Hindus in that country. Pakistan grabbed the opportunity to express solidarity with Bangladesh and accuse India of dictating terms to the global cricket body.

Cricket has survived India-Pak tensions over the past decade due to the workable framework of neutral venues. This arrangement is now under grave threat. History shows that once sport becomes a tool of retaliation, escalation is inevitable. If this trend continues unchecked, the subcontinent risks normalising political interference in the playing arena. And once that line is crossed, the idea of cricket as a unifying force will lose all its relevance. The onus is on the ICC to facilitate a dialogue in the best interests of all stakeholders.

Sweet solution

Take Haryana's *laddoo* model to scale

THE quiet success of vitamin D-fortified laddoos in a government school in Haryana offers an important lesson for public health policy: solutions do not always need to be expensive, imported or disruptive. Sometimes, they simply need to be locally rooted, scientifically sound and thoughtfully delivered. Vitamin D deficiency is one of India's most under-acknowledged health challenges, particularly among adolescent girls. Despite abundant sunlight, widespread deficiency is prevalent due to factors such as lifestyle changes, social norms limiting outdoor activity and poor dietary diversity. This deficiency has long-term consequences for bone health, immunity and overall well-being.

Against this backdrop, the Haryana experiment — where fortified *laddoos* significantly improved vitamin D levels among schoolgirls — stands out for its simplicity and effectiveness. The strength of the intervention lies in its cultural familiarity. *Laddoos* are not perceived as supplements or medicines but as food. This ensures compliance, avoids stigma and integrates nutrition seamlessly into daily routines. By using biofortified mushrooms, the initiative also demonstrates how local research institutions can contribute practical solutions to everyday problems. This pilot success must be scaled up with caution as well as commitment. Nutritional interventions must be backed by transparent data, regular monitoring and clear quality standards. Fortification should complement, not replace, broader strategies such as encouraging safe sun exposure, improving midday meals and strengthening adolescent health services.

There is also a larger policy message. India's fight against malnutrition has often focussed on calories and protein, while micronutrient deficiencies receive episodic attention. This imbalance weakens outcomes. Addressing "hidden hunger" requires sustained investment in food science, school-based interventions and decentralised innovation. The Haryana model can be woven into existing schemes, turning schools into frontline spaces for preventive healthcare. Nutrition, after all, is about building futures.

ON THIS DAY...100 YEARS AGO

The Tribune.

LAHORE, WEDNESDAY, FEBRUARY 3, 1926

Protests in Lahore

LIKE some other principal cities in India, Lahore has now recorded her protest against the proposed anti-Indian legislation in South Africa. At two largely attended public meetings, one held under the auspices of the Lahore City Congress Committee in the City Gardens outside Mochi Gate on Saturday under the presidency of Duni Chand, Bar-at-Law, and the other convened by leading citizens of Lahore of all communities and parties and held in the Bradlaugh Hall on Sunday under the presidency of Sheikh Abdul Qadir, Bar-at-Law, the citizens of Lahore recorded their strong and emphatic protest against the Bill, requested the Government of India to urge upon the Union Government the necessity of a round-table conference before any further action was taken in respect of the proposed Bill, and demanded that if this reasonable proposal fell through, the Government of India should advise His Majesty's Government to disallow the measure. These were exactly the resolutions which had been passed at other public meetings in other cities, and they represent the unanimous or all but unanimous public opinion of India. Both meetings were addressed by Dr Abdur Rahman and Seth Sorabji Rustomji, who were on a short visit to Lahore, and whose speeches were cast in the same moderate but nonetheless effective words as their speeches at other places. They explained the provisions of the Bill and the nature of the struggle in which our countrymen are engaged, and pointed how impossible it is for them to submit to the cruel wrong sought to be inflicted upon them consistently.

A Budget boxed in by fiscal arithmetic

No engagement with pressing realities such as wage stagnation and rural distress

AJIT RANADE
ECONOMIST AND STRATEGIC ANALYST

LIMITED SUCCESS: Production-linked incentives have worked only for some sectors. PTI

EVERY Union Budget is, first, a constitutional ritual. The government cannot spend a rupee without Parliament's consent; the Budget is the annual moment when citizens (through their elected representatives) authorise the executive to tax, borrow and spend. That is why budgets invite outsized expectations. This year, those expectations have been even louder: with the US administration's unpredictable tariff actions rattling global trade, many commentators have called for a "1991 moment" — a big-bang reset.

But the truth is less dramatic and more sobering. India's room for manoeuvre is limited not by lack of imagination, but by the hard constraints of fiscal arithmetic. And that is the right place to begin any serious evaluation of Finance Minister Nirmala Sitharaman's record ninth consecutive Budget.

Ask most households what they want from the Budget and you'll hear a familiar refrain: lower taxes. Yet India's tax-to-GDP ratio is only around 20% — far below Germany's nearly 35% and other European economies. Those higher ratios, crucially, finance universal social security systems. India does not offer that breadth of coverage. The uncomfortable implication is this: we want European-quality public services with a much narrower tax base.

The narrowness is not anecdotal. The Economic Survey (2017) famously noted that India has only about seven income-tax payers per 100 voters. That single statistic should shape Budget debates more than any rhetorical flourish. In a democracy of 1.4 billion people, a small sliver is carrying the direct-tax burden — while the majority expects visible public goods and welfare support. There is a genuine fairness issue here, but also a basic feasibility constraint.

It is true that the burden of indirect taxes such as GST is more widespread. But indirect taxes, although easier to collect, are inherently regressive and hurt the poor much more in relative terms, than the rich.

On the expenditure side of the Budget, we find that a large fraction of spending is effectively precommitted: interest payments, salaries, pensions and major subsidies (food and fertiliser). That leaves a relatively small slice for the growth-promoting portion i.e. capital expenditure. Much of the growth momentum in recent years has come increasingly from publicly funded capex, which was raised again in this budget to Rs 12.2 lakh crore out of the total outlay of Rs 53.5 lakh crore. Overall spending rises by only about 7%, which means that the FM is trying to protect investment spending even while keeping total spending growth contained. This implies that there isn't much discretionary fat left to trim or reallocate. So any call for sweeping tax cuts, large new welfare promises and big new sectoral packages collides with arithmetic.

On the deficit, the government has stayed close to its medium-term promise: fiscal deficit ratios of around 4.4% and 4.3% (this year and next) are broadly aligned with the glide path announced earlier. In today's global environment, that discipline matters: credibility helps keep risk premia down for dollar loans and stabilises expectations. For the next year, the combined borrowing needs of the Centre and states are massive, and hence interest rates won't come down despite heroic monetary easing by the Reserve Bank of India. If rates stay high and sticky, private investors postpone capacity expansion. When the cost of capital remains high, even a well-intentioned public capex push struggles to "crowd in" private investment.

> The uncomfortable implication is this: we want European-quality public services with a much narrower tax base.

Budgets also reveal the government's beliefs about future revenues. This financial year, tax revenue till November has only grown at 3.3%, much below projections of the 2025-26 Budget. When tax buoyancy undershoots, governments typically respond by compressing expenditure — often by cutting healthcare or education spending, or delaying capex because it is the easiest line item to squeeze without immediate political backlash. Fiscal discipline is maintained but by sacrificing growth impulse.

The Budget has caught the global fashion of industrial policy: sectoral thrusts, targeted incentives and "strategic" bets (biopharma, electronics, frontier manufacturing). The world is indeed picking winners. But India's experience suggests that picking winners works only when the ecosystem is built: logistics, standards, testing labs, contract enforcement, skilled technicians, predictable regulation and patient finance. Production-linked incentives have worked only for some sectors.

The better way is to invest in the fundamentals that raise productivity across sectors: reliable power, ports and freight, dispute resolution, ease of exit, and a deep domestic bond market. Without these, industrial policy risks becoming only a carousel of announcements.

One welcome feature of this Budget's narrative is the ambition to capture 10% of the global market for tradeable services — explicitly including tourism, healthcare and medical tourism, creative content and design, alongside IT. This is a sound strategic horizon. India's comparative advantage lies increasingly in services, and services exports can absorb skilled labour at scale. This will require relentless follow-through with standards, visas and connectivity for tourism; accreditation and trust for healthcare; and, above all, a massive, continuous pipeline of skill formation.

Where the Budget does well is also in the architecture for MSMEs. Working capital constraints and payment delays are silent killers of small firms. Strengthening bill discounting through TReDS (Trade Receivables Discounting System) — and making it the settlement platform for purchases from MSMEs by CPSEs (Central Public Sector Enterprises) — directly targets liquidity stress where it hurts most. One missed opportunity was to link GST invoicing/filing with UDYAM registration to automatically penalise chronic payment delays. This reform would have improved trust and cash flow without large fiscal cost.

One troubling omission is in not engaging with a central structural problem: the workforce share in agriculture remains high — and in some measures appears to be rising — even as agriculture's GDP share declines. That is the signature of distress, not transformation. Rural wages have stagnated for long. The non-farm economy has not created enough secure jobs to pull labour out of low-productivity agriculture. A Budget cannot speak of *Viksit Bharat* without addressing this employment paradox. At the same time, the proxy for unemployment insurance i.e. the rights-based employment guarantee Act (MGNREGA) has been replaced by the Budget-constrained VB-G-RAM-G, in which 40% of the burden will now be on state finances.

Finally, it is worth pondering whether the annual Budget presentation ought to get this festive IPL-like status. Should it not just be a routine, almost boring affair, like in most developed economies? The FM could use Budget day to deliver a candid 'State of the Economy' speech and set long-term goals. Some of the recent big economic reforms, such as the corporate tax cut of 2019, have happened outside the Budget.

All said and done, this is a Budget of cautious pragmatism, and so unanswered questions. Its fiscal stance is defensible: with limited fireworks, conservative signalling and continued capex support. There is emphasis on skills and capability-building for the future. There is a bold ambition on services exports. But there was no engagement with some pressing realities: wage stagnation, rural distress, the stubborn agricultural workforce share, the sliding rupee, the drying up of net inbound FDI and rising inequality.

THOUGHT FOR THE DAY

Economics is too important to be left to economists. — Abhijit Banerjee

Inside-outside story of shoes

SUJATA RAJPAL

THREE decades ago, in my parents' house in Chandigarh, we hovered in quiet delight over the new beige carpet, which added a touch of grandeur to our modest living room. Outside, the rain lashed the streets. In the afternoon, the doorbell rang. My father's friends arrived, shook off their umbrellas, walked in with their shoes, settled in with plates of *pakoras* and steaming cups of tea, chatted and left as casually as they had come. In their wake remained their muddy footprints stamped across the new carpet. Yet, no matter how deeply we resented those marks, it was unthinkable to ask guests to leave their shoes at the door.

Later, when I made Mysuru my home, the first cultural shock was the practice of removing footwear before entering someone's house. Up north, this was unheard of. Even home help entered the houses they worked in wearing flip-flops. In Mysuru, at first, we found it offensive when we were asked to remove shoes at the doorstep. It felt like we were being asked to strip. This was the story I carried back home when I visited my parents during the kids' summer vacation, and folks there listened with astonishment and anguish.

The kids adapted quickly. They never liked wearing shoes anyway. My husband chose his footwear for the evening based on whether he would be asked to remove shoes. The issue with me was different. Why buy and wear stylish sandals to someone's house when they would be left outside, and no one would even get to see my stilettos? With my footwear left outside the door, I feared that I might not find them there when I left.

The no-shoes-inside ritual was not just confined to homes but extended to shops, offices and clinics as well. It took time, but we grew to appreciate the habit. And it's not just in South India; citizens of countries such as the US, Finland and Japan follow this custom, probably because their homes are carpeted.

We are still not used to walking barefoot at home, so we have separate footwear for indoor use only, and another pair of flip-flops exclusively for the terrace. So now, we are literally in the shoes of our adopted city. And we expect our guests to follow this practice too, though we aren't yet bold enough to bluntly tell them to remove their shoes outside the door.

Last month, I hosted a party and knew the women guests would be wearing high heels and *saris*, and there was no way they'd be taking off their footwear outside. The thought of grime and bacteria covering my entire floor was horrifying.

My husband had an idea. "Keep a few pairs of your sandals outside," he said. "That way, when people arrive, they'll remove their shoes too." And yes, it worked. Because we humans possess this wonderful mob mentality. If others are doing it, so should we, and that must be the right way. Indeed, it's the right way.

LETTERS TO THE EDITOR

Business houses to benefit more

Refer to 'Budget red alert for the middle class'; the budgetary proposals have ensured *dal-roti* for the middle class and free food for 80 crore people living below the poverty line. However, business houses will keep flourishing with various provisions of subsidies. Salaried people will continue to pay the same tax as paid in the UK and the US, but will never get the services the taxpayers get in these countries. It is encouraging to see Vande Bharat on the rails, but the pathetic condition of general coaches has deteriorated further. Similarly unsatisfactory are the facilities in government hospitals. The defence budget has been increased by 15 per cent, but that may not translate into the strength of fighter squadrons increasing from 29 to 42 for a two-front war. India may become the third largest economy in the next few years but the per capita income of people may remain even less than the poorer nations of the world.

WG CDR JS MINHAS (RETD), MOHALI

Emphasis on manufacturing

Refer to 'Caution and continuity'; a balanced and realistic Budget, it underlines caution in a time of global uncertainty while recognising continuity in India's development path. Its emphasis on capital spending, manufacturing and innovation appears sensible for sustaining long-term growth and employment. At the same time, the editorial points to the weakening of fiscal federalism, with states expected to deliver more despite limited resources. The assessment remains restrained rather than celebratory, valuing structural reforms over short-term populism.

SIKANDAR BANSAL, SHIMLA

Majithia's progressive approach

Refer to 'The visionary man behind *The Tribune*'; the article is a fitting tribute to Sardar Dyal Singh Majithia's rare foresight and moral courage. He envisioned *The Tribune* as the people's mouthpiece and anchored it firmly in secularism. However, his boldest decision was to publish the newspaper in English at a time when Punjab had very few English-educated readers. Moreover, by consciously linking journalism with education, reform and reason, he empowered society to engage with modern ideas. Indeed, *The Tribune* stands today as a living testament to his enlightened vision.

CHANCHAL S MANN, UNA

A reader's delight since ages

Apropos of 'The visionary man behind *The Tribune*'; the writer aptly compares Sardar Dyal Singh Majithia with Bengal's famous social reformer Raja Ram Mohan Roy. *The Tribune*'s pivotal role in enhancing the impact of our glorious freedom struggle among the masses will always be written in golden letters. It is also interesting to know that Surendranath Banerjee, one of the most enlightened voices and the leading intellectuals of those times, motivated Majithia to purchase a printing press for publishing *The Tribune* from Lahore.

RAJ BAHADUR YADAV, FATEHABAD

A society where equality prevails

With reference to 'Faith, dignity of labour and Dalit assertion'; even nearly eight decades after Independence, the country faces challenges like caste discrimination, gender inequality and socio-economic disparities. Guru Ravidas Jayanti reminds us to practically follow his vision of Begampura to create a peaceful, classless and inclusive society based on merit and devotion without any form of suffering, where equality prevails.

PARVAAN SINGH, CHANDIGARH

Monitoring of SC orders crucial

Refer to 'Periods, with dignity'; in cities, changes are visible but in rural and undeveloped areas, sensitisation has to take a lead over obsolete social mores. Parents, students, teachers and other staff need to join hands and hearts. Caution must remain the watchword in view of specific needs of girls. Coupled with hassle-free supply of biodegradable sanitary pads, the execution of the judicial orders will require bold monitoring and infrastructural updating.

ABHYAM SHARMA, PATHANKOT

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@tribunemail.com

Transition from brawn to brain power needed

RAMESH INDER SINGH
FORMER IAS OFFICER, PUNJAB

ANDHRA Pradesh recently launched an initiative to equip one million residents in quantum technology mechanisms and the manufacturing of quantum computers with the aim of developing the state as a 'quantum valley'.

On the day of the launch in January, 50,000 students from all over the state enrolled in the project, networked through IT connectivity. Coupled with AI inventiveness and an announcement of a Rs 100-crore award to whoever from the state wins the first Nobel Prize in ingenuity, the youth and industry joined the race to meet the challenge. At the other end of the spectrum, nine states, including those perceived as indifferent performers like, Assam and Jharkhand, were in Davos in January to project their strengths and attract value chains and digital FDI.

And, what are we, in Punjab, busy with? Political *tu-tu-mein-mein*, gangsterism and violence, *chitta* that earned us the sobriquet of *udta* Punjab, social conflicts, *be-adbi* and sacrilege episodes that simmer forever, farm agitations, long unresolved interstate legacy disputes, how to migrate, including by the 'donkey route' and freebies, to name a few.

We are essentially caught in a non-developmental spiral — a society in conflict with itself, a laggard state that has slipped from the first position to the 19th on most economic indicators, including per capita income, a low GDP growth rate with negligible gross fixed capital formation, agrarian distress, ecological crisis, a high unemployment rate and an eclipsed MSME base.

The state must take the major blame for the present situation. It is a failure of the leadership. At the same time, Punjabis themselves are equally culpable. The crisis we face today is intrinsically rooted in our past, our socio-cultural ethos and our attitudes. Politics, society and economy are symbiotically intertwined.

Just as there is a political economy, there is also what I call an 'attitudinal economics', which determines developmental outcomes. The governments strive to deliver what the people prioritise or would be happy with. You enjoy free bus rides, you will get those; you want your homes lit free, you will have them. If these lead to a debt-GDP ratio that is the second worst in the country, so be it.

This is not to suggest that we are regressive. It is just that our attitude, orientation and worldview need to be realigned with today's matrix of economic evolution.

WAY OUT: We must switch over to precision agriculture, micro-technology and knowledge-driven crops. ISTOCK

We are capable of delivering the best. Sir Malcolm Darling, a British administrator, has described the Punjabis as "the finest specimen of men I have ever seen." A confirmation of this comes from the Cemtral government's latest report on Good Governance Index. It has ranked Punjab as number one among all states in human resource development.

What then has gone wrong? To put it simply, the society has failed to transform itself from brawn to brain or, from somatic dynamism and valour — that led Punjabis to achieving glorious heights and distinctions in 'physical' professions like defence, agriculture, transport and sports — to a 'thinking- and knowledge-driven' people, innovating and comprehending the imperatives of modern knowledge metamorphoses.

LOOKING BACK | AHEAD
60 YEARS OF PUNJAB'S REORGANISATION

Secondly, society's attitude towards markets and commerce, religion, law and crime, government and establishment, women and history, to name a few, influences outcomes. Economics and finance are today's main measures for growth. But a substantial rural part of Punjabis has a poor sense of commerce and money matters. Compare Punjabis with Parsis, Gujaratis and Marwaris to know the difference.

> A single sector-driven growth model has trapped Punjab in stagnation.

We are still consumed by an agrarian ethos, a single sector-driven growth in the historical bind of '*uttam kheti, madhyam vyapar, nakhid chakri*' (a proverb highlighting the social hierarchy of professions: agriculture is best, trade/business is medium and working for others (service/jobs) is low). This traditional thought process is mainly behind the prevalence of the production of low-value, soft-farm commodities and survival on around Rs 75,000 crore inducted in the economy as MSP annually.

The share of agriculture may have declined to about 25% in the GDP, but nearly 45% of the population still survives on its income, with a fast-degrading ecology. Our aspiration is the Swaminathan pricing formula, little appreciating that it would only enhance the average rural household income to a maximum of Rs 45,000-50,000 a month from the existing Rs 31,500.

Our service sector — 46% of the economy — is characterised by low-value transactions like transport, restaurants, retail trade, real estate, entertainment, etc, with a poorly paid workforce. Industry and FDI, despite our two years' consecutive ranking as 'top performer' by the DPIIT, continue to elude the state. There is negligible surplus capital with Punjab or individuals for setting up new manufacturing units or the much-needed futuristic knowhow.

What is the way out? A crusade to upgrade human capital in knowledge and skills of modern development matrix is needed. A campaign as massive as the one undertaken to eliminate illiteracy by ensuring 100 per cent enrolment and adult education is needed. The endeavour should be extended to all sectors of economy and society.

In agriculture, for instance, switch over to precision agriculture and field management, micro-technology and knowledge-driven crops, etc.

It will enhance incomes as well as conserve ecology. The displaced workforce should be simultaneously skilled in other professions, ensuring equity and social justice. There is tremendous scope within the allied sectors. For example, even sub-arid Haryana, with almost no freshwater body, has a higher share in fisheries production and productivity per kg/hectare than the land of rivers, Punjab.

The push requires a huge R & D effort, extension and dissemination mechanism, strengthening of infrastructure, IT and AI backbone. We need hand-holding by the Central government, private investment and active involvement of corporates.

At the same time, we must activate our universities, research institutions and administrative systems and mobilise such social intermediaries as deras, gurdwaras, NGOs and self-help groups to create local-level learning platforms for equitable access. Their effective role during flood relief activities reaffirms their reach, resources and capability. The challenge is to marshal them.

The cost of non-action would be devastating as Punjab is at a tipping point. As historian Arnold Toynbee cautioned — civilisations die not by murder but suicide. The choice is ours, Punjabis.

Decoding India's jobless growth puzzle

SARABJIT A SINGH
EX-MEMBER, CAT AND
EX- CONSULTANT, WORLD BANK

IN a recent article, Arun Maira (*The Tribune*, January 29) raises concerns that go to the heart of India's political economy. Policymakers, he argues, are anxious that too many people remain in agriculture, depressing productivity. Manufacturing, instead of absorbing this labour, has become capital-intensive and job-poor. As a result, each unit of GDP growth now generates fewer and fewer jobs. His proposed remedies — greater worker ownership of enterprises and a turn towards organic farming — are motivated by a deep concern for equity, dignity and sustainability.

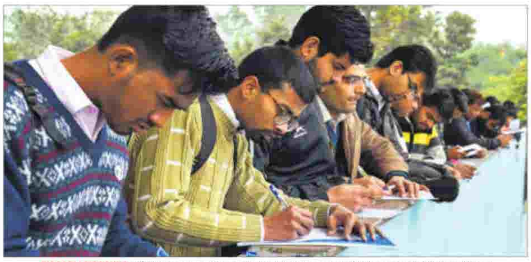
This diagnosis must be taken seriously. But the policy prescription does not fully confront the structural mechanism that produces these outcomes. India's employment crisis is not fundamentally about which sector people work in or about who owns enterprises. It is about how production itself is organised.

Public debate continues to circle around familiar questions: how many workers should leave agriculture? Why is manufacturing failing to create jobs? Should India return to labour-intensive farming? These questions assume that sectors determine employment outcomes. In reality, they do not. Employment is shaped far more decisively by the method of production — the way labour, capital, skills, technology and scale are combined.

This distinction, though rarely made in contemporary policy discussions, is not new. Peter Drucker, writing decades ago, distinguished between three dominant methods of production. Job-shop production is small-scale, skill-intensive and flexible, absorbing large amounts of labour. Batch production standardises output in runs, balancing labour and capital while allowing productivity to rise through learning and coordination. Process or continuous production, by contrast, is capital-intensive, automated and capable of producing very high output with very few workers.

India's central policy mistake over the past few decades has been to promote process production almost everywhere — in manufacturing, infrastructure and even agriculture — without allowing job shops and batch systems to mature beneath it. This single error explains much of what Maira rightly worries about.

Agriculture today appears overcrowded not because farming inherently requires fewer people, but because the dense web of agriculture-adjacent activities that should absorb labour has not developed at scale. Repair services for machinery, input preparation, grading and sorting, local processing, packaging, storage, transport and small manufacturing — all belong to job shops or batch modes of production. Where these are absent, labour has nowhere productive to go. The result is not surplus labour but trapped labour.



POLICY TRENDS : If AI is deployed in capital-intensive sectors, joblessness will intensify. PTI

Manufacturing's failure to generate jobs follows the same logic. India did not fail to industrialise; it industrialised in the wrong form. By leapfrogging from artisanal production directly into large, capital-intensive process plants, it skipped the batch-production phase that historically generated mass employment, skills and productivity growth in successful industrialisers. Output expanded, but employment did not.

> Employment outcomes depend on the methods through which production is carried out.

Worker ownership, which Maira emphasises, is morally compelling, but economically insufficient on its own. Ownership without control over production choices — what to produce, at what scale, with which technologies — does not change employment outcomes. A worker-owned steel plant remains a job-poor enterprise because the method of production remains capital-intensive and automated. Ownership becomes transformative only when workers participate meaningfully in production decisions and those decisions are constrained by the production method itself.

The call for organic farming must also be viewed through this lens. Organic agriculture is indeed more labour-intensive and environmentally sound. But farming alone cannot absorb India's surplus labour sustainably. Without nearby job shops and batch enterprise inputs, certification, processing, branding and marketing, organic farming risks trapping more people on the farm at low incomes rather than creating a ladder to better livelihoods.

The declining employment elasticity of GDP growth — growth producing fewer jobs — is therefore not a mystery. It is the predictable outcome of a growth driven by process production and automation, unsupported by labour-absorbing production forms below it.

Artificial intelligence makes this choice even starker. AI does not destroy jobs uniformly. It amplifies the characteristics of each production method. In process industries, AI accelerates automation and job loss. In job shops, it acts as a skill multiplier, enabling semi-skilled workers to perform complex tasks more productively. In batch production, it improves scheduling, quality control and logistics without eliminating labour.

If AI is deployed in capital-intensive sectors, as policy trends suggest, jobless growth will intensify. If it is deployed to strengthen job shops and batch enterprises, productivity and employment can rise together. AI thus makes an employment-intensive path more feasible, not less.

The alternative to jobless growth is not a retreat from industry, nor a romantic return to subsistence farming. It is a deliberate rebuilding of India's production ladder. Digitally empowered job shops can absorb labour and accelerate skill formation. AI-enabled batch production can raise productivity, wages and competitiveness. Process industries should be confined to their proper role as suppliers of basic materials, not imagined as engines of mass employment.

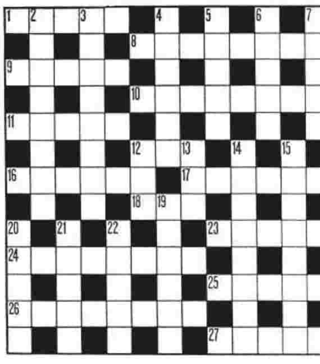
Only within such a structure does worker ownership acquire real economic meaning. Workers gain not just shares, but agency — the ability to influence production choices that determine jobs, incomes and resilience.

India does not suffer from too many farmers or too little growth. It suffers from too few pathways for labour to move into more productive forms of work without being uprooted from local economies. The tragedy is not that GDP growth creates fewer jobs, but that policy continues to favour the very production methods that make this outcome inevitable.

Maira is right to call for a strategic reset. But that reset must begin one step earlier than he suggests. Before we ask who should own enterprises or which sector should expand, we must confront a prior question that has long been absent from our policy discourse: how production itself must be organised in an economy shaped by automation and AI.

Until that question is faced squarely, inclusive growth will remain an aspiration rather than an outcome.

QUICK CROSSWORD



ACROSS
1 Spoils (5)
8 This very minute (5,3)
9 Inferior to (5)
10 Remaining unused (8)
11 Watch kept by night (5)
12 Pallid (3)
16 Harsh in attitude (6)
17 In full view (6)
18 Wicked (3)
23 At the stern (5)
24 Uncompromising attitude (4,4)
25 Hostile incursion (5)
26 Persuasive flattery (4,4)
27 Habitually lazy person (5)

DOWN
2 Biased (3-5)
3 Double-crosser (3-5)
4 Motion pictures (6)
5 Snapshot (5)
6 Jack in cards (5)
7 Bound by oath (5)
12 Snare (3)
13 Gesture of assent (3)
14 Fresh talent (3,5)
15 Former sweetheart (3,5)
19 Yearly (6)
20 Capital of Tibet (5)
21 Brusque in manner (5)
22 Force of explosion (5)

Yesterday's Solution

Across: 1 War of words, 6 Half, 10 Flair, 11 Plaything, 12 Dinosaur, 13 Avert, 15 Octopus, 17 Monarch, 19 Nucleus, 21 Curacao, 22 Bliss, 24 Innocent, 27 Assurance, 28 Amend, 29 Keen, 30 Brute force.

Down: 1 Waft, 2 Realistic, 3 Forgo, 4 Orphans, 5 Diagram, 7 Alike, 8 Fight shy of, 9 Strainer, 14 Pointblank, 16 Pressure, 18 Raconteur, 20 Spinner, 21 Concert, 23 Issue, 25 Chaff, 26 Edge.

SU DO KU

		4		9			8	
			5	8		3	4	
	7	1		6				
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9		8						
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	9	7		1	6			
	8			7		5		

HARD

YESTERDAY'S SOLUTION

2	9	8	3	5	4	6	1	7
4	6	3	2	7	1	9	5	8
7	1	5	9	6	8	2	4	3
5	3	6	4	1	2	8	7	9
9	4	1	8	3	7	5	2	6
8	2	7	5	9	6	1	3	4
1	8	2	6	4	3	7	9	5
6	5	4	7	2	9	3	8	1
3	7	9	1	8	5	4	6	2

CALENDAR

FEBRUARY 3, 2026, TUESDAY

- Shaka Samvat 1947
- Marghshirsh Shaka 14
- Marghshirsh Parvishte 21
- Hijari 1447
- Krishna Paksha Tithi 2, up to 12:41 am
- Sobhana Yoga up to 2:39 am
- Magha Nakshatra up to 10:11 pm
- Moon in Cancer sign
- Gandmoola up to 10:11 pm

FORECAST

SUNSET: TUESDAY 18:01 HRS
SUNRISE: WEDNESDAY 07:11 HRS

CITY	MAX	MIN
Chandigarh	20	10
New Delhi	20	08
Amritsar	20	07
Bathinda	21	06
Jalandhar	20	07
Ludhiana	22	09
Bhiwani	23	08
Hisar	19	09
Sirsa	19	07
Dharamsala	14	04
Manali	08	−01
Shimla	12	03
Srinagar	07	02
Jammu	20	08
Kargil	04	−08
Leh	03	−08
Dehradun	23	08
Mussoorie	12	05

TEMPERATURE IN °C

Women empowerment requires more than promises

Women empowerment has become a widely used phrase in political speeches, corporate campaigns, and development programs. Yet, for millions of women, empowerment remains more of a promise than a lived reality. True empowerment goes beyond slogans—it requires structural change, equal opportunities, and sustained social commitment.

Education is the foundation of women empowerment. When girls receive quality education, they gain not only knowledge but confidence, independence, and choice. Educated women are more likely to participate in the workforce, make informed health decisions, and support the education of their own children. Despite progress, gender gaps in education persist in many regions, especially in rural and conflict-affected areas.

Economic independence is another key pillar. Access to jobs, fair wages, and financial resources enables women to break cycles of dependency. Women entrepreneurs, particularly in small businesses and self-help groups, have demonstrated remarkable resilience and innovation. However, barriers such as limited access to credit, lack of property rights, and workplace discrimination continue to restrict economic mobility.

Political participation remains an important yet underachieved aspect of empowerment. Women's representation in decision-making bodies ensures that policies reflect diverse perspectives. While some countries have introduced reservations or quotas, meaningful participation requires more than numbers—it requires safe environments, leadership training, and public acceptance.

Social norms often present the greatest challenge. Deep-rooted beliefs about gender roles shape expectations around marriage, caregiving, and work. Women are frequently expected to balance professional responsibilities with unpaid domestic labor, limiting their opportunities for growth. Challenging these norms requires engaging not just women, but men, families, and communities.

Health and safety are also central to empowerment. Access to reproductive healthcare, protection from violence, and legal support are fundamental rights. Without safety and bodily autonomy, other forms of empowerment remain fragile. Strengthening legal systems and ensuring accountability are crucial steps toward lasting change.

Importantly, women empowerment is not a zero-sum game. Empowered women contribute to stronger economies, healthier families, and more inclusive societies. Studies consistently show that investing in women benefits entire communities.

Real empowerment is a process, not an event. It demands long-term commitment from governments, institutions, and individuals. When empowerment moves beyond symbolic gestures and addresses structural inequalities, it becomes a force capable of transforming societies.

Union Budget 2026: Infrastructure development and long-term planning

On Sunday at 11:00 AM, Union Finance Minister Nirmala Sitharaman presented the country's new economic budget. This was the 9th economic budget presented by her. While her 85-minute budget speech did not offer any relief in the income tax structure, Nirmala Sitharaman's budget focuses on strengthening the country's infrastructure. The allocation of funds is also being done with this goal in mind. Broadly, this budget makes medicines for cancer and diabetes treatment cheaper. EV vehicle batteries, leather products, smartphones, tablets, etc., will also become cheaper. Sports equipment, solar panels, and microwave ovens will also be cheaper, while alcohol will become more expensive.

Providing false information in income tax returns will attract a penalty equal to 100 percent of the tax amount. Securities Transaction Tax has been increased from 0.02 percent to 0.05 percent. However, a relief has been given on sending money abroad, with the TCS (Tax Collected at Source) reduced from 5 percent to 2 percent. Along with the lack of income tax relief, the expectations of major players in the stock market were also not met. The tax imposed on their high-value transactions had a negative impact, causing turmoil in the stock market immediately after the budget presentation. The stock index started falling. At one point, it fell by 1300 points, after which there was a slight recovery. Gold and silver prices also fell. This does not mean that the budget lacks a visionary approach for the welfare of the country.

The new approach is to shift the focus of investment from metropolitan cities to Tier 2 and Tier 3 cities. There are plans for significant investment in the pharmaceutical industry. The issuance of Amrit Bonds worth Rs 200 crore clearly indicates that the government now wants to bring development to smaller cities. For the first time, attention has been given to the elderly. It has been stated that 1.5 lakh service personnel will be appointed in their care and health centers, and at least 5 lakh people will be trained for this purpose. Rs. 10,000 crore has been allocated to bring about improvements in the pharmaceutical sector. The budget acknowledges that India earns significant revenue from the tourism sector, and therefore, there is a plan to recruit 10,000 new tourist guides. A new hotel management complex will be built for their training. New tourism infrastructure will be developed in 15 cities across the country.

A special mountain train service will be introduced for Himachal Pradesh, Uttarakhand, and Jammu and Kashmir. This will be a separate service to create a unified appeal for tourists visiting these three locations. The Union Budget has focused on small farmers and announced the development of a cooperative framework for them, along with the launch of a Blue Revolution (fisheries).

Large ponds will be constructed for fish farming. A humane aspect of the Union Budget is the provision of special treatment facilities for disabled individuals and those with mental health issues. It has been made easier for Non-Resident Indians (NRIs) to sell their property in India. They will now be able to sell their property using only their PAN card. There will be no penalty for individuals holding assets worth up to one crore rupees abroad. Crediting the success of economic policies, it has been announced that 25 crore people have been lifted out of poverty. Overall, Nirmala Sitharaman has presented this budget as a stable foundation for the long-term development of the country. It certainly deserves to be welcomed.

-Abhishek Vij

The Negative impact of the falling rupee on the economy

The value of the rupee is continuously falling against the dollar. In January alone, the rupee depreciated by 202 paise, or more than two percent, against the US dollar. As a result, foreign investors in India are continuously withdrawing their money. The picture is clear: the US dollar is steadily strengthening during Donald Trump's presidency. This is why Trump keeps threatening us with increased tariffs. The fall in the rupee's value against the dollar directly impacts our imports because we have to pay more for the same quantity of goods. Yes, you could argue that the depreciation of the rupee against the US dollar provides some relief to our exporters because the US can now buy more goods from India. However, the increased value of the dollar is making our imports more expensive. Imports of crude oil, coal, plastic materials, chemicals, vegetable oils, fertilizers, machinery, gold, pearls, iron and steel, etc., have all become more expensive, leading to a slight increase in inflation in India. The weakening of the rupee against the US dollar also puts a greater burden on Indian students who wish to study in the US. Studying abroad has become very expensive for Indian students. Now, parents have to spend more money to send their children abroad. Similarly, if Indians want to travel abroad, they will have to pay more to buy US dollars. The continuous decline in the value of the rupee against the dollar is detrimental to the Indian economy. But what is the solution? The solution is to transform India from an import-dependent economy to an export-oriented economy. The more trade agreements we make with other countries, the less dependent we will be on the US dollar. We have already started on this path, so we need to accelerate our progress in this direction. At the same time, the goal of self-reliance cannot be neglected. The more self-reliant we become in various sectors, the less we will need US imports. First and foremost, to achieve this self-reliance, India needs to discover more natural oil reserves within its own territory. We cannot meet the entire petroleum demand of the country with the limited oil reserves we currently have in India.

THOUGHT OF THE DAY

"In a world full of noise, integrity is the quietest form of courage."

— Arundhati Roy

How urban life reshaped family and social bonds

Urbanization has transformed how people live, work, and relate to one another. As cities grow denser and faster-paced, traditional family structures and social bonds undergo significant change. While urban life offers opportunity and convenience, it also reshapes relationships in complex ways.

In many cities, families are smaller and more dispersed. Economic pressures, limited space, and career demands encourage nuclear households over extended family living. While this arrangement offers independence, it reduces daily intergenerational interaction and shared responsibilities.

Work schedules heavily influence family life. Long hours and commuting reduce time spent together, shifting relationships toward efficiency rather than intimacy. Shared meals and conversations become rare, replaced by fragmented interactions.

Social bonds outside the family also change. Urban residents often interact with diverse communities but maintain fewer deep connections. Anonymity provides privacy but limits trust. Neighbors may live close physically while remaining socially distant. Technology partially bridges these gaps. Messaging and video calls help families stay connected across distances. However, digital communication cannot fully replace physical presence. Emotional nuance and shared experiences suffer when interaction becomes virtual. Cultural traditions also adapt. Urban lifestyles reshape rituals, celebrations, and caregiving practices. While some traditions fade, new forms of community emerge through shared interests, workplaces, and social groups. Despite challenges, cities also create new possibilities for connection. Community spaces, cultural events, and collaborative living arrangements foster belonging. Urban life encourages redefining family beyond blood ties, emphasizing chosen relationships.

How technology changed human attention and deep thinking

Technology has reshaped how people interact with the world, especially how they think, focus, and process information. Smartphones, social media, and constant connectivity have created unprecedented access to knowledge, but they have also transformed human attention in subtle yet profound ways. Modern technology thrives on speed. Notifications demand immediate responses, platforms reward brief engagement, and information arrives in endless streams. As a result, attention becomes fragmented. Instead of sustained focus, people shift rapidly between tasks, rarely staying with one idea long enough to explore it deeply.

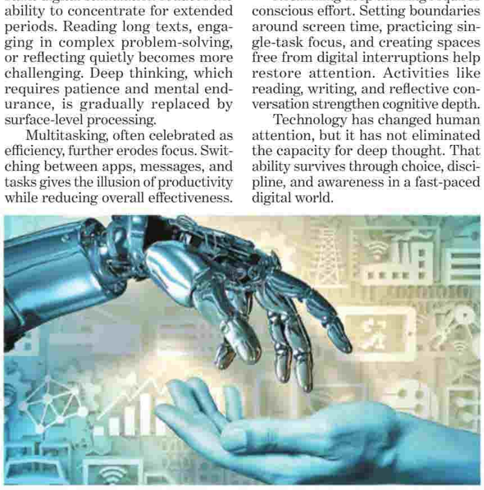
This shift affects how the brain functions. Studies suggest that constant digital stimulation reduces the ability to concentrate for extended periods. Reading long texts, engaging in complex problem-solving, or reflecting quietly becomes more challenging. Deep thinking, which requires patience and mental endurance, is gradually replaced by surface-level processing.

Multitasking, often celebrated as efficiency, further erodes focus. Switching between apps, messages, and tasks gives the illusion of productivity while reducing overall effectiveness. The brain spends energy transitioning rather than understanding, leading to mental fatigue and shallow comprehension. Social media platforms amplify this pattern. Designed to maximize engagement, they prioritize novelty and emotional reactions. Short posts and rapid scrolling condition users to seek instant gratification. Over time, the mind becomes accustomed to constant stimulation, making slower activities feel uncomfortable.

However, technology itself is not the enemy. The issue lies in how it is designed and used. Tools that support long-form reading, structured learning, and mindful engagement can enhance thinking rather than diminish it. The challenge is intentional use in an environment built for distraction.

Reclaiming deep thinking requires conscious effort. Setting boundaries around screen time, practicing single-task focus, and creating spaces free from digital interruptions help restore attention. Activities like reading, writing, and reflective conversation strengthen cognitive depth.

Technology has changed human attention, but it has not eliminated the capacity for deep thought. That ability survives through choice, discipline, and awareness in a fast-paced digital world.



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Why modern education struggles to inspire curiosity

Education has expanded rapidly across the world, with more schools, universities, and digital learning platforms than ever before. Yet, despite increased access, a growing concern persists: modern education often fails to spark genuine curiosity. Many students complete years of schooling without developing a love for learning, treating education as a requirement rather than a journey of discovery.

One major reason lies in how learning is structured. Most education systems prioritize standardized testing and measurable outcomes. Students are trained to memorize information, reproduce answers, and meet rigid benchmarks. While this approach simplifies evaluation, it discourages exploration and questioning. Curiosity thrives on freedom, but classrooms frequently reward compliance instead.

The pressure to perform also shapes student behavior. Grades, rankings, and competition dominate academic life, pushing learners to focus on results rather than understanding. Fear of failure suppresses experimentation, making students hesitant to ask questions or pursue unconventional ideas. Over time, learning becomes transactional—study, test, forget—rather than transformative. Teaching methods further contribute to the problem. Overcrowded classrooms and limited resources force educators to rely on lecture-based instruction. Personal engagement becomes difficult, and individual interests are often overlooked.

When lessons fail to connect with real-world experiences, students struggle to see relevance in what they are taught. Technology, though powerful, is not a guaranteed solution. Digital tools can enhance learning, but when misused, they reinforce passive consumption. Watching videos or clicking through slides rarely replaces deep engagement. Without thoughtful integration, technology becomes another layer of distraction rather than inspiration. Cultural expectations also play a role. In many societies, education is viewed primarily as a pathway to employment. Parents and institutions emphasize stable careers, often discouraging creative or exploratory pursuits. This narrow definition of success limits intellectual risk-taking and undervalues curiosity-driven learning. Reviving curiosity requires systemic change. Classrooms must encourage discussion, creativity, and problem-solving. Teachers need support to experiment with interactive approaches. Education should prioritize understanding over memorization and curiosity over conformity. Curiosity is not lost—it is suppressed. When education nurtures questions rather than just answers, learning regains its power to inspire.

Why preventive healthcare matters more than ever

For decades, healthcare systems across the world have focused primarily on treating illness rather than preventing it. Hospitals, medicines, and emergency care have been at the center of health planning. However, rising lifestyle diseases, increasing healthcare costs, and overburdened medical systems have made one reality clear: preventive healthcare is no longer optional—it is essential.

Preventive healthcare involves measures taken to prevent diseases before they occur. These include regular health screenings, vaccinations, balanced nutrition, physical activity, stress management, and early diagnosis. While such measures may seem simple, their long-term impact is profound.

Non-communicable diseases such as diabetes, heart disease, hypertension, and cancer are rising rapidly, especially in developing countries. Many of these illnesses are closely linked to lifestyle factors like poor diet, lack of exercise, smoking, and chronic stress. Preventive care addresses these risks early, reducing the likelihood of severe illness later in life.

One of the strongest arguments for preventive healthcare is cost-effectiveness. Treating advanced-stage diseases often requires expensive hospital stays, surgeries, and long-term medication. In contrast, early detection and lifestyle interventions are far less costly. For individuals and governments alike, investing in prevention reduces financial strain and improves overall health outcomes.

Mental health is another area where prevention plays a crucial role. Stress, anxiety, and depression often go unnoticed until they reach severe stages. Preventive mental healthcare—through awareness, counseling, and community support—can help individuals manage emotional challenges before they escalate. This is particularly important in societies where mental health stigma prevents people from seeking timely help. Public health initiatives also benefit from a preventive approach. Clean drinking water, sanitation, nutrition programs, and vaccination drives have historically saved millions of lives. These measures do not treat illness directly but create conditions where disease struggles to thrive. The success of such initiatives highlights the power of prevention at a population level. Despite its importance, preventive healthcare often receives limited attention. Many people seek medical help only when symptoms become severe. This reactive mindset is influenced by lack of awareness, financial constraints, and limited access to primary healthcare services. Changing this requires education, community outreach, and policy support.

Preventive healthcare is ultimately about shifting priorities—from curing disease to sustaining wellness. It empowers individuals to take charge of their health while easing pressure on healthcare systems. In a world facing growing health challenges, prevention is not just a medical strategy; it is a social necessity.

Why young adults feel lost despite endless opportunities

Young adults today are often described as the most privileged generation in history, surrounded by opportunities, information, and choices. Yet many feel uncertain, anxious, and directionless. This paradox raises an important question: why does abundance coexist with confusion?

One reason is decision overload. Unlike previous generations, young adults face countless options in education, careers, and lifestyles. While choice promises freedom, too many options create paralysis. Fear of making the wrong decision leads to hesitation and dissatisfaction, even after choices are made.

Social comparison intensifies this struggle. Digital platforms expose individuals to curated versions of success, making progress feel inadequate. Seeing peers achieve milestones—careers, travel, relationships—creates pressure to keep pace. This constant comparison distorts self-worth and fuels anxiety.

Economic uncertainty further complicates matters. Rising living costs, unstable job markets, and delayed financial independence undermine traditional markers of adulthood. Even educated and skilled individuals struggle to find security, making long-term planning difficult.

Cultural expectations add another layer. Young adults are encouraged to pursue passion while also achieving stability, independence, and happiness. These goals often conflict, creating unrealistic standards. When reality fails to match expectations, disappointment follows.

The decline of clear life pathways also contributes. Earlier generations followed more predictable trajectories. Today's paths are nonlinear, requiring frequent reinvention. While this flexibility offers potential, it also removes structure, leaving individuals unsure how to measure progress.

Mental health challenges emerge in this environment. Anxiety, burnout, and self-doubt become common responses to constant uncertainty. Without guidance or reassurance, young adults may interpret struggle as personal failure rather than a shared experience. Finding direction requires redefining success. Embracing gradual progress, accepting uncertainty, and focusing on values rather than comparisons help restore clarity. Purpose develops through experience, not perfection.

Feeling lost is not a sign of weakness—it reflects a world where choices are many, but guidance is scarce.

How artificial intelligence is quietly reshaping everyday life

Artificial Intelligence (AI) is no longer a distant concept discussed only in tech conferences or science fiction novels. It has quietly woven itself into daily life, influencing how people work, shop, travel, learn, and even make personal decisions. While debates around AI often focus on job losses or ethical risks, the reality is far more nuanced. AI is steadily transforming routine experiences in ways many people barely notice.

One of the most visible impacts of AI is in communication. From predictive text and smart email sorting to real-time language translation, AI-powered tools are redefining how people interact. Messaging apps suggest replies, emails are categorized automatically, and voice assistants understand commands with increasing accuracy. These features save time and reduce mental load, especially in fast-paced urban lives.

In the workplace, AI is reshaping productivity rather than simply replacing jobs. Tools that automate repetitive tasks—such as data entry, scheduling, and basic analysis—allow employees to focus on creative and strategic work. In journalism, for example, AI helps analyze large datasets, transcribe interviews, and monitor trends, enabling reporters to spend more time on ground reporting and storytelling. Similarly, in finance and logistics, AI improves forecasting and decision-making by identifying patterns invisible to human analysts.

Healthcare is another sector experiencing a quiet AI revolution. AI systems assist doctors in reading scans, detecting early signs of disease, and predicting patient outcomes. In rural or underserved areas, AI-powered diagnostic tools help bridge gaps where specialists are scarce. Data privacy, expertise remains essential, AI acts as a support system that enhances accuracy and speed, often leading to better patient care. Education has also entered a new phase with AI-driven personalization. Learning platforms adapt content based on a student's pace, strengths, and weaknesses. This is particularly significant in countries with large student populations, where one-size-fits-all teaching often leaves many behind. AI-enabled learning tools offer customized paths, making education more inclusive and accessible. However, the growing role of AI raises serious concerns. Data privacy, algorithmic bias, and transparency remain unresolved challenges. AI systems are only as fair as the data they are trained on, and biased data can reinforce social inequalities. There is also the risk of over-reliance, where human judgment is sidelined in critical decisions. Despite these challenges, AI's everyday integration suggests it is less of a disruptive force and more of a silent partner in modern life. The key question is not whether AI will continue to grow, but how societies choose to regulate, guide, and ethically deploy it. When used responsibly, AI has the potential to enhance human capability rather than replace it.

Telangana Today
FOR LOCAL TO GLOBAL NEWS
PEOPLE'S VOICE

"Going forward, there will be a lot more divestment. Specifically, divestment of Central Public Sector Enterprises will be seriously considered now onwards. ... divestment is a priority

NIRMALA SITHARAMAN
Finance Minister

Why are they so scared of what the Army chief has to say. We will learn something about PM, Rajnathji, but we will also learn about the Army and how they were let down by the political leadership

RAHUL GANDHI
Leader of Opposition

If you have, like the European army and then you have the NATO (one), then, you know, the ball just falls between the chairs. And this is extremely, extremely dangerous"

KAJA KALLAS
EU foreign policy chief

Onus on the accused

Despite stringent laws, India continues to witness cases of acid attacks against women. It is a matter of collective shame that trials in a majority of the cases are still pending. The Supreme Court's recent suggestion that acid attacks should be treated on the lines of dowry deaths — where the onus of proving innocence lies with the accused — deserves serious consideration by the Centre and other stakeholders. The victims face life-long medical needs, job loss, social ostracism and mental-health trauma, and many slip into poverty and cannot pursue long legal battles. Despite their heinous nature, these crimes rarely provoke sustained public outrage or swift legal action. Survivors are left to endure years, sometimes decades, of trials and appeals. Take the case of acid-attack survivor Shaheen Malik, which has been dragging on since 2009. Here, justice delayed is far worse than justice denied; it's justice held to ransom as perpetrators roam freely while victims relive their trauma endlessly. The apex court has called for "extraordinary" punitive measures, including retributive punishment, thus sending a clear message that the existing legal and institutional response to acid violence is failing survivors. Proposals such as attaching the assets of convicts to compensate victims reflect a pragmatic approach, acknowledging that rehabilitation is as critical as punishment. The fact that nearly 88% of the acid attack cases are still pending trial is a grim reminder of the serious flaws in the criminal justice system. The Supreme Court has rightly described the unending ordeal of Shaheen Malik as a national shame.

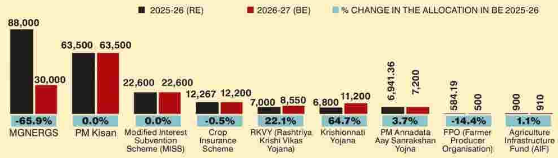
> The Supreme Court's call for time-bound trials in acid attack cases is welcome, but implementation remains the challenge

In December last year, the SC had directed all high courts to submit details of pending cases within four weeks. The official figures on acid attacks — 207 cases registered in 2023 as per the National Crime Records Bureau (NCRB) data released in 2025 — do not present a complete picture as many incidents go unreported and, in some cases, the survivors would be forced to withdraw their complaints. According to a study, nearly 78% of the acid attack cases are due to the rejection of a marriage proposal or sexual advances. The apex court had also asked the Centre to consider amending the law so that the survivors are covered under the Rights of Persons with Disabilities Act and can access various welfare schemes. This is a welcome suggestion. If implemented, it can go a long way in helping victims rebuild their lives. An acid attack leaves the survivor scarred for life. The court's directive for time-bound, out-of-turn trials is welcome, but its implementation is the real challenge. Beyond punishment, the apex court's push to recognise acid-attack survivors as persons with disabilities under the law is both humane and sensible. Survivors often suffer permanent physical impairment, psychological trauma and loss of livelihood. Access to disability welfare schemes and medical care is not charity — it is a means of picking up the pieces with dignity.

High hopes, lean support

Modest allocations, limited reforms raise concerns over income volatility, and long-term agri resilience

Details of the allocation of the Expenditure for agricultrual-related schemes (Rs crore) in UB 2026-27



Agricultural allocations increased by just 2.01% in the Budget Estimates for 2026–27, indicating limited priority despite rising sectoral challenges

SOURCE: BUDGET AT A GLANCE, 2026-27

Dr KEDAR VISHNU

Around 59 per cent of rural employment and about 40 per cent of Gross Value Added (GVA) are directly attributable to agriculture. As noted by economist Mahendra Dev, the sector plays a crucial role in realising the vision of a 'Viksit Bharat.' The agriculture and allied sector has experienced moderate but fluctuating growth over the past four years. Looking ahead, agricultural growth is projected to slow to 3.1 per cent in FY26, down from 4.5 per cent in FY25, underscoring the need for targeted policy support and investment in the Union Budget 2026–27 to stabilise productivity and safeguard rural incomes.

Modest Attention

Despite agriculture being the backbone of India's economy, the sector continues to receive modest attention in Union Budgets. Over the past three years, allocations have not increased significantly and have fluctuated without a clear long-term strategy in place. In 2023–24, agriculture was allocated Rs 1.267 lakh crore to strengthen farm incomes and rural infrastructure. This rose to Rs 1.414 lakh crore in 2024–25, with a focus on diversification, allied sectors, and digital initiatives, only to moderate to Rs 1.334 lakh crore in 2025–26, targeting rural demand revival, income enhancement, and flagship schemes such as the PM-Dhaanya Krishi Yojana and high-yield seeds.

In contrast, while these allocations offer some support, they fall short of the expectations set by the Union Budget 2026–27, as the relatively small and uneven increases fail to adequately address persistent income volatility, rising input costs, and continuing market uncertainties faced by farmers.

The Union Budget 2026–27 outlines strategies to provide much-needed support to boost farmers' incomes, revive growth in agriculture and allied activities, and enhance innovation and productivity. Total government expenditure increased by 7.7 per cent between the Union Budget 2025–26 (RE) and 2026–27 (BE), rising from Rs 49.65 lakh crore to Rs 53.47 lakh crore, with capital spending growing by over 11.5 per cent to reinforce infrastructure-led growth. The government allocated Rs 1.63 lakh crore for agriculture and allied activities in UB 2026–27, an increase of 7.12 per cent over the revised estimate of Rs 1.52 lakh crore in UB 2025–26.

Specifically, the allocation pertains to the Ministry of Agriculture and Farmers' Welfare, up by 5.37 per cent, from Rs 1.33 lakh crore in 2025–26 (RE) to Rs 1.41 lakh crore in 2026–27 (BE). A comparison of the BE figures for both years shows that the allocation has increased by only 2.01 per cent from Rs 1.37 lakh crore in 2025–26 (BE) to Rs 1.41 lakh crore in 2026- 27 (BE), indicating that Finance Minister Nirmala Sitharaman has not given much priority to allocation.

THERE ARE THREE IMPORTANT INITIATIVES THE GOVERNMENT HAS TAKEN IN UB 2026-27:

- First, giving top priority to promoting commercial crops, including coconut, cashew, cocoa, sandalwood, and horticulture, particularly from the Northeast and hilly areas, which will benefit growers by increasing their income and productivity.
- Second, strengthening the fisheries supply chain and improving market linkages by involving women's groups and FPOs (Farmer Producer Organisations) to boost the productivity of coastal fisheries and farmers.
- Third, introducing a multilingual artificial intelligence tool called 'Bharat-VISTAAR,' allocating Rs 150 crore to increase farmers' knowledge of agricultural practices.

Overall, the FM has taken many initiatives in animal husbandry to boost domestic processing and exports of fisheries, and to foster entrepreneurship and generate quality employment in rural and peri-urban areas.

Shift in Strategy

The 2026–27 Budget signals a clear shift in the government's rural and agricultural strategy, moving away from broad-based income support and employment guarantees towards a slight improvement in productivity, market integration, and value-chain strengthening. While allocations for PM-Kisan and the Modified Interest Subvention Scheme remain unchanged, indicating continued income and credit support, the steep reduction in the MGNREGS allocation — from Rs 88,000 crore in 2025–26 (RE) to Rs 30,000 crore in 2026–27 (BE) — signals a shift away from wage-led rural support.

This change appears driven by the introduction of the new VB-GRAM-G scheme and changes in Centre–State cost-sharing, under which States are expected to bear a larger share of expenditure. While MGNREGS fully covers wage costs at the central level, the proposed increase in guaranteed employment from 100 to 125 days raises concerns about fiscal sustainability and implementation capacity at the State level.

Instead, higher allocations to schemes such as RKVY (Rashtriya Krishi Vikas Yojana), Krishonnati Yojana, and PM Annadata Aay Sanrakshan Yojana point to an emphasis on agricultural diversification, technological upgradation, price support mechanisms, and supply-side reforms. Increased spending on the Krishionnati Yojana and RKVY is likely to benefit farmers by improving extension services, enhancing productivity, and strengthening market linkages.

At the same time, the marginal rise in the Agriculture Infrastructure Fund reflects continued focus on post-harvest infrastructure. However, the cut in FPO allocations raises concerns about the pace of farmer collectivisation. Overall, the Budget reflects a strategic reorientation from short-term rural relief to longer-term agricultural resilience and market-oriented growth, with mixed implications for immediate rural livelihoods.

Falling Short

A major concern is that the Finance Minister has fallen short in adequately addressing the needs of the agricultural sector.

- First, the marginal increase in agricultural allocations is inadequate, and over the past three years, the sector has not been accorded priority.
- Second, the continued emphasis on welfare measures and subsidies may offer short-term relief but does little to strengthen the rural economy in the long run.
- Third, agricultural performance in FY25 has been weak, with farmers facing mounting challenges from climate change, groundwater stress, and declining soil quality; yet the Budget makes little attempt to address these long-term structural constraints that threaten productivity.
- Fourth, despite India exporting fresh fruits and vegetables to 123 countries and entering 17 new markets in recent years, the Union Budget 2026–27 misses an opportunity to build on this momentum. Higher allocations for quality upgradation and export-oriented infrastructure in the fruits and vegetables sector could have boosted farmer incomes while strengthening India's presence in global agri-markets.

Overall, the Union Budget 2026–27 tries to reduce dependence on traditional crop farming by encouraging diversified rural livelihoods and non-farm jobs. While higher spending on fisheries and animal husbandry is a positive step, the lack of major reforms in agriculture, especially in research, technology, and investment, remains a concern.

More focused support for productivity, supply chain strengthening, and farmer skill improvement is urgently needed. Without strengthening the core of Indian agriculture, achieving the goal of Viksit Bharat will be difficult.

(The author is Associate Professor of Economics, Department of Liberal Arts, Humanities & Social Sciences, Manipal Academy of Higher Education, Bengaluru)

Letters to the Editor

Visionary or vacuous?

The Union Budget 2026-27 is a masterclass in theatrical incrementalism. While the three kartavyas sound poetic, the fiscal math reveals a worrying stagnation. Increasing public capex to Rs 12.2 lakh crore is a welcome nudge, but it feels like a band-aid on a bullet wound when the fiscal deficit sits at 4.3% and debt to GDP remains a bloated 55.6%. The biggest lacuna is the champion SMEs fund of Rs 10,000 crore, which is a mere pittance for a sector gasping for liquidity. Furthermore, the STT hike is a predatory tax on retail participation disguised as stability. We are building high-speed rail for the elite, while the rural middle class is offered modular courses. This budget offers high-octane rhetoric but provides low-octane fuel for genuine grassroots wealth creation.

Dr VIJAYKUMAR HK, Raichur

Ensure fair probe

This refers to 'Cartoon Today' 'Facts sit heavy, their lies losing balance' (Jan 31). The cartoon speaks volumes about the regressive and progressive aspects of both the ruling Congress government and the BRS. The scale clearly reflects the credibility of the BRS, underscoring the veracity of its governance. Telangana witnessed significant progress during KCR's regime. As the adage goes, "Truth always prevails and leads to virtue, while lies lead to vice." People continue to remember the good deeds and remarkable achievements of KCR. The phone-tapping issue appears to be nothing more than a conspiracy allegedly orchestrated by the Congress government to tarnish KCR's name, image, and reputation. A fair, impartial, and transparent probe is essential.

ZUBAIR KHAN, Hyderabad

Ignores burning issues

The central Budget does not address burning problems like unemployment, the effects of Trump's tariff, the depreciation of the rupee value and the revival of the economy. States going to the polls got due attention. A girls' hostel in every district is welcome. Senior citizens stand neglected. It all it is an election eve budget.

SRAVANA RAMACHANDRAN, Chennai

Failure of system

If raids culminate in death, it is our democratic systems that are failing. The passing of an entrepreneur like Chiriyankandath Joseph Roy (CJ Roy) cannot be dismissed merely as a suicide. It raises serious questions about how the state treats an individual who built an empire like the 'Confident Group' through sheer hard work and contributed significantly to the nation's development through massive tax payments. While legal inspections are necessary, the manner in which they intrude into a citizen's privacy and liberty, breaking them down mentally, is cruel. It points to a massive failure on the part of investigative agencies that an individual, kept under strict surveillance with all external communication severed, was still able to access a weapon. Beyond identifying culprits, the authorities have a fundamental obligation to protect the life of a citizen. If circumstances allow a person to take their own life right in front of those who came to investigate, it is a pathetic failure of that system. Truth cannot remain buried forever under the shadow of power. Justice should be served through transparent legal processes, not by taking a life. An impartial investigation is essential to uncover the mysteries behind this tragic demise.

S PADMANABHAN, Kochi

Write to us at letters@telanganatoday.com

India in the hotspot

■ Bloomberg

India's plan to hike tax on derivatives jolts market

Indian equities slumped after the government said it plans to raise taxes on equity derivatives trades, doubling down on efforts to curb speculative activity among retail investors. The government proposed increasing the STT on equity futures to 0.05% from 0.02%, according to the budget presented on Sunday.

■ The Wall Street Journal

EU-India trade deal is boring & that's a good thing

The free-trade agreement announced by the European Union and India on Tuesday is designed to make headlines. Indian and EU officials have called it "the mother of all deals." It creates a potential market of nearly two billion people that accounts for more than a fifth of the world's economic output.

■ The Guardian

Key things to know about Nipah virus

Airports across Asia have been put on high alert after India confirmed two cases of the deadly Nipah virus in the state of West Bengal over the past month. Thailand, Nepal and Vietnam are among the countries screening airport arrivals over fears of an wider outbreak of the virus.

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THE GOAN EVERYDAY

Kites rise highest against the wind - not with it.
Winston Churchill

Campus in crisis: The silent screams that went unheard

The death of a 20-year-old female student at the BITS Pilani Goa campus on Monday comes as a telling blow to the education fraternity and exposes serious gaps in mental health management in the State's higher education setup. This is the sixth student death in just over a year, and it raises critical questions about the effectiveness of student safeguards, mental health support systems and accountability.

The death of Vaishnavi, a third-year Electronics and Communication Engineering student from Bengaluru, echoes the silent scream of countless young lives lost prematurely, and the many more that are silently fighting their inner battles. Where could the fault lines be? BITS is believed to have mental health policies, helplines, and even a 24×7 online counselling facility on campus, in line with the Supreme Court guidelines.

The reasons for death may be many. Students have died by suicide, drug abuse, foul play, over-medication and in some cases, unknown reasons. A random assessment of all the cases suggests that students were under study pressure. That being said, the two areas of focus right now are whether mental health remedies reach students in need, and whether students are falling victim to a culture of their own that is often used as an outlet to escape academic pressures. What is it that causes such a situation at BITS?

Reports indicate that Vaishnavi was undergoing treatment for depression and receiving counselling from Bengaluru. The BITS campus is believed to have a round-the-clock counselling facility. So, what went wrong? Did the institution's ecosystem fail to detect her mental state? Or did the health services fail to reach her in time? There are clear indications that the internal systems are unable to address issues in totality.

The institute may have all the facilities to tackle pressure, but the biggest challenge for any college of such a stature is to reach the vulnerable students. There is a certain stigma attached to mental health interventions in Goa, and students of the current age refrain from availing themselves of the facilities. The relentless pursuit of academic excellence or merely competing in such a setup creates a high-pressure environment which students find difficult to negotiate. Students succumb to such pressures.

Unless there is a water-tight system to scan students and have mental conditioning camps consistently, the Supreme Court's directives will remain on paper or the notice boards of institutes. Students will continue to fall prey to high-intensity or high-competency learning. While it is necessary to scale down the academic pressure points, there is also a need to revisit protocols on mental health and student well-being.

The BITS Goa campus may be beyond the scope of the government in terms of academic handling, but the State cannot be a mute spectator to such tragedies. Administrative accountability must be fixed. The government must institute an independent inquiry into the deaths, examine the protocols and mental health mechanisms, including early detection, and probe whether the remedies are reaching students. There has to be a comprehensive audit assessing each of these areas.

The loss of Vaishnavi is another grim reminder that institutes are failing on newer challenges. No academic achievement can justify overlooking the mental health crisis; it defeats the very purpose of excellence. We cannot allow young lives to fall prey at the altar of systemic neglect. The government and all educational institutes must prioritise the mental well-being of students as a core pillar of institutional excellence. It's time all stakeholders reflect critically on this ugly side of the education system.

OPEN SPACE >>

Carrying capacity studies will help save our villages

At a meeting held at Chandor retired Allahabad High Court Chief Justice Ferdino Rebello has reportedly called on the government to conduct carrying capacity studies of villages across the state before granting approvals for new development projects, warning that unchecked construction could irreversibly damage the state's ecology. Carrying capacity is not a new concept. It has to be systematically applied at the village level, rather than reacting after damage has already occurred. Carrying capacity refers to the maximum level of population, construction, tourism, or economic activity that an area can support without causing irreversible damage to its natural resources, environment, infrastructure, and quality of life. The concept is significant because unplanned and excessive development often outpaces a village's ability to cope, leading to water scarcity and groundwater depletion, traffic congestion on village roads, overburdened sewage and waste systems, flooding due to loss of natural drainage, loss of agricultural land and green spaces and erosion of village character and cultural identity. It also ensures that villages retain their ecological balance and cultural identity while ensuring that future generations are not deprived as a result of short-term gains.

ADELMO FERNANDES, *Vasco*

Capex, caution, & competitiveness

The Union Budget maintains fiscal discipline, offers modest relief to citizens, and launches VB-G RAM G for rural employment

›The writer is a senior political analyst and strategic affairs columnist based in Shimla

KS TOMAR

The Union Budget 2026-27 arrives at a moment when India's macroeconomic story is unusually well-balanced. Growth remains steady, inflation has cooled sharply, fiscal consolidation is on track, and yet the external environment is turning uncertain with rising protectionism and tariff barriers in key export markets.

Seven clear takeaways emerge from this Budget. First, the most striking feature is the continued expansion of capital expenditure, now raised to Rs 12.22 lakh crore. This is not an isolated increase but part of a multi-year trajectory in which the Centre has steadily raised public investment in roads, railways, logistics, defence, energy and urban infrastructure. The intent is to create long-term productive assets that crowd in private investment. Second, the Budget places a sharper emphasis on strategic manufacturing — electronics, semiconductors, bio-pharma and advanced materials — indicating that import substitution and supply chain resilience have become central policy goals rather than slogans. Third, large connectivity announcements, including high-speed rail corridors and logistics modernisation, reinforce the idea that infrastructure is now seen as the backbone of competitiveness, not merely development.

Fourth, a dedicated push for MSMEs through a substantial growth fund acknowledges that small enterprises are the most vulnerable to global tariff shocks and domestic cost pressures. Fifth, the fiscal deficit path continues to narrow, signalling credibility to markets that higher capex is not coming at the cost of fiscal recklessness. Sixth, a series of customs duty rationalisations and trade facilitation measures suggest the government is attempting to quietly make Indian exports more agile in a tariff-distorted world. Seventh, there is a conscious attempt to improve ease of living through targeted reliefs in healthcare, remittances and compliance procedures, even if headline tax slabs remain unchanged.

Yet, beneath these positives, the Budget reveals six important gaps and challenges. The most visible disappointment is the absence of any significant change in income tax slabs for the salaried class, despite expectations of relief amid rising living costs over the past few years. Second, while the Budget speaks of job creation through manufacturing and MSME support, it does not spell out large-scale employment programmes or incentives for formal sector hiring, leaving the employment question largely to market forces. Third, the measures announced to cushion tariff pressures are indirect — through facilitation and funding — and may not immediately offset demand loss in sectors such as textiles, leather or light engineering where tariffs bite hardest.

> **The Budget focuses on steady growth amid global uncertainties, boosting capital expenditure to Rs12.22 lakh crore for infrastructure, manufacturing, and MSMEs**

Fourth, higher transaction taxes in certain financial market segments could dampen investor sentiment and affect market depth. Fifth, despite infrastructure thrust, there is limited direct stimulus aimed at boosting immediate consumption demand, which some economists argue is necessary for faster economic momentum. Sixth, even with fiscal consolidation, government borrowing remains substantial, which could keep interest rates elevated and restrict monetary flexibility if global conditions tighten.

For the common citizen, the Budget offers incremental but meaningful relief rather than dramatic benefits. Exemptions or reductions in customs duties on critical medicines promise to reduce healthcare costs for families facing serious illnesses. Lower tax collection at source on overseas education and medical remittances will reduce the burden on students and families sending money abroad. Improvements in digital public infrastructure for agriculture and services aim to enhance productivity and access, particularly for rural populations.

For the middle class and salaried class, the story is one of stability rather than relief. Tax slabs remain unchanged, ensuring no additional burden but also no enhanced disposable income. Compliance simplifications and modest reliefs in remittances and certain tax treatments offer limited comfort. The absence of direct tax cuts may be viewed as a missed opportunity to boost consumption and sentiment among urban taxpayers. Professionals and investors may also view increased transaction taxes in derivatives as an unwelcome cost.

A significant financial push for rural development comes through the new Viksit Bharat–Guarantee for Rozgar Aajeevika Mission (Grameen) (VB-G RAM G), which has been allocated Rs 95,692.31 crore and promises 125 days of annual work, positioning it as the successor to the long-standing MGNREGA even as the latter receives a reduced allocation of Rs 30,000 crore as part of the overall Rs 194,368.81 crore allocated to the Department of Rural Development; the move signals the Centre's intent to channel greater resources into a revamped rural employment and infrastructure framework.

A key question is whether this Budget can neutralise the impact of rising tariffs, particularly those associated with protectionist policies in the United States and other markets. The answer is nuanced. Neutralising tariff effects will ultimately require a mix of trade diplomacy, market diversification and sustained industrial policy beyond the annual Budget.

What stands out in this Budget is its preference for pragmatism over populism. There is a steady reinforcement of a strategy that has defined recent years: build assets, strengthen manufacturing, support small enterprises, maintain fiscal credibility and improve systems. It is a Budget that trusts infrastructure to generate growth, competitiveness to overcome trade barriers, and stability to attract investment.

In the Union Budget presented on 1 February 2026, the Government of India raised the capital expenditure target for FY 2026-27 to Rs12.22 lakh crore, continuing its post-pandemic strategy of infrastructure-led growth and public investment. This marks an increase from about Rs11.21 lakh crore allocated for FY 2025-26, translating into a rise of roughly 9 per cent year on year in planned capital spending. The upward revision underscores the Centre's sustained emphasis on roads, railways, defence, logistics and other asset-creating sectors as engines of long-term economic expansion and employment generation. In the previous budget for 2025-26, the capex outlay itself had been raised by about 10 per cent over the revised estimate of the preceding year, reflecting a clear multi-year pattern of boosting capital formation through public expenditure.

In a world where economic shocks increasingly originate outside national borders, the Budget's underlying message is clear: India intends to prepare at home for uncertainties abroad.

— FPJ

THE INBOX >>

Hoardings turn highways into accident-prone zones

I wish to draw the attention of the concerned authorities to the growing menace of advertisement hoardings on highways and the alarming absence of proper signboards and traffic signals, which have become major contributors to road accidents. Huge and unauthorized advertisement boards along highways distract drivers, obstruct visibility, and divert attention at critical moments. Instead of ensuring road safety, these hoardings have turned highways into accident prone zones. Tourists, in particular, face severe difficulties while travelling due to absence of direction signboards, milestones, and traffic signals, making navigation confusing and unsafe. While the government strictly enforces fines for not wearing helmets or seat belts, it is disappointing that little attention is paid to the root causes of accidents. Poor road conditions, illegal advertisement hoardings, stray dogs and cattle, and lack of proper signage continue to claim innocent lives every day. Road safety cannot be ensured by penalizing citizens alone while ignoring these fundamental issues. Removal of unauthorized hoardings, installation of proper signboards and signals, maintenance of roads, and control of stray animals are essential steps to ensure smooth traffic flow and prevent prevent accidents on highways and service roads.

EVARISTO FERNANDES, *Merces*

Student suicides demand urgent attention

I wish to draw attention to the alarming rise in student suicides, particularly at the BITS Pilani KK Birla Goa Campus. In the past two years alone, six students have reportedly died by suicide, with academic pressure cited as a major factor. The recent death of a 20-year-old third-year engineering female student has once again highlighted the gravity of the situation. This is not an isolated problem. The Supreme Court of India has described student suicides as a "suicide epidemic," with over 13,000 students dying every year. According to the National Crime Records Bureau, students account for 7.6 per cent of all suicide deaths in the country. These figures underline a deep-rooted crisis in India's education system. Mental health professionals have repeatedly stressed the need for robust counselling services and support systems on college campuses. Alongside academic stress, substance abuse is also a growing concern, with alcohol and drugs easily accessible to students. Educational institutions must take immediate responsibility and prioritize students' mental well-being before more young lives are lost.

AJAY JALMI, *Via email*

Do people need to really worry over ruling regime?

Under the Modi regime, people have died from contaminated drinking water, collapsing bridges and other infrastructure, suffered from demonetisation, GST, Covid lockdown, lost businesses, poverty and starvation. During election campaigns PM Narendra Modi has repeatedly targeted a minority community for country's ills. But that community has not been responsible for any of the above. Looks like what people should really fear or worry about is the BJP regime in power, is it not?

MISHA, *Varca*

Send your letters to us at editor@thegoan.net. Letters must be 150-200 words and mention the writer's name and location

People must learn to resolve personal issues privately

It is hurtful to see a Goan from abroad targeting Goan priests on social media, harming the Christian community's faith. Priests are the main pillars of the Catholic Church and have sacrificed their lives for the Church. If some person has personal issues, he should resolve them privately, not publicly criticise the priests. Our Bible teaches us to love and forgive, not defame others. Catholic priests in India already face numerous challenges, and attacking them divides our community. We urge everyone to strive to remain sincere Goans and Catholics.

RONNIE DSOUZA, *Chandor*

Tennis is renewing itself without losing its soul

Carlos Alcaraz scripted history as he became the youngest player to complete a career Grand Slam by defeating Serbian legend Novak Djokovic at the Australian Open. What sets him apart is not just the breadth of surfaces he has conquered, but the manner in which he has done so. Power blended with touch, aggression tempered by tactical intelligence, and a maturity that belies his age have become his trademarks. It may not be out of the way to mention that while Federer gave tennis its artistry, Nadal gave it its mythology on clay and Djokovic built the most complete resume of all, elite return, elastic defence turned offence, and a mental game that thrived in the longest, tightest matches of the era. Ultimately, the Australian Open reaffirmed a simple truth: tennis is renewing itself without losing its soul. The legends have set the benchmarks, but the new generation is redefining how quickly and confidently those standards can be met. As the tour moves on, the lesson is clear—tennis's future is not just secure, it is already unfolding.

GREGORY FERNANDES, *Mumbai*

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LOKMAT TIMES

Unsporting Pakistan

Cricket between India and Pakistan is commercial and emotional engine of global cricket

If reports of Pakistan deciding to boycott its India-Pakistan T20 World Cup clash are indeed borne out, it would mark yet another moment when politics has intruded into cricket's most watched rivalry -- with consequences far beyond the boundary ropes. Such a move, framed as a political statement, is fraught with risks -- be it diplomatic, sporting, financial or reputational. It also raises uncomfortable questions about intent, timing and the precedent it sets for international sport. At one level, the reasons behind such a decision appear muddled and contradictory. Is the boycott meant to express solidarity with Bangladesh, which earlier cited security concerns in declining to play in India? Or is it an indirect attempt to hold India responsible for the recent Balochistan attack, despite the absence of credible international findings to that effect? The lack of clarity itself weakens Pakistan's case. In international sports, perception often matters as much as principle -- and here the perception is of a decision driven more by political signalling than by genuine security or ethical concerns.

Cricket between India and Pakistan is not merely a bilateral contest; it is the commercial and emotional engine of global cricket. World Cup fixtures involving the two draw hundreds of millions of viewers, underpin broadcast revenues and help subsidise the sport in less affluent cricketing nations. By choosing to stay away from such a marquee event, Pakistan risks being seen as undermining not just a rival, but the very ecosystem it depends on. It also sends a disquieting message to young players: That their careers and dreams are expendable in service of shifting political narratives.

There is also the question of consistency. Pakistan has previously played ICC tournaments in India under heavy security arrangements, while Indian teams have travelled abroad amid geopolitical tensions of their own. The ICC framework exists precisely to insulate sport from bilateral disputes, offering neutral oversight, security guarantees and dispute-resolution mechanisms. How, then, is the ICC likely to respond? The ICC is unlikely to take kindly to an outright boycott without substantiated and verifiable security assessments. The ICC's credibility rests on ensuring that member boards honour their commitments once schedules are finalised. Sanctions -- ranging from fines and points forfeiture to reduced hosting rights in future tournaments -- cannot be ruled out. More significantly, Pakistan could find itself increasingly isolated within the ICC decision-making circles, at a time when influence matters as much as performance on the field. In choosing boycott over engagement, Pakistan would be taking a road that leads not to principled protest, but to sporting perdition.

Beyond pads

Provision of sanitary pads is essential, but equally important is bringing boys into picture

The recent Supreme Court ruling directing the states and Union Territories to ensure the availability of sanitary pads for school-going girls within three months is a welcome and long-overdue intervention. By recognising menstrual hygiene as integral to the right to health, education and dignity, the court has placed the issue firmly within the framework of constitutional responsibility. Yet, while the provision of sanitary pads is an essential first step, its long-term impact will remain limited unless it is accompanied by sustained behaviour change communication (BCC) and a conscious effort to dismantle the social taboos surrounding menstruation, especially through the active involvement of men and boys.

Access to sanitary pads addresses a visible and immediate barrier faced by adolescent girls. Across India, lack of affordable menstrual products has contributed to absenteeism, school dropouts, poor health outcomes and diminished self-esteem among girls. The court's directive has the potential to significantly reduce these structural disadvantages, particularly in government schools and rural or marginalised communities. However, experience from past public health interventions suggests that material provision alone does not automatically translate into usage, acceptance or empowerment.

Menstruation in India continues to be shrouded in silence, stigma and misinformation. Deeply entrenched cultural beliefs often portray it as impure, leading to restrictions on mobility, participation and even food choices for women and girls. In such an environment, sanitary pads can become just another unused commodity -- distributed but hidden, accepted but not discussed. This is where behaviour change communication becomes critical. Girls must not only receive pads, they must also receive accurate information about their bodies, menstrual health and hygiene practices, delivered in a manner that is age-appropriate, culturally sensitive and continuous. Equally important is the role of men and boys in normalising conversations around menstruation. Treating menstrual hygiene as a "women's issue" alone reinforces the very taboo the policy seeks to dismantle. Fathers, brothers, teachers, school administrators and community leaders all shape social attitudes. When men are informed and engaged, menstruation moves from the shadows of shame to the realm of shared social responsibility. Schools, in particular, can serve as powerful spaces for this shift by including boys in awareness sessions and training teachers, both male and female, to address the subject without embarrassment or bias. Civil society organisations and not-for-profit institutions have long understood this layered challenge and complemented government efforts on the ground.

Rising questions over aviation safety!

Many people have been lost before, and now Ajit Dada is gone. Do we learn any lessons from such tragedies?

Dr Vijay Darda

In India, we make many claims about aviation safety. But whenever a plane mishap occurs, it raises a plethora of questions over flight safety standards.

We have lost Maharashtra's dynamic leader Ajit Dada. What remains are his memories. During the last Assembly session in Nagpur, I hosted a dinner in honour of Maharashtra ministers and legislators, which was attended by Dada also. He greeted me with remarkable warmth and cheer. Usually a serious man, Ajit Dada had a rare sparkle in his eyes that day and a visible joy radiated from his presence. He told me that my son Parth would soon be moving into the same building where I live. "I'll come to see the house," he said. "Then we'll sit together, eat and chat at length." I replied jokingly, "Dada, there will be no fighting, only celebrations."

Who can understand what destiny has in store? The story remained unfinished before it could fully unfold. Dada became part of a rainbow of memories. Those who depart never return. Only memories remain. He learned the lessons of politics by following in the footsteps of his political mentor and uncle Sharadchandra Pawar. The only difference being, Sharadchandra Pawar practiced politics with a smile, while Ajit Dada was forthright and blunt. His yes always meant yes and no meant no. Like Pawar Saheb, Ajit Dada's day would begin at dawn. His first meeting would start at 7 am! Many such qualities made him admirable. No matter how important an event in Mumbai might be on a Saturday or Sunday, he would not attend, as one day was reserved for Pune and the other for Baramati.

I have many memories of Dada, but at this moment I cannot shake off one troubling thought: Why is air travel becoming so unsafe? We all claim that aviation safety in India has improved significantly, and we have plenty of paperwork and statistics to support this. In global aviation safety rankings, we have climbed from 112th to 55th place. Yet the question remains: Where are we failing? On the road, even in case of severe accidents, there is still a chance of survival. But in the air, even the smallest error can mean death for every passenger on board. There are countless rules and regulations for VIP movement in India, still how do such lapses occur? How many people have we lost in such accidents? The list is long -- Homi Bhabha, Gen Bipin Rawat, Sanjay Gandhi, Madhavrao Scindia, Vijay Rupani, O P Jindal, G M C Balayogi, Y S Rajasekhara Reddy, Dorjee Khandu and Cyprian Sangma, among many others. Incidentally, during the 1965 war, the aircraft carrying Gujarat's then chief minister Balwantrai Mehta was shot down by Pakistan, mistaking it for a military aircraft, but that was a different matter altogether. I am speaking here of those we lost in accidents. On the other hand, there is also a long list of leaders -- from Vasantrao Naik to Devendra Fadnavis -- who narrowly escaped mishaps mid-air.

When Rahul Gandhi was on an election tour in Andhra Pradesh, I noticed that while landing, such a massive cloud of dust rose that the helicopter was not visible at all. The sight terrified me. Let me recount another incident. My younger brother Rajendra Darda and I were travelling by helicopter from Mumbai to Thane -- a journey of barely 10 to 15 minutes. But the fog was so dense and the pollution so severe that nothing was visible. That route has many hills and tall buildings. We completed the journey praying to God. Almost every day, we hear reports of some aircraft suffering bird hits or a dog wandering onto the runway. Several pilots have complained that even laser beams have caused them serious trouble during flights.

Now, the details emerging about the crash of Ajit Dada's chartered aircraft are shocking. It is being reported that the aircraft itself had technical problems. Moreover, Baramati airport has neither an air traffic control system nor an instrument landing system. Radio communication is handled by instructors from a local flight training school. The pilot had to look directly towards the Sun to locate the runway. The glare of the Sun may well have caused disorientation. And the second, most crucial issue that has come to light is the pilot Captain Sumit Kapoor's 'fondness' for alcohol. On two occasions, he was found intoxicated before flights, and the DGCA had suspended him for three years. The question is, why was such a pilot entrusted with flying an aircraft? In commercial aviation, strict checks are conducted to ensure that a pilot has had at least seven hours of sleep and is not under the influence of alcohol. But are these rules enforced just as strictly in the case of chartered aircraft and helicopters?

If even the smallest airports lack adequate safety arrangements, why are they being operated at all? Even if an airport receives only one aircraft every month or two, its safety standards should be no different from those of major airports. While all states must ensure proper safety at their airports, a developed state like Maharashtra should set an example. Ajit Dada is gone. No one can bring him back. But we must at least ensure that such air accidents never happen again and that no more lives are lost.

Ajit Dada... we will never forget you. Farewell!

Scan QR code to read Dr Vijay Darda's previous articles

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YOUR LETTERS

Bangladesh has lost

It goes without saying that Bangladesh cricket is the biggest loser in the entire T20 World Cup imbroglio. By all accounts, they are a stronger side than Scotland and some of their players are quite popular in India. The team had the potential to do well; Bangladeshi cricketers are known for their fighting spirit. IPL was enriched by Bangladeshi talent. More importantly, India is unlikely to play any bilateral series against Bangladesh in the near foreseeable future that can be a body blow for Bangladesh cricket in general and their talented players in particular. Also, financial implications can be severe for the Bangladesh Cricket Board (BCB).

Dr Ganapathi Bhat,
Akola.

Environment issues left unaddressed

Prof Chander Mahadev

In an era marked by worsening climate impacts, rising pollution and global energy transition imperatives, the Union Budget 2026-27 presented by finance minister Nirmala Sitharaman attempted to thread a delicate needle -- maintaining India's high growth trajectory while signalling renewed attention to environmental sustainability. While the Budget introduces several noteworthy green initiatives, experts argue that overall environmental allocations still fall short of the scale demanded by India's climate vulnerabilities.

At the outset, the Budget modestly increased the allocation for the ministry of environment, forests and climate change (MoEFCC) to ₹3,759.46 crore for the fiscal year 2026-27 -- about an 8 per cent rise over the previous year's Budget estimate. On paper, this appears positive, but context matters. Critics point out that, relative to the breadth of India's ecological challenges and climate commitments, the allocation remains modest. Pollution, extreme weather events and ecological degradation require much larger, sustained investment than the incremental amounts currently proposed.

The detailed budgetary breakdown shows only incremental changes rather than transformative investments. Capital expenditure for the environment ministry has increased from ₹174.39 crore to ₹222.80 crore, suggesting only a slight enhancement in long-term assets such as research infrastructure, environmental monitoring and digital tracking systems. Meanwhile, revenue expenditure that is used for running ongoing schemes and institutional functions saw marginal growth, largely directed at routine operations and regulatory frameworks.

Nevertheless, there are targeted strategic measures with clear sustainability intent. One of the most significant is a ₹20,000 crore outlay for carbon capture, utilisation and storage (CCUS) technologies over the next five years. This initiative aims to reduce carbon emissions from heavy industry sectors, including steel and cement which have historically been challenging to decarbonise. By investing in CCUS, the government is signalling a serious intent to support large-scale climate mitigation technologies alongside traditional policy tools.

Beyond emissions mitigation, the Budget also conceptualises projects that indirectly support environmental sustainability through infrastructure and logistics reform. For instance, finance minister Sitharaman proposed the establishment of new dedicated freight corridors, and the operationalisation of 20 new national waterways over the next five years. These initiatives aim to shift freight movement from high-polluting road transport to more environmentally efficient rail and waterways, contributing indirectly to reduced carbon intensity in transport. A Coastal Cargo Promotion Scheme was also announced to incentivise a shift towards inland and coastal shipping -- again aligning logistics with lower emissions pathways.

The Budget's focus on urban and regional development through the mapping of city economic regions (CERs) also includes sustainability considerations. Allocations of ₹5,000 crore per CER are intended to promote environmentally sustainable passenger systems and enhance urban liveability through planned infrastructure. Although not framed purely as environmental spending, such initiatives can reduce pollution and congestion if deployed with stringent sustainability metrics.

Additionally, Sitharaman's speech emphasised India's natural and heritage-based tourism potential, announcing eco-friendly trekking trails in mountainous and coastal regions, bird-watching circuits and wildlife-based tourism corridors. These programmes are designed to balance economic opportunity with ecological protection, although the extent to which they will be funded and implemented remains to be seen.

A notable strategic dimension of the Budget that intersects with sustainability is the establishment of rare earth corridors across mineral-rich states. These corridors, supported in Odisha, Kerala, Andhra Pradesh and Tamil Nadu, are aimed at securing critical minerals vital for clean energy technologies, that is, from electric vehicles to wind turbines and other green hardware. While primarily an industrial policy, the move has important climate relevance by strengthening the domestic supply chain for technologies central to the energy transition.

Despite these initiatives, there are glaring gaps that sustainability advocates highlight. Pollution control funding which is allocated to pollution control boards and programmes like the National Clean Air Programme (NCAP) have been reduced compared to revised estimates last year, even as air quality in many Indian cities remains a persistent public health emergency. This has raised concerns about whether pollution control is receiving the necessary fiscal priority.

Similarly, while climate mitigation receives attention, other critical areas like climate adaptation, infrastructure to cope with heatwaves, floods, drought-resilient agriculture, water security and disaster-resilient urban planning are yet to see scalable Budget frameworks proportional to their urgency.

The author is a former professor of journalism. Views expressed are personal.

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GK Editorial

Rising gold, no jobs delay marriages

While little can be done about gold prices, the government certainly needs to take steps to ameliorate unemployment

Gold, long central to Kashmiri weddings, has become a major stumbling block for people in Kashmir, as elsewhere in India. That is despite the tumble in the gold prices over the past few days. To state the obvious, gold in intrinsic part of Kashmiri wedding tradition. From the engagement to the nikah, from gifts for in-laws to the ornaments a bride wears on her wedding day, gold is everywhere. But with prices climbing steadily, families are being forced to rethink plans they once took for granted. A large section of the population has been, in a way, priced out of the gold purchases. They are opting for lighter jewellery or cash gifts.

Still, gold is only part of the problem. The heavier burden is unemployment. With large numbers of young people either without work or stuck in unstable, low-paying jobs, marriage is no longer seen as the natural next step into adulthood. It has become something to be postponed until financial stability arrives. Secure employment is now considered essential for both partners. Dual incomes are no longer an aspiration; they are a necessity.

The unemployment in J&K is now at around 30 percent and is among the highest in India. This is one of the fundamental reasons for delayed marriages. Women in J&K marry at an average age of 26 which is the highest in India. This also reduces the window for childbearing. At the same time, a significant number of those who are employed are actually underemployed, limiting their capacity to support larger families and forcing them to stop at one child.

While little can be done about gold prices, whose rise is tied to global factors, the government certainly needs to take steps to ameliorate unemployment in the union territory. Kashmir cannot afford to let an entire generation keep waiting, busy in tracking gold prices, scanning job lists, and hoping stability arrives before time quietly runs out.

REFLECTIONS

Justice Delayed

When enforcement of law is not warranted, people suffer

Implementation

Dr. Pir Naseer Ahmad
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How can truth prevail in a society where laws exist but their effective and practical implementation remains elusive? How can justice be expected when constitutional guarantees are reduced to formal assurances, while ground realities continue to reflect delay, inaction, and unwarranted leniency? These questions are no longer theoretical; they mirror the lived experiences of many law-abiding citizens.

The Constitution guarantees fundamental rights such as equality before law, protection of life and liberty, and dignity of the individual. These guarantees are not aspirational statements; they are binding obligations upon the State. However, when the law remains silent at the stage of enforcement, justice begins to lose its substance. A right that cannot be enforced in a reasonable time ceases to offer protection and instead becomes a source of distress for the aggrieved.

This write-up is not based on presumption or abstract interpretation. It has taken shape through the author's direct observation of ground realities and practical situations, witnessed during repeated visits and interactions with different departments, officials, and stakeholders while pursuing lawful civic concerns.

One of the most worrying patterns emerging today is the imbalance in the treatment of offenders and law-abiding citizens. Offenders are often granted repeated concessions and extended time, sometimes under procedural compulsions. In contrast, compliant citizens find themselves exposed to uncertainty, mental stress, and prolonged insecurity. Instead of being protected by the rule of law, they are compelled to bear the consequences of administrative delay.

This imbalance carries serious implications. When delays are perceived as routine, they inadvertently embolden wrongdoing. When genuine grievances remain unresolved for long periods, public confidence in the justice delivery system weakens. The rule of law does not erode due to lack of legislation, but due to hesitation in its execution.

Justice delayed has long been recognised as justice denied. Equally concerning, however, is justice diluted through unjustified leniency. The consequences of such inaction extend beyond legal harm. Prolonged uncertainty affects mental well-being, disrupts family life, and weakens social trust. When citizens are compelled to approach multiple offices merely to secure enforcement of basic rights, questions inevitably arise about institutional responsiveness and administrative credibility.

It is important to underline that the issue does not stem from a lack of legal provisions. India's constitutional and statutory framework is robust and comprehensive. The challenge lies in effective implementation, consistency in enforcement, and accountability for avoidable inaction whether arising from negligence, hesitation, or misplaced restraint. Administrative silence can, at times, be as damaging as an explicit denial of relief.

Authorities entrusted with implementing the law shoulder a responsibility that is both constitutional and moral. Their role extends beyond procedural compliance; it involves protection of rights and preservation of public confidence. Failure to act against repeated violations risks normalising non- compliance, while failure to protect law abiding citizens undermines the foundational purpose of governance.

What is required is not new legislation or extraordinary powers, but renewed commitment. Laws must be applied impartially and without undue delay. Unwarranted leniency, particularly where it adversely affects innocent parties, must be avoided. Timely decision-making should replace prolonged indecision and accountability mechanisms must function effectively.

Above all, the system must reaffirm a simple principle: victims deserve timely protection, not prolonged endurance. Justice should reassure citizens, not exhaust them.

Dr Pir Naseer Ahmad, presently advocate at High Court, Srinagar.

Redefining J&K's Future

The time has come for the government, the people, civil society, and the private sector to forge a new social contract

Dignity

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Omar Abdullah's recent call for creating dignified employment and livelihood opportunities within Jammu & Kashmir, rather than depending on a hostile external environment, is not merely an expression of anger or frustration. It is a statesmanlike recognition of a painful reality and, more importantly, a timely invitation to reimagine the region's destiny.

The repeated humiliation, profiling, and insecurity faced by young Kashmiris outside the Valley have exposed the fragility of an outward-looking survival strategy. The answer lies not in withdrawal, but in building an economically vibrant, educationally excellent, and culturally confident Jammu & Kashmir that stands tall within the mosaic of India's unity in diversity.

The time has come for the government, the people, civil society, and the private sector to forge a new social contract. J&K must transform itself from a region known for conflict and tourism into a modern human resource powerhouse, producing world-class talent in Artificial Intelligence, medical sciences, sustainable technologies, branded handicrafts, digital marketing, and high-end services. This transformation is not just desirable. It is imperative for peace, dignity, and generational progress.

The primary responsibility for laying this foundation rests with the government both the Union Government and the Jammu & Kashmir administration. The first and most critical step is to create world-class, safe, and inclusive professional education ecosystems within the Union Territory. We must fast-track the establishment of offshore campuses of top global universities in Srinagar, Jammu, and Leh. These campuses should offer degrees in AI & Machine Learning, Data Science, Biotechnology, Climate Studies, and Design. The government should offer land at concessional rates, tax holidays for ten years, and full security guarantees.

Simultaneously, existing institutions like the University of Kashmir/Jammu, SKUAST, IUST, and NIT must be upgraded to global standards through massive infusion of funds and autonomy. Special "Future Skills" academies focused on coding, robotics, digital marketing, and financial technology should be opened in every district. The Centre's Skill India and PMKVY schemes need to be re-engineered for J&K with higher stipends, guaranteed placements, and local industry linkages.

Second, the government must aggressively pursue high-end corporate job creation by inviting Fortune 500 and Indian MNCs to set up Global Capability Centres (GCCs), BPOs, IT parks, and R&D facilities. Places like Hyderabad and Pune have shown how policy stability and infrastructure can attract such investments. J&K offers a young, English-speaking, tech-savvy workforce at competitive costs. The administration should create a single-window "J&K Investment Commission" with cabinet-rank authority to clear projects within 60 days. Special Economic Zones with plug-and-play infrastructure in Srinagar, Jammu, and Samba should be prioritized.

Third, global tourism linkages need urgent revival and rebranding. Beyond houseboats and shikaras, J&K must develop high-value segments: wellness and spiritual tourism, film tourism, adventure sports, MICE (Meetings, Incentives, Conferences, Exhibitions), and luxury eco-tourism. Direct international flights from Srinagar and Jammu, visa-on-arrival for tourists from key markets, and aggressive digital marketing campaigns showcasing "Jammu Kashmir — The Crown of India" are non-negotiable.

The people of J&K have never lacked talent, creativity, or resilience. What they have lacked is an enabling ecosystem and consistent handholding. The new paradigm must place the youth at the centre. Young people have already demonstrated remarkable entrepreneurial energy from successful startups in fintech, e-commerce, and handicraft exports to social enterprises in waste management and women's skilling.

The government must create a J&K Innovation and Startup Fund of at least ₹500 crore, offering equity-free grants up to ₹50 lakh, mentorship from top Indian and global entrepreneurs, and incubation centres in every division. Diaspora many of whom are highly successful professionals in Silicon Valley, Dubai, London, and Singapore must be actively invited to mentor, invest, and even return to set up ventures under a "Return to Roots" programme with tax benefits and fast-track citizenship-like privileges for investment purposes.

Women's participation must become a cornerstone. Our women have historically been highly educated and skilled in crafts. Targeted programmes in fashion design, digital branding of Pashmina and Papier-mâché, and online entrepreneurship can create lakhs of dignified jobs. The success stories of women-led cooperatives in Leh and Kargil should be replicated across the UT.

J&K has the potential to become India's AI & Data Analytics hub in the Himalayas, leveraging its cool climate for data centres and its youth's natural aptitude for mathematics and logic. A "Himalayan AI Valley' could host global AI research labs, much like Bangalore or Hyderabad.

In healthcare and medical education, J&K can develop into a centre of excellence in high-altitude medicine, telemedicine, and wellness. New AIIMS-level institutions and medical universities in collaboration with Johns Hopkins or Mayo Clinic should be pursued.

> "The daily humiliation faced outside must end not through confrontation, but through the quiet power of excellence.

The traditional arts, crafts, and cultural economy must be modernised, not abandoned. GI-tagged products (Pashmina, Saffron, Walnut, Basohli paintings) need global branding, e-commerce integration, and direct exports. Design schools teaching Kashmiri youth how to blend heritage with contemporary aesthetics can multiply incomes tenfold.

None of this will succeed if government works in isolation. A powerful J&K Future Council should be constituted comprising the Chief Minister, senior ministers, vice-chancellors, industry leaders, civil society representatives, youth icons, and diaspora members — to meet quarterly and provide strategic direction. Public-private partnerships (PPPs) should be the default model for universities, skill centres, industrial parks, and tourism circuits.

The narrative must change from "victimhood" to "victory through excellence." Media, educational institutions, and religious leaders all have a role in fostering pride in our identity as an integral and enriched part of Indian civilisation.

Redefining J&K's future should not mean separation; it means deeper integration based on dignity, equity, and mutual respect. India's diversity has always been its greatest strength. Punjab's enterprise, Tamil Nadu's education, Kerala's health model, Gujarat's manufacturing. Many others. J&K can add its unique contribution: a blend of spiritual depth, intellectual sharpness, natural beauty, and cultural refinement. When Kashmir's youth lead global AI teams, when Kashmiri doctors heal patients worldwide, when Kashmiri designers set fashion trends in Paris and Milan, India becomes stronger, prouder, and more complete.

The daily humiliation faced outside must end not through confrontation, but through the quiet power of excellence. When a graduate is the most sought-after talent in Bengaluru, Mumbai, or Silicon Valley, discrimination melts away. Self-reliance breeds respect.

The government must show bold leadership. The people must respond with enterprise and unity. Civil society must nurture hope and reject cynicism. Together, Jammu, Kashmir, and Ladakh can script a new chapter not of grievance, but of aspiration.

Omar Abdullah has sounded the bugle. Let us answer it not with rhetoric, but with action. Let us build an economically powerful, educationally superior, and culturally vibrant J&K that stands shoulder to shoulder with the best regions of India and the world. The will exists among the people. The ideas are ready. What is required now is a firm, consistent, and visionary hand from the government and a collective determination from every Kashmiri to prove that dignity flows from creation, not from confrontation.

The future is not written in the stones of history alone. It will be written in the classrooms we build, the companies we attract, the brands we create, and the dreams our youth dare to dream — proudly, confidently, and unapologetically, as equal and valued citizens of a diverse and rising India. A youth fed with government job syndrome needs to make its own destiny.

The author is a former Director General Quality Assurance GOI.

Time to change our thinking

Zero tolerance toward terrorism will automatically create space for peace

Peace-Building

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Two contrasting realities are competing with each other in J&K - the brand of conflict and emerging normalcy. There are forces working to stop the march and revert it to bad old days of 1990s when violence reigned in all its forms with its reverberations felt across the world.

Things have changed is a given today. One set of conflict is nearing completion. The data analysis and situation on the ground shows huge transformation. The definition of the conflict that was part of Jammu and Kashmir for almost 30 years, that Kashmir is one of the major hotspots in the world, has been dissolved. The transformation has given a new hope to the landscape and now the work is on the post-conflict situation. On this count, there is no doubt whatsoever.

Peace-building in Kashmir was not viewed and accepted the way it was aimed at. A flood of developmental activity and inviting potential investors was twisted as unwanted by sections that believed their land and resources were being used against them. Fortunately, a vast majority understood that the development that they had been asking for decades had started visiting them. They understood the meaning and utility of a road, which besides easing their travel, helped their children dream at homes and schools. A road is not a pathway; it is way to realization of dreams.

The decisions were being made by the Government of India. J&K always looked for packages from Delhi to help them in reconstruction of their infrastructure and lives. So, it helped foster a bond, because this time it was not the package for a specific period or for a particular section or project, it was reflection of continued commitment, to rebuild J&K of its people's dreams.

The Centre's bold decisions to cut terrorism and enhance the connectivity were its own. There was no international intervention. The echoes of the yesteryears that the things should happen as per wishes of the people of J&K faded into oblivion. The international community was delivered a lesson in handling the difficult situation.

This gave a template of bringing peace in a conflict situation. It was not a smooth affair.

Pahalgam of April 22, 2025 gave a big jolt to the narrative of normalcy heading toward peace, but it did not stir the street violence, nor the bombs started exploding on highways, nor did the gunmen appear in dozens to fight the Indian army. There were no symbols of the gone-by era conflict, flags, protests and clashes. Life is moving on smoothly. That was the test and the strength of the sound foundation of building peace from the scratch.

This, however, led to a challenge hanging in air, whether the speed of normalcy can be maintained. These questions have risen because Pakistan, the biggest exporter of cross-border terrorism into India, particularly, Jammu and Kashmir, is continuing with its plan to destabilize the situation.

It was defeated in Operation Sindoor, and it will have to think hundreds of times before going in for any Pahalgam-type terror attack. The Operation Sindoor is not only an ultimate deterrent to cross-border terrorism, but it has declared that terror attacks will soon become thing of past. There is an element of residual militancy which will have to be taken care of. It may be very small but it cannot be left unattended. Therefore, this chapter of the conflict is yet to find its closure.

As Union Home Minister Amit Shah pointed it out time and again that decades of terrorism cannot be rolled back in a short time. It will take time before the decisive victory is scored over all the ills of terrorism and its tentacles that have spread all across the Himalayan territory for decades.

I think Centre has done two things: to understand Jammu and Kashmir as it is with facts and figures and its own interpretation of the events and decisions taken from time to time. Secondly, it has drawn its own goals vis-à-vis J&K – the complete integration of the territory and its people with the national mainstream. As a result of it, intensity was added to the anti-terrorism operations. The belief is simple; Zero tolerance toward terrorism will automatically create space for peace.

By abrogating Article 370, it started a discourse of no return to the pre-Article 370 days and ways. This clarity has drawn guidelines that the Centre will brook no dissension on it. This is loud and clear messaging to all within and outside of borders that the Modi government has cast the new history of J&K in stone, and it is irreversible.

The reality of the day is that the political leadership has long pitched for linking these decisions to permanent peace in J&K. The work has also been done. And the Centre is right, unless there is permanent sense of peace, nothing will work. Where there is no peace, neither politics nor economy works.

There may be an argument that J&K has seen unprecedented turmoil, trials and tribulations. Pakistan sponsored violence was served as an excuse for things going wrong. It is true. But when was that we heard our leaders to unveil vision of economic growth? Politics dominated every sphere and the economic prospects were discovered in subsidies and doles. Ironically, J&K became basket case whereas it had all the potential to lead many facets of the national economy. The youth is finding nowhere to go. The government is having no resources to grant government jobs to all, and there is no skill with the youth to try their hands on some other avenues. Our education system and environment were packaged in various brands of conflict. We created several brands of conflict and were happy to be counted in that line.

It is time to change our thinking.

Oped

[UNION BUDGET 2026-27]

Redefining Ease of Doing Business

Simplifying taxes, lowering compliance and promoting trust-based systems

Meaningful Change

Dr Arun Manhas
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The Union Budget placed in Parliament every year is not a mere annual statement of accounts. It is a mirror of national intent. The Union Budget 2026–27 arrives at a moment when India's growth story is no longer a promise but a responsibility. The Budget speech in the Parliament by Hon'ble Finance Minister of India signals a quiet yet meaningful change in the way the State engages with citizens and businesses. It does not rely on grand announcements instead it focuses on removing everyday obstacles that slow people and businesses down. The Government of India has laid out a series of measures that reduce paperwork, simplify compliance and place trust at the centre of governance. These steps are about making daily life easier for ordinary people as much as they are about improving business conditions.

The Budget has placed strong emphasis on Ease of Doing Business and Ease of Living by simplifying taxes, lowering compliance and promoting trust-based systems. It allows Persons Resident Outside India (PROIs) to invest in listed Indian companies through the Portfolio Investment Scheme and exempts interest awarded by the Motor Accident Claims Tribunal from Income Tax. The Tax collected at source under the Liberalised Remittance Scheme for education, medical treatment and overseas travel has been reduced to 2 percent while Tax Deducted at Source on manpower services has been rationalised.

Small taxpayers can now obtain automated lower or nil Tax Deducted at Source certificates, submit Form 15G and Form 15H through depositories and revise Income Tax Returns up to 31 March. Property transactions by non-residents are simplified and a one-time foreign asset disclosure window is introduced for small holdings.

Decriminalization of minor defaults, immunity from prosecution and dispute settlement options reflect a shift from punishment to compliance. The Minimum Alternate Tax is simplified, buyback taxation clarified, and customs digitized through a single cargo window and the Customs Integrated System, making governance simpler and more citizen-friendly.

The Union Territory of J&K is also implementing the same philosophy through its Compliance Reduction and Deregulation Reforms. The focus here too is on simplification, transparency and trust-based systems.

In the construction and industrial sectors J&K has replaced manual scrutiny with Auto-DCR systems. Building plans are now checked online as per the rules and approvals that once took months are now being granted in days.

> Decriminalization of minor defaults, immunity from prosecution and dispute settlement options reflect a shift from punishment to compliance.

Small businesses in J&K stand to gain the most. Shops can now be registered in a single day without inspections based only on a self-declaration. Road width norms have been rationalized so that home-based and small MSMEs can operate legally. Labour laws have been updated to allow flexible working hours and safer night shifts for women while reducing unnecessary registration requirements for very small establishments.

The spirit of the Union Budget's trust-based approach is also visible in J&K's recently promulgated Jan Vishwas Ordinance. By removing imprisonment for minor regulatory offences and replacing them with graded fines the Government of J&K has shifted from punishment to proportionality. The aim is to encourage voluntary compliance.

Together these national and local reforms mark a transition from a system built on approvals and inspections to one built on rules and technology. Ease of doing business is no longer a distant goal measured by rankings. It is becoming a daily experience with fewer visits to offices, fewer forms and eventually fewer delays. Ease of living in turn is about restoring time, dignity and more importantly trust to citizens.

This is how reform process succeeds not through grand speeches but through small, consistent changes that make governance simpler, fairer, and more human.

Dr Arun Manhas, Director Industries & Commerce, Jammu

A genuine reason for anxiety

Kashmiris deserve a life of dignity

Concern

Tahir Sayeed
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The word alienation has long occupied a central place in India's political vocabulary on Kashmir. For decades, prime ministers, home ministers and senior political leaders have acknowledged that a sense of disconnect existed between the people of Kashmir and the rest of India. It was widely accepted that many Kashmiris felt distanced from the national mainstream, lacked confidence in institutions, and carried the perception of being treated as distanced class of citizens.

Successive governments claimed to have pursued policies aimed at reducing this distance, rebuilding trust and integrating Kashmiris into India's social, political, economic and administrative structures. In recent years, there were signs that sections of Kashmiri society were themselves attempting to bridge this gap. Thousands of students enrolled in educational institutions across the country, professionals sought opportunities beyond the region, and traders and labourers travelled to different states in search of livelihood. These developments reflected a genuine attempt at integration.

That process, however, appears increasingly fragile. In recent months, incidents of harassment and violence against Kashmiris in different parts of the country have raised serious concerns. Kashmiri students have been been reporting intimidation, harassment and violent attacks for quiet a long time now. But, lately poor traders and seasonal workers, from shawl sellers to dry fruits vendors have too started facing verbal abuse, intimidation and physical assaults across the country particularly in states such as Himachal Pradesh and Uttarakhand. These incidents may appear as isolated, but they will hugely contribute to a growing sense of insecurity among Kashmiris in their own country.

What is striking is that these developments persist despite a recent advisory issued by the Union Ministry of Home Affairs asking states to ensure the safety of Kashmiri across the country. The continuation of such incidents suggests that advisories, in the absence of strict enforcement and political resolve have limited impact.

Equally troubling is the pattern that appears to be emerging. Kashmiris, particularly professionals, are increasingly subjected to suspicion and hostility. The controversy surrounding Kashmiri students at the Mata Vaishno Devi Medical College, who secured admission on merit but were later transferred amid a charged atmosphere, and the viral video from a medical college in Udhampur where Kashmiri doctors were publicly humiliated, point to a deeper problem that cannot be dismissed as isolated incidents.

> Kashmiris must be assured that wherever they go in the country they are safe, and respected.

The political leadership maintains that the objective of bringing Kashmir into the mainstream has been achieved. Yet, episodes such as these risk reinforcing precisely the sense of alienation that people at the helm of affairs claim to have addressed. Decades of conflict, instability and mistrust have left lasting psychological effects on Kashmiri society. When efforts to participate in national institutions are met with discrimination and hostility, confidence in the idea of integration is inevitably undermined.

At this juncture, there is a clear need for political leadership, particularly at the highest level, to move beyond routine statements. A firm and unambiguous message must be communicated that harassment, discrimination and violence against Kashmiris will not be tolerated. Accountability of state administrations and law enforcement agencies is essential, as is prompt action against those responsible.

Kashmiris must be assured that wherever they go in the country - to study, work, or conduct business- they are safe, respected, and equal citizens. This is the true meaning of mainstreaming, and only through this assurance can the trust, spoken of for decades, finally be restored.

Tahir Sayeed, Spokesperson of J&K National Conference and can be reached on X @ TahirSyeedK.

A campus divided by design

The Supreme Court's duty to restore fairness

Tuesday Talk

Bharat Rawat
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The UGC Equity Regulations 2026 present the Supreme Court of India with a constitutional test it cannot afford to evade. At issue is not whether discrimination exists in higher education it does, and it must be addressed decisively but whether the state is permitted to combat discrimination by abandoning equality before law, procedural fairness, and institutional neutrality. These regulations, as notified, create a system of asymmetric legal protection that conflicts with Article 14, dilutes natural justice, and risks converting grievance redressal into an instrument of selective power. In doing so, they cross a constitutional line.

The origins of the regulations lie in genuine grievance. The deaths of Rohith Vemula and Payal Tadvi raised disturbing questions about caste prejudice, institutional apathy, and the failure of existing safeguards. Their families approached the Supreme Court not seeking a new legal regime, but demanding enforcement of an old one: the UGC's Promotion of Equity Regulations, 2012. Those rules already required Equal Opportunity Cells and grievance mechanisms for SC and ST students. The constitutional failure was not legislative absence, but executive non-implementation.

This distinction matters. The Supreme Court has repeatedly held that where enforcement fails, the remedy lies in compliance and oversight, not in rewriting law in a manner that disturbs constitutional balance. The UGC itself appeared to understand this when it issued a draft in February 2025. That draft strengthened equity mechanisms while preserving due process. Complaints were to be investigated, evidence heard, and decisions reasoned. Crucially, it included a deterrent against demonstrably false or malicious complaints, recognising that institutional justice systems without abuse safeguards inevitably collapse under mistrust.

The final 2026 regulations represent a decisive departure from that approach. The most constitutionally problematic feature is the definition of "caste-based discrimination" as conduct exclusively against SC, ST, and OBC individuals. This design choice is not symbolic, it has legal consequence. It means only members of certain categories can invoke the regulatory machinery of discrimination. Others, regardless of facts, intent, or harm, are excluded from equivalent protection. The Supreme Court has consistently held that classification must satisfy intelligible differentia and rational nexus. In quasi-judicial grievance frameworks, identity-based access to justice fails both tests.

Affirmative action is constitutionally permissible when it seeks to remedy historical disadvantage in access to education, employment, or representation. But grievance redressal systems are not welfare schemes, they are adjudicatory mechanisms. When the state creates bodies empowered to investigate, censure, and penalise, it must apply uniform procedural safeguards. Article 14 does not permit a system where one citizen may complain and another may not, solely by virtue of social classification. Such asymmetry converts protection into privilege.

Equally troubling is the removal of safeguards against false complaints. Natural justice is not only about protecting complainants, it is about protecting the integrity of process. The Supreme Court has repeatedly emphasised that fairness requires balancing competing rights. By deleting deterrents against bad-faith complaints, the regulations abandon that balance. They create a presumption that identity substitutes for credibility, an assumption alien to constitutional adjudication.

The composition of Equity Committees raises further concerns. Mandatory representational quotas based on caste, category, disability, and gender may be appropriate in deliberative or advisory bodies, but adjudicatory committees demand neutrality, expertise, and confidentiality. Universities are not legislatures , they are institutions of learning. Committees designed as identity aggregates risk transforming grievance redressal into factional negotiation rather than impartial inquiry. The Supreme Court has cautioned against structures that compromise institutional independence under the guise of inclusion.

> A campus divided by design is not an accident of policy, it is a constitutional failure.

The likely chilling effect on academic decision making cannot be dismissed as speculative. Faculty evaluations, grading decisions, disciplinary action, and supervision inherently involve judgment. When every adverse academic outcome carries the risk of being retrospectively framed as discriminatory, without reciprocal safeguards, the rational response is avoidance. The Constitution does not require the creation of environments governed by fear rather than fairness.

Proponents argue that ministerial assurances will prevent misuse. Constitutional courts cannot rely on assurances when statutory text is unambiguous. The Supreme Court has consistently held that law must be judged as written, not as defended in affidavits or press conferences. The regulations, on their face, establish unequal access to grievance mechanisms and weaken procedural protections. That is the legal reality the Court must confront.

The February 2025 draft demonstrates that less intrusive, constitutionally compliant alternatives were available. The executive's choice to abandon them under pressure does not bind the judiciary. On the contrary, it heightens the Court's responsibility. Judicial review exists precisely to correct executive excess when policy, however well-intentioned, undermines constitutional structure.

This case is not about denying historical injustice or minimising discrimination. It is about ensuring that remedies do not generate new forms of injustice. The Constitution does not permit trade-offs between equity and equality , it demands their reconciliation. The Supreme Court's task is not to choose sides in a social debate, but to uphold symmetry, proportionality, and due process.

If allowed to stand, the UGC Equity Regulations 2026 will normalise selective justice in institutional governance. They will establish the precedent that grievance rights may be distributed by identity rather than citizenship. That precedent extends far beyond campuses. The Court must therefore subject these regulations to strict scrutiny, test them against Article 14 and principles of natural justice, and insist on procedural universality.

A campus divided by design is not an accident of policy, it is a constitutional failure. Restoring fairness now lies not with assurances or amendments, but with judicial correction. The Supreme Court must intervene not to weaken protections against discrimination, but to ensure that the fight against discrimination remains faithful to the Constitution itself.

The Writer is a social activist and columnist working at the grassroots level to bridge public concern with policy action.

DECCAN HERALD
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A crime without consequence

The Karnataka High Court's decision to take *suo motu* cognisance of rampant illegal sand mining and to signal that a court-monitored probe may be required is, on the one hand, welcome and, on the other, deeply unsettling. It amounts to an acknowledgement that the state's enforcement machinery has failed so comprehensively that judicial intervention has become unavoidable. What sharpens the concern is not merely the scale of the offence, but the extraordinary admission by the state's Home Minister, G Parameshwara himself. When the minister in charge of law and order publicly confesses his "helplessness" in tackling the sand mafia, the issue ceases to be about illegal mining alone. It becomes a question of who really governs Karnataka. The High Court's reasoning is unassailable in its clarity: when the home minister feels powerless, there can be no reasonable expectation that the police or district administration will succeed. Law enforcement functions on authority, institutional backing, and political will. Strip it of these, and it becomes ornamental, much like the state's sand-mining STF that exists largely on paper. More troubling is Parameshwara's admission that "many influential people" are involved, cutting across party lines. This raises an unavoidable question: if the home minister cannot name or act against this lobby, does it not imply that it enjoys protection from higher quarters?

The High Court's intervention in Karnataka's illegal sand mining points to an abject failure of state enforcement

Illegal sand mining is not a petty offence. It is an ecological and economic crime of staggering proportions. Rivers such as the Krishna, Cauvery, and Tungabhadra are being ravaged, groundwater tables depleted, crops damaged by dust, bridges weakened, and lives lost to reckless mining trucks. The exchequer bleeds while a parallel economy flourishes, fuelled by violence, intimidation, and black money. The rot is such that even legislators are not insulated. On the floor of the House, an MLA has stated that threats were issued merely for speaking against illegal sand mining. When elected representatives themselves fear retaliation, the vulnerability of ordinary citizens is self-evident.

A minister who admits he cannot protect the state's resources, enforce the law, or shield whistle-blowers has forfeited the legitimacy of his office. How can police or district officers be expected to act with courage when the home minister himself publicly surrenders before a mafia or entrenched lobby? When the guardian of law and order abdicates authority, the state has already lost. The High Court has struck the match. A court-monitored investigation by a Special Investigation Team is now imperative. Anything less would confirm that in Karnataka, the sand mafia is more powerful than the state itself.

India's coasts face a plastic stress test

Recent reports of plastic waste from Southeast Asian countries such as Thailand, Malaysia, and Myanmar being found in the Andaman and Nicobar Islands reveal how pollution is taking a distressing, 'globalised' turn. The islands, often identified with pristine beaches, have been grappling with plastic debris that adversely impacts their environment. Litter – plastic bottles and bags, parts of fishing gear, and microplastics – impacting reefs, marine species, and food chains has been a global problem. Every year, more than 11 million metric tonnes of plastic are estimated to enter the oceans. Waste washed ashore from other countries adds a layer to the crisis in India and underlines, yet again, the rampant abuse of oceans in the name of tourism. It appears that no place is now immune to the litter surge.

India was once seen as a dumping ground for plastic refuse, but the import of waste has come down after the country imposed restrictions from 2019. While there are reports of surreptitious arrival of polluting material, they are not in large quantities. But with a long coastline, India remains vulnerable; it has to cope with polluting trash that gets naturally dumped on its shores, damaging the environment and posing serious threats to marine life. Many of the country's beaches have been reporting large-scale trashing, but efforts to keep the coasts clean have worked only in isolation. There is no room for complacency. Mitigation has to be anchored in a focused, continuous drive where the waste is efficiently collected and recycled. Existing systems are not equipped to handle these volumes. Furthermore, clean-up efforts cannot be successful without the involvement of local communities.

Waste on the shores signals rising global pollution. The crisis calls for community-driven mitigation

What is visible on the shores and the seafloors across the world is a mere portion of the millions of tonnes of plastic waste generated every year. Conservative estimates say about 25,000 tonnes of plastic waste, in various forms, are generated every day in India, contributing to a pile of over nine million tonnes a year; only about 60% of it is recycled. The four 'R's prescribed as the long-term approach – reduce, reuse, recycle, and recover – present a compelling model, but have not translated into results on the ground. That even the enforcement of legal bans on the use of plastic bags remains patchy reveals the extent of the problem. Without targeted strategies at the local, national, and global levels, this becomes a race against time, the results of which will shape the health of the environment and future generations.

BETWEEN THE LINES

Budget roadmap skips the inclusion turn

The development vision does not go beyond the messaging to address inequality and gaps in social investment

INDIRA HIRWAY

The 85-minute presentation of the Union Budget 2026-27 by Finance Minister Nirmala Sitharaman did not dive into broad strategies or the overall approach underlying the myriad schemes and the numbers. In that sense, we heard a slew of items on the agenda, but not with the clarity on critical directional issues required at this time of international turmoil and its cascading effects that are showing up on the domestic economy. Instead, the FM spent too much time on the minutiae of the expenditure on different schemes. There was no unfolding of the big picture.

The main expenditure is on capital goods. The budget proposes to spend Rs 17.15 lakh crore on creating capital assets. This is, clearly, a positive takeaway. Capex builds for the future and is an investment that is meant to deliver long-term physical assets offering a multiplier effect; it can also attract private investment as it stimulates demand in the economy. As regards the budget expenditure, the highest share in the total expenditure is on interest payment or debt servicing (26.2%), followed by allocations made to the defence (14.67%) and transport (11.2%) sectors. We remain low in expenditure on the critical sectors of education, health, and social welfare.

The emphasis on Viksit Bharat is to be welcomed, but there remain important questions in terms of the direction of this development and what the nature of this development ought to be in an India where inequality remains high, health services are poor, and the gaps in education pose many challenges that have been highlighted time and again. This raises the question of priorities, considering that with a population which is not healthy and is poorly educated, the nation will struggle to place itself on the path to its lofty, stated goals of development.

Our experience in the last decade shows that unless both the education and health sectors are placed under the government's management, their scope cannot cover the bottom 40% of the country's population. Yet, matters have moved in the reverse direction in recent years, and the Union Budget has been unable, or is unwilling, to take a bold stance on this. Note that the push towards privatisation of health, which is most visible in the rise of private equity investments in hospitals, is a trend that, in effect, works to raise the costs of treatment and reduce access to healthcare, not widen it.

Next, the expenditure on centrally sponsored schemes in the current year is much less than the expenditure

that was budgeted last year. That is, it does not appear that the government is seriously pursuing these schemes. And where there is an increase, it has been marginal. Considering the price rise, one can state that overall, the expenditure on the centrally sponsored schemes has remained almost stagnant. This reveals a picture of schemes that cannot attain their intended or advertised objectives.

The expenditure on scientific departments is a mere 1.04% of the budget expenditure. How will the country achieve the goals of Viksit Bharat without substantial investment in evidence-based, high-quality scientific research and innovation? Considering that India is lagging far behind other emerging countries in research and development, this number is worrying. Anecdotal evidence shows that scientific temper has taken a serious hit in the country, and money is reportedly being spent on research that may not meet the strict demands of modern science. A clear allocation with a cautionary note on where this money would go would have helped address these apprehensions.

Navigating the challenges

The Budget does not cover some of the key areas of concern where the government's intervention was being urgently sought. For instance, the struggles of the Micro, Small and Medium Enterprises (MSME) sector, the rising inequalities of wealth and income, and the fallout of climate change. The MSMEs are expected to play a critical role in the implementation of the recently signed free trade agreement between the European Union and India. The realisation of the landmark trade agreement will hinge on the efficiency with which India navigates the non-tariff barriers – the FTA requires that the production of goods is of a prescribed quality and compliant with the European bloc's stringent norms on environment and labour participation. In a country where the MSMEs have been found wanting in adherence to these norms, the Union Budget should have offered a policy direction, but it did not.

The road to Viksit Bharat will remain bumpy if the country fails to address its inequalities. Again, the Budget did not offer direction to bridge these gaps. The government, it appears, has limited its climate action strategies to the adoption of renewables, without assigning due priority to the massive threat of air pollution, flooding, and deforestation.

Unemployment has been on the rise in the country. The Union Budget does not engage with the problem either. Overall, this has been an effort anchored in pragmatism and messaging – a statement of guarded optimism that does not chart an assured course towards sustainable, inclusive development.

(The writer is a professor of Economics at the Centre For Development Alternatives, Ahmedabad, and Associate, Levy Economics Institute of Bard College, New York; Syndicate: The Billion Press)

RIGHT IN THE MIDDLE

A master plan, rerouted

My friend's journey to beat the crowd ended exactly where it began

RAJIV RAJENDRAN

During my college days in Bengaluru, commuting by bus was a high-stakes sport. Long before the days of the Metro, and with only a limited fleet of rickety red buses to choose from, the return journey often required "foot-boarding"—a precarious balancing act on the vehicle's edge. It demanded the grace of a ballerina to maintain stability and the courage of an army *jawan* to secure one's grip on the periphery, as traffic lurched unpredictably.

My core group of six or seven friends included AK, nicknamed "Googs" after we discovered his lethal googly on the cricket pitch. Tall, lanky, and bespectacled, Googs was our pre-Internet Wikipedia. He was the most studious among us, always ready with an inquisitive fact, an obscure reference or a quiet observation that caught us off guard.

One January afternoon, Googs proposed a "genius" plan to bypass the 4:00 pm peak-hour madness. "Nothing happens in the last period anyway," he reasoned with clinical certainty. He decided to slip out at 3:00 pm, secure a seat on the bus, and be home well before the rest of us were still fighting for a toehold on the foot-board.

At 4:15 pm, the rest of us trudged to the bus stop and squeezed onto a bus packed like sardines. As we braced ourselves for the familiar, harrowing journey, we spotted something astonishing: nestled in the back corner by the window, was Googs—fast asleep!

Once we managed to edge our way inside, we shook him awake. In between bouts of laughter and rising curiosity, we probed him to understand what had occurred. It turned out the bus followed a circular route – it merely operated uninterrupted during peak hours around a designated set of stops. Googs had boarded at 3:00 pm, claimed his prized seat, and promptly nodded off in the cool Bengaluru breeze. He slept through his stop and completed a full, merry circuit, arriving back at the college gate just in time to meet us. His master plan had resulted in a wonderful siesta that led him back to where his journey had begun.

Years later, I learned that Googs had joined a top national intelligence agency--a fitting career for a man of his instincts and interests. When we eventually reconnected in person, I immediately brought up the circular bus incident. He offered a classic, enigmatic smile, winked, and replied: "In my line of work, I can neither confirm nor deny the said incident."

LETTERS TO THE EDITOR

Strengthen STEM beyond classrooms for women

Apropos your editorial 'Women in STEM, jobs must follow' (Feb 2), it is timely and enlightening. Until recently, STEM courses were male-dominated. It is heartening that women accounted for about 43% of STEM enrolments in the country. Unfortunately, this classroom strength is not translating into a near-equal percentage of women in STEM careers, primarily due to deep-rooted misogynistic prejudice. The sooner this false superiority is addressed, the better. Women have proven their capabilities in every field, and it is time for equal opportunities. As Charlotte Whitton said, "Whatever women do, they must do twice as well as men to be thought half as good." It's time for equality in STEM jobs.
M Basavaraj, Davanagere

Visionary or vacuous?

The Union Budget 2026-27 is a masterclass in theatrical incrementalism. While the three *kartavyas* sound poetic, the fiscal math reveals worrying stagnation. Increasing public CAPEX to Rs 12.2 lakh crore is welcome, but it is a band-aid on a bullet wound given the fiscal deficit and debt-to-GDP ratio. The SME fund of Rs 10,000 crore is insufficient, and the STT hike is a predatory tax on retail participation. This budget offers rhetoric but lacks substance for grassroots wealth creation.
Vijaykumar H K, Raichur

For federal equity

The Union Budget 2026-27's fiscal prudence is commendable, but its allocation patterns raise concerns over federal equity. Karnataka, a significant tax contributor, received minimal targeted support. Policy measures, such as revised devolution formulas, are essential to foster balanced development. Without these, disparities may hinder national cohesion and long-term growth objectives like Viksit Bharat 2047.
Anand Jewoor, Kalaburagi

Save Chamundi Hill

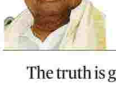
The proposed development works atop Chamundi Hill in Mysuru under Pilgrimage Rejuvenation And Spiritual, Heritage Augmentation Drive (PRASHAD) have sparked protests from environmentalists, heritage experts, and citizens. The concerns are valid, given the hill's cultural and environmental significance. Authorities must respect the views and engage with stakeholders to arrive at a balanced scope of work, prioritising conservation over construction.
H R Bapu Satyanarayana, Mysuru

Casualty of 'dopamine economy'

I refer to 'India's reading class is shrinking' (Feb 2). The decline of India's reading class, as detailed by the authors, is a structural casualty of a "dopamine economy" that thrives on exhaustion. We must treat the preservation of reading time as a public health priority, reclaiming our mental spaces from algorithmic platforms that profit from our depleted attention spans.
Shreshta Hebbar, Bengaluru

Our readers are welcome to email letters to: **letters@deccanherald.co.in** (only letters emailed – not handwritten – will be accepted). All letters must carry the sender's postal address and phone number.

SPEAK OUT

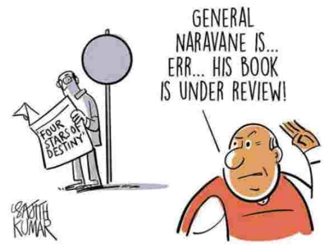


My government is neither derailed nor apathetic...Sometimes circumstances are such that in the face of lies, even truth appears helpless.

Siddaramaiah, Karnataka CM (On the BJP's charge that he was a helpless chief minister)

The truth is generally seen, rarely heard.
Robert Greene

TO BE PRECISE



IN PERSPECTIVE

Judicial realism for menstrual rights

The failure to treat menstrual hygiene as a constitutional obligation has led to systemic exclusion at schools

ANSHUL DALMIA

The Supreme Court in the case of *Dr. Jaya Thakur v. Union of India* (2026) exposed an uncomfortable truth about India's school system: the State continues to treat menstrual hygiene as a peripheral welfare issue rather than a core constitutional obligation. This petition was filed by a social worker seeking basic but non-negotiable measures, such as free sanitary pads for girls in classes 6 to 12 and separate functional toilets in government-aided and residential schools. That such simple demands still need judicial intervention is in itself an indictment of poor menstrual and reproductive health governance in India.

The Court correctly identified what governments have long avoided admitting. The absence of menstrual hygiene facilities does not merely inconvenience students; it actively pushes girls out of school. Absenteeism during menstruation often turns into permanent dropouts. This is not accidental. It is the foreseeable result of administrative indifference wrapped in policy language.

What makes this case stand out is the Court's refusal to accept the often-repeated defence that 'policies already exist'. It is clear that India does not suffer from a shortage of schemes; it suffers from a lack of enforcement. By grounding menstrual health in constitutional guarantees such as equality, dignity, autonomy, privacy, and education, the Court made it clear that this was not merely about welfare delivery, but rights denial.

The Court's attention to intersectionality sharpens the critique. A menstruating girl with a disability faces layered exclusion, ranging from inaccessible washrooms and the lack of assistance to social stigma. These are not marginal failures affecting a few. They reveal how public systems are designed around an imagined "default" student: male, able-bodied, and economically secure. Everyone else is expected to adjust or drop out.

The equality analysis was further damning. Girls without access to toilets or sanitary products are disadvantaged twice – once as compared to boys, and second, as relative to girls who can afford private schools. The Court made it clear that the State could not claim to provide equal opportunity to education while allowing menstruation to become a structural barrier. This was held to be discrimination by design and not oversight.

The judgment rejected that menstrual hygiene is merely an infrastructural issue. Toilets and sanitary pads are necessary, but they are not sufficient. Schools remain deeply uncomfortable spaces for menstruating girls, shaped by silence, stigma, and ignorance. By stressing awareness and training (including the role of male teachers and students), the Court acknowledged that exclusion is cultural as much as physical.

Crucially, the judgment does something rare in social rights litigation. It does not stop at recognising menstrual dignity as part of the right to life under Article 21. It goes further and rethinks how courts should deal with social rights violations. Instead of issuing abstract declarations, vague directions, or relying solely on executive assurances, the Court designed a framework of shared accountability. District Education Officers must conduct regular inspections; Child Rights Commissions are tasked with oversight; and the Union government remains answerable for compliance.

A broken promise

Equally important is what the Court refused to do. It did not allow governments to hide behind the judicially-designed schemes or policies. The Court held that its directions establish minimum, enforceable standards that operate alongside current policies. In effect, the Court signalled that incremental progress is no defence against ongoing constitutional harm.

This case should not be dismissed as judicial overreach. It is judicial realism. Menstrual dignity is not a niche concern; it is a constitutional stress test of whether equality and education mean anything in practice.

The path forward is clear. Governments must treat menstrual hygiene as core educational infrastructure, not an optional add-on. Schools must be audited with the same seriousness as examination results and admissions. Compliance data must be public, and oversight bodies must be empowered. Most importantly, legislatures must step in to set enforceable standards so that courts are not forced to repeatedly intervene in matters of basic dignity. If the State continues to respond only after litigation, courts will continue to fill the vacuum: not out of activism, but necessity.

If adolescent girls are forced to choose between managing their bodies and staying in school, the violation is already complete. The Court has shown what serious social-rights adjudication can look like. Whether governments respond with action or wait for the next petition will determine how seriously we take the Constitution's promise of equal education. A Constitution that cannot ensure equal access for girls in classrooms is not being interpreted boldly; it is unfortunately being honoured too late.

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{ OUR TAKE }

Balancing for fiscal federalism

The 16th Finance Commission has done well to lean on the side of prudence and justice in its award

Federalism is one of the key tenets of our constitutional framework and national unity. Its fiscal component, which determines how resources and responsibilities are shared among the Centre and the states, is critical to preserving its sanctity. Fiscal federalism debates have become more acrimonious over time thanks to the growing divergence in India's demographic and economic fortunes. States which have done well on economic growth in the medium term have also done well on population stabilisation. This created a situation where they increasingly felt short-changed as their demographic (out)performance was actually taking away the fruits of their economic performance by giving less to them in central taxes. This divide had also become congruent with India's political geography as the BJP was more successful in the low economic growth but more populous states. It politically weaponised this anxiety. Left unresolved, it would have made the forthcoming political delimitation exercise a tinderbox.

The 16th Finance Commission (FC) has done well to douse these fires without upsetting the overall fiscal federalism balance. States will continue to get 41% of the divisible pool of central taxes, which is the same as what the 15th and the 14th FCs decided. But richer states have seen an increase in their share and the poorer (and more populous ones) have seen a fall. What is even more important is the fact that a state's share in national GDP is now a determinant of its share in central taxes. This is an extremely important correction of incentives in the fiscal federalism framework. When read with the fact that the 16th FC has also abolished the revenue deficit grants — not all states gained from it — this also disincentivises lack of fiscal prudence. Things such as the proliferation of cash transfers targeted at winning elections called for a strong nudge of this sort. The 16th FC deserves unambiguous praise for having taken this problem head-on and deciding on the side of prudence and justice rather than a counterproductive status quo.

This is not to say that fiscal federalism tensions or fault lines will disappear overnight. Structural problems such as growing squeeze of centrally sponsored schemes on the fiscal space available to the central government or attempts to rejuvenate third-tier governments have tested previous FCs. These challenges might remain. But what is important is to recognise what the FC has done to address the most pressing issue confronting fiscal federalism.

Pakistan's theatre of the absurd

Stepping into the world of cricket increasingly feels like stepping into the theatre of the absurd: Some characters are often spouting gibberish, situations are downright bizarre, and nothing seems logical. The latest is the threat by Pakistan, which has confirmed that while it will play the ICC T20 World Cup, it will boycott its league game against India.

The announcement, resulting from Bangladesh's decision not to play in India (but which began with the Indian board's order to an IPL team to release one its Bangladeshi players), is ludicrous. On Sunday, India and Pakistan played in the U-19 World Cup in Bulawayo, Zimbabwe. It too was a World Cup, and it too featured India and Pakistan. So, why did Pakistan allow its juniors to play in a neutral venue if it won't let its seniors do so? Then, there is the matter of what Pakistan will do if it boycotts the league match but runs into India in the knockout rounds. Will it pull out of that game?

But there are other larger questions as well. ICC is yet to offer a satisfactory explanation on why India was allowed to play the Champion's Trophy in the UAE (instead of in Pakistan, the host country), and why the same courtesy wasn't extended to Bangladesh. The two situations (and countries) may not be comparable — India and Pakistan were just coming off a military fracas sparked by the Pahalgam terror attack by Pakistan-supported terror groups, and Dhaka really had nothing to complain about — but ICC hasn't exactly covered itself in glory over its handling of Bangladesh. Ironically, ICC has said (in the context of the latest crisis) that this position of "selective participation is difficult to reconcile with the fundamental premise of a global sporting event where all qualified teams are expected to compete on equal terms per the event schedule". But even more bizarre is Pakistan's approach (it has written itself into a crisis it wasn't originally part of). After all, the decision could cripple Pakistan's cricketing economy.

Budget sets the course for making India competitive

The emphasis shifts away from episodic interventions toward the steady accumulation of capability with lower costs through productivity, buffers through diversification, and credibility through consistency

Amit Kapoor

Budget 2026–27 elevates competitiveness, rather than welfare, stimulus, or even growth, to a *kartavya* (duty). In doing so, it signals a quiet but consequential shift in how India understands its economic challenge. Growth, the budget implies, is no longer the hard part; remaining competitive in a fractured global economy is. This shift reflects a global environment that has become less appreciative of macroeconomic performance alone. Trade is increasingly shaped by geopolitics rather than efficiency, supply chains are being reconfigured under strategic pressure, and capital flows have grown more volatile and selective. In such a world, growth alone no longer guarantees stability or insulation.

India enters this phase with notable strengths — real growth near 7%, inflation anchored, banks healthy, and the Union fiscal deficit contained at 4.8% of GDP. Public capital expenditure has risen from ₹2 lakh crore in FY15 to ₹12.2 lakh crore in FY27, and credit ratings have improved. Yet capital remains cautious and the rupee fragile. India, as the Economic Survey observes, is "punching below its weight" in global markets. The reason is structural. As a savings-deficient economy that runs a current account deficit in normal growth phases, India depends on foreign capital to support investment. The Survey highlights that this makes the economy more sensitive to global capital flows and limits the scope for sustained currency stability. Services exports, especially IT and business services, have provided an important buffer by growing faster than merchandise exports, but it is now evident that services alone cannot anchor long-term external resilience or raise economy-wide productivity.

At India's scale, competitiveness has, therefore, become a binding constraint, in the sense of demanding greater productivity. Economies that rely on shelter or suppression eventually trade growth for fragility; those that raise productivity can sustain higher incomes, export resilience, and macroeconomic stability simultaneously. It is against this backdrop that the budget's competitiveness agenda should be read. Under its first *kartavya*, the budget identifies six intervention areas pointing at two key directions.

The first is that competitiveness must be built through production ecosystems, not protection. Hence the sharp focus on scaling manufacturing in strategic and frontier sectors, reviving legacy industrial clusters, and creating "champion MSMEs". The emphasis is revealingly institutional. In biopharma, semiconductors, electronics, capital goods, and rare earths, the budget invests in regulatory speed, testing infrastructure, design capability, and supply-chain depth, along with capacity. The ₹10,000 crore Biopharma SHAKTI programme, for instance, devotes as much attention to clinical trials networks and regulatory strengthening as to production itself. MSME policy similarly pivots away from protection toward lowering the cost of capital via a ₹10,000 crore SME Growth Fund, expanded Trade Receivables Discounting System (TReDS) financing, and securitisation of receivables, aligning closely with the Survey's argument that capital costs, not labour costs, now bind competitiveness in India.

The second proposition is that competitiveness is increasingly determined by economy-wide factor efficiency — how infrastructure, energy, and urban systems lower transaction costs and raise productivity. Rising public capital expenditure is now tightly linked to logistics efficiency through freight corridors, waterways, asset recycling via REITs, and risk-sharing mechanisms designed to crowd in private investment. Energy is framed explicitly in terms of stability and cost discipline, echoing the Survey's warning that inverted tariffs and poorly sequenced green transitions can undermine industrial viability. The emphasis on City Economic Regions reflects a recognition that productivity growth is now predominantly urban, constrained as much by governance and coordination failures as by capital scarcity.

Read this way, the budget is internally coherent and notably restrained. It largely avoids the temptation of tariff-led protectionism, another point of alignment with the Survey, which cautions that upstream protection often acts as a tax on downstream exporters and erodes competitiveness rather than enhancing it. Instead, the State positions itself as an enabler of scale, speed, and discipline.

Where this logic acquires a sharper edge is in the treatment of energy and climate in this budget. Climate policy is understood as an industrial and technological strategy in its own right. The global turn toward carbon pricing, carbon border adjustments, and green procurement is already reshaping manufacturing cost structures. Export competitiveness, particularly in carbon-intensive sectors, will now be determined as much by energy systems and emissions intensity as by productivity on the factory floor. At the same time, there is a notable realism about the risks.

Poorly sequenced transitions can push up energy costs, worsen input-price inversion, and erode precisely the manufacturing base they are meant to future-proof. The budget's choice to embed energy security and price stability within the competitiveness framework rather than treating decarbonisation as a standalone objective reflects an implicit recognition of this trade-off.

Whether India can convert its net-zero commitments into an advantage will depend not on targets alone, but on its ability to combine low-cost renewable energy, grid reliability, domestic manufacturing of green technologies, and regulatory predictability.

Turning competitiveness from intent to action will hinge on more than just policy design. The agenda set out in the budget operates in an environment where outcomes will be shaped by coordination across levels of government. Differences in fiscal priorities, particularly the balance between revenue expenditure and capital formation at the state level will now matter more directly for investment conditions. This places renewed attention on the enabling role of State capacity. Many of the budget's competitiveness levers, whether in manufacturing, infrastructure, energy, or urban development, require predictability, timeliness, and consistency.

Seen in this light, competitiveness as *kartavya* functions less as a claim about outcomes than as a discipline of self-strengthening. It places the budget within a global environment marked by volatile capital, fractured trade, and persistent uncertainty in which resilience must be built in advance rather than improvised in crisis. The emphasis, therefore, shifts away from episodic interventions toward the steady accumulation of capability with lower costs through productivity, buffers through diversification, and credibility through consistency. How far this framing translates into sustained competitiveness will depend not on any single provision, but on whether policy, institutions, and incentives reinforce one another over time.

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Protectionism eventually trades growth for fragility; raising productivity can sustain export resilience and macroeconomic stability simultaneously. AFP

{ GRAND STRATEGY }

Happymon Jacob

The age of militarised middle powers is here

In Davos last week, a justifiably unhappy Canadian Prime Minister, Mark Carney, delivered what can be read as the funeral speech for the post-Cold War (America-led) world order. Emphasising that it is a "rupture, not a transition", the banker-turned politician introduced a term that should resonate well with New Delhi's view of the world — variable geometry. Two days later, in his speech at the Bundestag, German Chancellor Friedrich Merz echoed his transatlantic counterpart's sentiment, declaring that Europe must learn the "language of power politics". When two of the world's most polite nations — Canada and Germany — start speaking the language of hard power and strategic autonomy, we are not too far away from the end of the post-World War II order. For India, this is a moment of vindication: The country's commitment to strategic autonomy is proving to be the chosen template for other middle powers to navigate the vagaries of great power politics.

History is often a story of unintended consequences, especially in world politics. The current middle-power scramble for security is a direct by-product of the strategic decisions, or overreach, of the Big Three: Russia, the US, and China. In his quest to rebuild the long-eclipsed Russian empire, President Vladimir Putin may be inadvertently helping the making of a German military powerhouse. Not just yet, but give Berlin some time.

In 2022, Putin launched a "special military operation" to neuter NATO and prevent the emergence of a militarised West on Moscow's doorstep, and in his sphere of influence. Four years later, he may have instead achieved the exact opposite — the remilitarisation of Germany, or at least the beginning of it. Russia may win the war in Ukraine after all, but might find itself hard-pressed against a rearmed Europe. With an €83 billion defence budget for 2026 (which, in all probability, will be more than India's annual defence budget) and a commitment to continue to invest in defence, Berlin is on its way to becoming a major military power in Europe. What Putin wanted was a buffer; he now has a rising military power next door.

Across the Atlantic Ocean, in his pursuit of America First, President Donald Trump may have taught his country's closest allies how to, eventually, survive without Washington. By treating his allies with contempt, Trump has forced his northern neighbour out of its geopolitical vacation. But the US might soon find that an autonomous, well-armed North American partner is far less pliable than one dependent on it for its security. The objective of making America's allies more self-sufficient in security was reasonable; but the arrogant manner in which Trump did it is bound to have a blowback for the US eventually.

FOR DECADES, NEW DELHI WAS THE OUTLIER, CRITICISED, AND SOMETIMES EVEN LAUGHED AT, FOR ITS REFUSAL TO JOIN FORMAL BLOCS AND ITS INSISTENCE ON SEEING ITSELF AS A POLE IN ITS OWN RIGHT

In the meantime, buoyed by Trump's second coming, Beijing has been quietly upping the ante. For the superpower-in-waiting, it has been displaying open aggression against Taiwan, bullying Japan, and upsetting the balance of power in the Indo-Pacific. And yet, Beijing may soon realise that a world of many autonomous, well-armed middle powers is far harder to dominate than a world led by a single, tired, withdrawing superpower.

Rearmament in Berlin and Ottawa will not remain confined to the Atlantic. A Germany that speaks the language of power and a Canada that prioritises strategic insurance will not only project some power to protect their trade interests in the Indo-Pacific but might also inspire Japan and South Korea to raise the stakes in the region.

The scramble for security currently underway in Europe could eventually create a new equilibrium in Europe and beyond. For China, this means the Indo-Pacific will become increasingly congested with several new and autonomous powers with their own individual and collective redlines.

This unforeseen middle-power scramble for security is giving rise to what Carney calls "variable geometry" — a world where traditional, rigid military alliances are replaced by fluid, mission-specific coalitions of the willing, with or without the backing of the US. Even if a Beijing-Washington bipolarity eventually forms, the international order will feature several centres of gravity, with middle powers pursuing strategic insurance against the whims of major powers.

For India, this militarisation by the erstwhile pacifist middle powers is a clear validation of its own tried and tested grand strategy rooted in strategic autonomy in security affairs. For decades, New Delhi was the outlier, criticised, and sometimes even laughed at, for its refusal to join formal blocs and its insistence on seeing itself as a pole in its own right. Today, New Delhi's quest is becoming a norm for middle powers across the world. In their desperate pursuit of strategic autonomy, India has the opportunity to become their logical non-western strategic partner. New Delhi recognizes the strategic opportunity in co-developing high-tech defense platforms with emerging, and militarising, middle powers. A growing group of unhappy middle powers — uneasy about Chinese assertiveness and US transactionalism — now speaks the same language as India.

In their quest for absolute security, Putin, Trump, and Xi may have inadvertently empowered a new class of militant middle powers who are likely to come together to hedge against great-power coercion and bullying.

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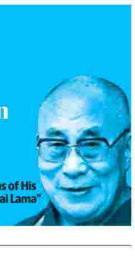
[THE DALAI LAMA]

I don't see it as something personal, but as a recognition of our shared universal responsibility

On the Grammy win for "Meditations: The Reflections of His Holiness the Dalai Lama"



Budget implications for the agriculture sector

Shweta Saini

Pulkit Khatri

Budget 2026-27, presented on Sunday, and Economic Survey 2025-26, presented on Friday, both referenced the "reform express" that Prime Minister Narendra Modi had spoken about earlier, highlighting the pace of structural changes underway. Finance minister (FM) Nirmala Sitharaman noted on Sunday that over 350 reforms have been undertaken since August 15, 2025, and indicated that the coming year would continue this momentum. Against the backdrop of such dynamism, one expected agriculture — so central to inflation, livelihoods, sustainability, and food systems — to feature prominently in Sitharaman's speech, in its outlining of the FM's priorities for growth. It did not. The budget documents, however, present nuances worth discussing.

Farmers and farming did not explicitly appear among the six focus areas identified for accelerating and sustaining economic growth in the financial year 2026-27. These priorities are: (i) scaling up manufacturing in seven strategic and frontier sectors; (ii) rejuvenating legacy industrial sectors; (iii) creating "Champion MSMEs"; (iv) delivering a powerful push to infrastructure; (v) ensuring long-term energy security and stability; and (vi) developing City Economic Regions.

However, the announcement of Bharat-VISTAAR — a multilingual Artificial Intelligence (AI) advisory platform integrating Agri-Stack and ICAR advisories — is a significant step in digitising such services to farmers. With an allocation of ₹150 crore, this initiative attempts to bring real-time, credible advisory services to farmers by leveraging India's growing digital agriculture architecture. This digital leap is in contrast with the budgetary trajectory for agricultural R&D. The allocation for the department of agricultural research and education (DARE) has declined marginally compared to the previous year. While the reduction is small, the signal is important: Digital dissemination is being prioritised without a corresponding strengthening of the knowledge-generation backbone, at a time when climate variability, emerging pests, and yield pressures demand stronger research investment.

The Economic Survey made a strong case for redesigning fertiliser subsidy through direct benefits transfer (DBT) to farmers on a per-acre basis, to correct nutrient imbalance and fiscal distortions. In contrast, the budget does not advance this reform direction. Allocations linked to DBT in fertiliser appear to have been reduced to negligible levels, suggesting that this reform pathway is not an immediate priority in FY27.

Allocations under irrigation programmes have seen moderation. Funding under the Har Khet Ko Pani component and the broader Pradhan Mantri Krishi Sinchai Yojana has declined compared to the previous year's budget estimates. With nearly 45% of India's gross cropped area still dependent on rainfall, the pace of expanding assured irrigation remains a critical determinant of agricultural stability.

The budget expands the articulation of "high value agriculture". Beyond the conventional fruits and vegetables narrative, explicit mention of coconut, cashew, cocoa, almonds, walnuts, and pine nuts signals a push towards diversified, plantation-based and tree-crop agriculture with export and income potential.

The announcement of SHE-Marts to create market access for women-owned enterprises is an important gender-inclusion measure. Building on the SHG ecosystem, these women-owned retail platforms can become critical nodes for marketing processed foods, livestock products, fisheries produce, and horticulture goods.

Finally, the Budget's most powerful indirect support to agriculture comes through its deep push to infrastructure and logistics. Trust-based customs, a single digital clearance window for food and biological cargo, AI-enabled container scanning at ports, electronic cargo tracking, warehouse digitisation, and removal of export bottlenecks for small consignments collectively create the backbone for faster and more predictable movement of goods.

While not framed as agricultural measures, these reforms directly ease the farm-to-market and farm-to-port journey for perishables, fisheries, livestock products, horticulture, and processed foods — areas where logistics costs and delays have historically eroded value realisation for farmers.

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Opinion

TUESDAY, FEBRUARY 3, 2026

DISINVESTMENT PROMISE

Finance Minister Nirmala Sitharaman

Going forward, there will be a lot more divestment. Specifically, divestment of central public sector enterprises will be seriously considered now onwards

Taxing the risk

STT hikes blur the line between regulation and revenue without protecting investors

A FEW MONTHS ago, Finance Minister Nirmala Sitharaman was refreshingly candid in acknowledging that retail investors are consistently losing money in the derivatives market. Yet she was equally clear that it was neither her intention nor that of the government to restrict their participation or redirect their savings elsewhere. "The state's role was limited to creating awareness about risks," she said. Against this backdrop, the Union Budget's decision to sharply raise the securities transaction tax (STT)—by 150% on futures and 50% on options—comes as more than a mild surprise, especially given its timing. The move comes when Indian equity markets are already under pressure, with foreign portfolio investors pulling out close to ₹2 lakh crore since 2025. In that context, imposing a tax that is likely to yield barely ₹10,000 crore—or less if trading volumes shrink—sits awkwardly with the broader objective of shoring up confidence and stemming capital flight.

Supporters of the move argue that it will curb high-frequency traders who profit disproportionately at the expense of retail investors, prompting some to describe it as a "sin tax". But there are more effective ways to temper speculative excess without damaging market sentiment. Crucially, the STT hike makes no distinction between derivatives used for speculation and those deployed for legitimate hedging, penalising both indiscriminately. There is, in fact, a stronger case for rethinking the very architecture of market taxation. When STT was introduced in 2004, it was meant to replace capital gains tax and curb evasion. Today, investors pay both, resulting in double taxation on the same transaction. That distortion has only grown more pronounced with successive rate hikes.

More worrying is the broader regulatory philosophy that appears to be taking hold. Increasingly, the state has assumed the role of a guardian when it comes to risky financial behaviour: tax it heavily, or ban it outright. Cryptocurrencies, online gaming, and now futures and options are cases in point. A committee was set up some time ago to examine cryptocurrencies, but clarity remains elusive. Investors only know that income from such assets is classified as speculative and taxed punitively. Elsewhere, notably in the US, regulators have opted for oversight rather than outright deterrence, with significant activity migrating to stablecoins and other regulated crypto instruments. Experience suggests that heavy taxation does not extinguish demand. Despite punitive levies, participation in gaming and crypto markets has continued. There is a real risk that derivatives trading, too, could shift towards unregulated or offshore venues.

This risk is underscored by market data. Despite repeated curbs by the Securities and Exchange Board of India, combined daily average notional turnover in futures and options on the NSE and BSE hit a record ₹592.34 lakh crore in January, surpassing the previous high of ₹537.26 lakh crore in September 2024. As Zerodha Founder Nithin Kamath noted on *X*, if curbing speculation is indeed the objective, product suitability norms—determining who can trade and under what conditions—would be far more effective than what he called "death by a thousand STT hikes". Yet, the government is unwilling to go down the product-suitability route. That reluctance leaves the market in an awkward position: burdened with higher costs, unresolved risks, and a policy approach that neither fully protects retail investors nor strengthens market confidence. The market should not be asked to keep paying the price for a problem that taxation alone cannot fix.

BUDGET FUNDAMENTALS

FISCAL RECTITUDE AND STEPS TO SUSTAIN GROWTH ARE AT PAR FOR AN UNCERTAIN WORLD

Twin buffers

DHARMAKIRTI JOSHI
PANKHURI TANDON

Respectively Chief Economist and Senior Economist, Crisil Ltd

A MARCH OF announcements generally makes February policy-heavy. The Union Budget and monetary policy review rub elbows within a week of each other, on a stage first occupied by the Economic Survey. This year, we also have two critical data announcements—a complete overhaul of the Consumer Price Index (CPI) and gross domestic product (GDP) series. The revisions involve rebasing the data to a more recent year, adopting new methodologies, and incorporating fresh data sets. Such changes can alter the measured size of the economy, its growth speed, and inflation numbers. Hence, the Budget should be assessed keeping in mind these forthcoming developments.

This fiscal's budget was framed under an unusual mix of circumstances: India's standout growth performance amid a challenging global environment marked by heightened uncertainty and risks stemming from tariff disputes and geopolitical conundrums. Against this milieu, growth was supported by directed fiscal measures and monetary easing. While real GDP growth remains strong, nominal growth—crucial for tax collections and corporate performance—is estimated to be 210 basis points (bps) below the budgetary target of 10.1 % for the fiscal. Nevertheless, the government managed the trade-offs well and achieved the fiscal deficit target set out in the Budget.

Fiscal marksmanship has been a hallmark of the government's budgeting, with the pandemic year as the sole exception. In the post-pandemic period, the government engineered a sustained reduction in fiscal deficit in line with its guidance. The latest Budget targets a fiscal deficit of 4.3% of GDP and assumes 10% nominal GDP growth for the coming fiscal—higher than the 8% estimated for the current fiscal. Higher nominal growth expands the tax base and should improve fiscal arithmetic.

In an important fiscal manoeuvre, the Budget has aligned with international best practice by shifting the primary fiscal anchor to the debt-to-GDP ratio. It aims to reduce the Union government's debt ratio to 50% by fiscal 2031, down from 56.1% estimated for this fiscal. This framework gives the government greater fiscal flexibility to address contingencies and calls for faster fiscal correction in strong growth years versus gradual adjustment in below-trend periods.

Crisil's calculations indicate the debt target is achievable if India sustains a nominal growth rate of about 10.4% per year—the average of the past decade—and lowers the fiscal deficit to 3.5% by fiscal 2031. The Economic Survey projects a 50-bps lift in potential real GDP growth to 7% over the medium run, broadly consistent with our nominal growth assumption. However, the government's rising interest payments in recent years have become an impediment in reducing the fiscal deficit. Interest payments accounted for roughly a quarter of the Centre's expenditure and 3.6% of GDP this fiscal, above pre-pandemic trends. This has contributed to a rise in government borrowings budgeted for the upcoming fiscal.

Credible fiscal goals and sustained fiscal consolidation will keep macroeconomic fundamentals strong and provide a buffer in the highly uncertain environment. Aiming for a lower fiscal deficit, the Budget has targeted some select sectors it sees as key to sustaining the economy's long-term resilience. Manufacturing is at the centre of the growth strategy. Building on the Economic Survey, the Budget focuses on seven strategic, new-age manufacturing sectors. The government is nourishing these sectors through a coordinated set of measures of incentives, establishing dedicated industry-specific corridors, and tax relief. These, coupled with incremental steps to improve the ease of doing business and incentives in strategic areas, should contribute to a gradual revival in private investment. After the pandemic, investment growth has been driven largely by government and household spending; yet the overall investment-to-GDP ratio remains stuck at ~30 %.

While a lot remains pending to ease doing business and revive private investment, the government has been taking measures beyond the Budget in the form of reforms and regulatory easing

From a medium- to long-term perspective, creating jobs and skilling workers will be a major challenge, especially as technological advancements generate displacement and disruption. The government has seen the services sector as key for sustaining employment. The Budget announced skill-building measures in medical services, tourism, and hospitality, which may withstand forces of automation better.

For now, though, capital outflows and a weakening rupee have been the main blemishes on an otherwise healthy 2025 macroeconomic story. The rupee depreciated sharply in the current fiscal, becoming the worst-performing emerging market currency. Net foreign portfolio investments were negative in equities and muted in debt, and net foreign direct investment remained subdued during the first months of the fiscal. The Economic Survey observed that "India's strongest macroeconomic performance in decades has collided with a global system that no longer rewards success with currency stability and capital inflows".

Steps to draw foreign capital into fast-growing sectors such as data centres through long-term tax holiday stability are salutary. This should encourage durable investment and complement a pick-up in FDI expected from the investment announcements by global technology majors. In addition, the Budget creates channels for non-resident Indians and foreign investors to buy Indian equities by raising the investment caps. Clearly, the ministry has preferred facilitation over tweaking capital gains. Over time, both measures are expected to boost inflows.

In the mercurial global environment, the Budget has played a stabilising role in strengthening the fundamentals—fiscal discipline, targeted expenditure, and a continuing march to easing the business environment. The recently signed trade agreements will become impactful only once they are fully implemented. Meanwhile, securing a trade deal with the US would reduce the uncertainty and punitive impact of the existing 50% tariffs, improve confidence, and encourage further inflows into India.

While a lot remains pending to ease doing business and revive private investment, the government has been taking measures beyond the Budget in the form of reforms and regulatory easing. Relentless efforts in this direction are needed to truly transform growth "potential to performance", as the Budget put it. All eyes are now on the monetary policy and the new CPI and GDP series.

Reform over rhetoric resonates with industry

BUDGET 2026-27 IS a defining statement of continuity, credibility, and confidence. It reaffirms India's commitment to stability, prudence, and reform-led growth with the overarching theme of *Viksit Bharat*. The ninth consecutive Budget presented by Finance Minister Nirmala Sitharaman consolidates the nation's economic gains of the past decade and pivots towards the next phase of transformation. Its underlying principle of "reform over rhetoric" resonates deeply with industry.

India enters FY27 on a strong macroeconomic footing. According to the first advance estimates, GDP growth is pegged at 7.4% for FY26 while the Economic Survey projects growth in the 6.8-7.2% range for FY27—outpacing peers and reaffirming India's position as the fastest-growing major economy for a fourth consecutive year.

Against the backdrop of geopolitical tensions and slowing global trade, the continued prudent fiscal management stands out as a strong policy anchor. The government's adherence to fiscal consolidation, maintaining the fiscal deficit at 4.4% of GDP in FY26 while projecting it at 4.3% of GDP in FY27, together with calibrated capex expansion budgeted at ₹12.2 lakh crore in FY27, will strengthen market confidence and sustain momentum in both public and private investment cycles.

CII commends the Budget's balanced approach—maintaining the growth-enabling role of public investment while deepening fiscal transparency and ensuring medium-term stability. For the industry, the continuity in macro strategy provides a stable horizon for planning investments and expansion.

What stands out is the explicit move from focusing merely on the scale of spending to more on quality of preparation. The focus on sector-specific skilling proposals, frontier technologies, and manufacturing road map for strategic areas like rare earth metals will help convert physical assets into sustained productivity gains. The FM's six intervention areas—scaling up manufacturing in seven strategic and frontier sectors, rejuvenating legacy industrial sectors, creating champion MSMEs, delivering a powerful infrastructure push, ensuring long-term security and stability, and developing city economic regions—form a coherent industrial and spatial strategy. This tiered approach signals a maturing industrial policy that focuses on resilience and competitiveness instead of blanket self-reliance.

CHANDRAJIT BANERJEE

Director General, CII

Similarly, the proposal to set up a high-level committee on banking for *Viksit Bharat*, to review and align the sector with India's next phase of growth—while safeguarding financial stability, inclusion, and consumer protection—is a welcome step towards preparing financial markets for the next leap of transformation.

For MSMEs, the three-pronged approach of "equity-liquidity-professional support" comes at a time when they face both opportunity and pressure from shifting supply chains, emerging technologies, and changing trade dynamics. Championing MSMEs through funding, ample liquidity, and handholding support through Corporate Mitras are welcome steps to translate opportunities into broad-based growth.

On taxation, the shift towards a trust-based, non-adversarial regime is noteworthy. The proposal to grant immunity from penalty and prosecution in cases of misreporting of income provides taxpayers with a safe opportunity to correct disclosures. The decriminalisation of offences relating to non-production of books of account and documents, as well as certain TDS-related defaults, is a welcome step and aligns with long-standing industry representations for rational laws on criminalisation.

The articulation of three *kartavyas* of the government—to accelerate and sustain growth with resilience, to build people's capabilities and aspirations, and to ensure sabka *saath, sabka vikas* through equitable access to infrastructure and opportunity—offers a normative frame for policy. Delivering on these national priorities demands institutional capacity, private sector participation, and policy consistency, all of which this Budget reinforces. The significance of Budget FY27 lies less in any single announcement and more in the coherence of its message. It is a reform-driven, stability-focused Budget that prioritises long-term growth and seeks to build competitiveness, productivity, and fiscal resilience.

Tax law on buyback comes full circle

MEHUL BHEDA

Partner, Dhruva Advisors

In the current global uncertainty, investors, especially foreign ones, look for tax certainty and policy continuity. Buyback taxation qualifies for the same

THE TAXATION OF buyback of shares under the Income Tax Act, 1961, has undergone multiple shifts, reflecting the overall thinking at the government level on how to tax return of capital and distribution of profits as well as the government's response to tax arbitrage.

Initially, buybacks were taxed as capital gains, which encouraged companies—especially promoter-driven ones—to prefer them over dividends. This was driven by lower tax rates on capital gains vs dividends, and was especially preferred by foreign-owned companies, where the overseas parents could also take benefit of tax treaties. To curb this, the Finance Act, 2013, introduced a buyback distribution tax under Section 115QA for unlisted shares, taxing the company instead of the shareholder. The tax rate was 20% on the buyback proceeds but the amount invested in the company was available as deduction. This seemed to be a balanced way of taxing buybacks, although a basis on the shares was a permanent loss not available for tax purposes if the shares were purchased from other shareholders (secondary purchase). This regime was extended to listed shares in 2019, effectively equating buybacks with dividend distributions. Shareholders were granted exemption, and capital gains provisions were overridden. However, bringing this regime to widely held listed companies led to several practical challenges, especially around the cost deduction.

In the meantime, the taxation of dividends in India underwent several flip-flops, between taxation at the company (as dividend distribution tax or DDT) and the shareholder level. Despite the abolition of DDT in 2020 and a return to shareholder-level taxation of dividends, Section 115QA was retained, creating asymmetry between dividends and buybacks.

This asymmetry, not entirely undesirable, was addressed by the Finance Act, 2024, effective October 1, 2024. The buyback tax under Section 115QA was abolished for buybacks on or after this date. Instead, the entire buyback consideration is now taxable as "dividend" in the hands of shareholders while the cost of acquisition is treated as a capital loss, allowable subject to general set-off rules. While this provided uniformity in taxation, it also lead to companies shying away from using this important tool, especially in genuine cases of return of capital.

The tax fraternity thought that the final word on buyback taxation has been said (at least for a few years), but Finance Bill, 2026, has made a pivot again. This was partially to address a genuine concern of the small/minority shareholders who were taxed on buybacks at the dividend slab rates but may not benefit from the cost of acquisition converted into a capital loss. The proposed provision seeks to tax buybacks (both listed and unlisted) as capital gains, thus restoring the pre-2013 position. This comes with a twist, though. To prevent tax arbitrage by promoters for distribution of profits, they will pay an additional tax on the capital gains, increasing the tax rate to 22% for domestic companies and 30% for promoters who are not domestic companies. The definition of "promoter" is drawn from the Securities and Exchange Board of India buyback regulations for listed companies. For unlisted companies, the definition is more comprehensive. It refers to the definition under Section 2(69) of the Companies Act, 2013, which covers any person who is in the control of the company or named in the annual return/prospectus as a promoter. Again, to curb misuse, the definition includes any shareholder holding more than 10% shares in the company directly or indirectly.

The govt may be well served to fall back on the General Anti-Avoidance Rule or similar anti-abuse tools in case of genuine misuse of tax arbitrage, instead of changing tax policy

This proposed change is generally positive as it provides capital gains certainty with a built-in tool to prevent tax arbitrage by dominant shareholders. However, it does raise a few points for consideration. One important benefit from when buybacks were taxed as dividends was that both business losses/unabsorbed depreciation as well as deductions such as Section 80M (for onward dividend distribution) were available. These offset opportunities maybe significantly restricted in a capital gains scenario. The 10% shareholder rule could impact private equity funds/pooling vehicles, alternative investment funds, etc., and there could be ambiguity especially for tax-transparent vehicles.

The tax law on buybacks has come full circle. One does hope that going forward, these provisions are not tinkered with. In the current times of global uncertainty, investors, especially foreign ones, do look for tax certainty and policy continuity. Buyback taxation definitely qualifies for the same. It is also impossible to curb tax planning entirely as smart promoters/investors do aim for tax efficiency, and the government may be well served to fall back on the General Anti-Avoidance Rule or similar anti-abuse tools in case of genuine misuse of tax arbitrage, instead of changing tax policy.

LETTERS TO THE EDITOR

Prudence over populism

"Reforms minus the fireworks" (*FE*, February 2) underlines the quiet confidence of Budget FY27, which has chosen prudence over headline-grabbing populism. In an environment marked by geopolitical churn, tariff shocks, and hesitant private investment, the Budget's calibrated, multi-pronged approach appears both timely and sensible. The emphasis on strengthening manufacturing ecosystems signals policy maturity. Equally significant is the focus on micro, small, and medium enterprises and labour-intensive sectors, which remain vulnerable to external trade pressures and delayed global agreements. But, as the editorial cautions, intent must be matched by speed; past delays in implementing export promotion measures shouldn't be repeated. On the fiscal front, the continued capital expenditure push, even without fresh tax sops, reflects realism. The government has resisted the temptation to overstretch finances, while supporting infrastructure-led growth. That said, the relentless pursuit of deficit reduction merits reflection, especially when the Economic Survey itself advocates flexibility.

—Sanjay Chopra, Mohali

Light on resolve

This Budget is heavy on reassurance and light on resolve. Draped in the language of fiscal discipline, it offers a bouquet of schemes but shies away from the hard reforms needed to reset India's growth and employment trajectory. Capex outlays are reiterated, not meaningfully reimagined; welfare schemes are repackaged, not structurally improved. It manages optics and narratives without confronting the slowdown in private investment, job creation, and income mobility. In trying to offend none, it inspires few.

—R Narayanan, Navi Mumbai

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Many non-priority sectors do have a lot of high-productivity entrepreneurs. Your job is to identify the high-return entrepreneurs or high-return activities and give credit to them

Arvind Panagariya

INDIAN EXPRESS IS NOT AN INDUSTRY. IT IS A MISSION.
— Ramnath Goenka

ICC MUST STOP REGIONAL POLITICS FROM DISRUPTING THE WORLD OF CRICKET

EVER since the Pakistan Cricket Board started threatening to boycott the T20 World Cup a month ago, Iceland Cricket began posting some memorable tweets. One on Monday that reflected the mood over the upcoming tournament read, "We remember the days when the most dramatic events in World Cups involved the playing of cricket. Now we have teams entering, leaving and partially playing, and it is only five days before it begins. Mayhem! You couldn't run a circus any better."

Things are indeed chaotic ahead of the first match on February 7. Unlike Kerry Packer's 'Circus' of the late 1970s, which changed the complexion of modern cricket, the one unfolding now is threatening to shake the cricketing ecosystem off the field. The past month witnessed weaponisation of cricket as a geopolitical tool like never since the ban of apartheid-ridden South Africa. The PCB was posturing ever since Bangladesh were replaced by Scotland for refusing to play in India. Yet, their boycott of the India match at Colombo shocked the cricketing fraternity.

The International Cricket Council should have proactively attempted to stop the brewing trouble from spilling over; instead, on Sunday, it reactively pointed to the resultant long-term financial losses. What makes matters more intriguing is that Jay Shah heads the ICC. So any ICC decision could be seen as having political implications, both at home and abroad. It's why the decision to remove Mustafizur Rahman from the IPL set off a chain reaction that could affect the sport's financing.

The absence of even one India-Pakistan match, the sport's biggest fixture, could cause broadcasters a rethink in the future. The money offered by broadcasters ensured that the neighbours were clubbed in a group at ICC events for a decade. In turn, this match funded a lot of lesser teams. What happens now? Though India's hegemony cannot be broken, Pakistan and Bangladesh have shown it can be disrupted. There have been boycotts earlier too, but the uncertainty was never like this. This could also adversely affect India's bid for the 2036 Olympics and even the 2030 Commonwealth Games. The ICC must find a way out before the politics gets darker. If the Orwellian thought that 'sports is war without weapons' takes hold in these deeply polarised times, there's no guaranteeing how the rivalry will spill over from the playing field.

UTMOST CARE NEEDED IN PLANNING TURTLE TRAILS

UNION Finance Minister Nirmala Sitharaman's announcement to develop turtle trails in three states—Odisha, Karnataka and Kerala—is exciting for more reasons than one. About five sea turtle species are found in India, but just one—the olive ridley or *Lepidochelys olivacea*—has chosen the country's coasts as its biggest rookery. The spectacle of thousands of female turtles dawdling ashore in waves at the crack of dawn to lay eggs, cover it up under the moist sand and then return to the sea is not just heart-melting, it's nature's wonder unfolding in a poetic motion.

In a country fortunate enough to witness the magnificent natural phenomenon of mass nesting, turtle tourism certainly has the potential to be a niche segment attracting both domestic and foreign tourists. States can tap into it for revenue and employment, but integrating coastal communities would go a long way to further the cause. In Odisha, fishers are forced to sacrifice their livelihood as a six-month fishing ban along the coast comes into effect every November to protect the endangered species.

Sitharaman's announcement quietly emphasises conservation. Olive ridleys nest across India's eastern, southern and western coasts, but Odisha remains the world's largest rookery. Last year, two of the eastern state's nesting grounds logged a record 1.49 million arrivals. In such a scenario, turtle trails would surely bring in tourists, but regulated tourism has to be the way. Olive ridleys travel thousands of miles across the oceans and are known to be extremely sensitive to environmental change as well as human activity. That's why the infrastructure must be non-invasive, the carbon footprint low and plastic pollution nil for the projects to survive. Disturbance caused by excessive tourism can prove counterproductive.

Devising a carrying capacity, therefore, would be a challenge. The states must factor in the impact of climate change while planning the projects. Gahirmatha and Rushikulya, two key nesting grounds in Odisha, have among the most erosion-prone coastlines. Given its proximity to a defence establishment, Gahirmatha is also a no-go area for tourists. With limited choices at hand, the states must design projects with utmost care. For, without turtles, the trails would be meaningless.

QUICK TAKE

THE JOKE IS ON US

NOTHING can cut through information overload like a joke. Trevor Noah indulged in some inspired dot-joining as, as the Grammy awards host on Sunday, he said that the song of the year award was "a Grammy that every artist wants—almost as much as Trump wants Greenland, which makes sense because Epstein's island is gone, he needs a new one to hang out with Bill Clinton". The litigious American president, who claims to never have visited the disgraced financier's private Caribbean island, has threatened to sue the South African comedian. But the joke highlighted how the world today often seems like a brazen travesty blithely masking human tragedies. Beyond the sensational news, we must not lose sight of Epstein's trafficking victims who are yet to get justice.

Even while keeping the fiscal ship on a glide path, seeding future capacity and supporting smaller firms, the Union budget elides over low nominal GDP growth, rising inequality and lack of jobs

LAUDABLE ON WHAT IT DOES, WORRYING ON WHAT IT DOESN'T

AJIT RANADE
Economist based in Pune

SOURAV ROY

INDIA'S macroeconomic dashboard is flashing a reassuring green. Quarterly real GDP growth has shown an upward momentum, inflation has been strikingly low, banks are reporting strong profits with low non-performing assets and corporate balance sheets look healthier after a long phase of deleveraging. That surface calm, however, is exactly why this budget needed to be read as a stress test—not as a victory lap.

The 'Goldilocks' sheen can be deceptive. Part of the growth impulse is still being carried by the Union government's capital expenditure push and part of the disinflation owes to food-price softness that can reverse abruptly. There are other signs of worry. The rupee was among the worst performing currencies during 2025 and net inbound foreign direct investment was close to zero. Foreign institutional investors withdrew $17 billion, making India's stock market performance abysmal in dollar terms, especially in comparison to other emerging markets.

So, Nirmala Sitharaman's ninth budget is best described as cautious pragmatism: keep the fiscal glide path intact, keep public capex as the growth backstop for now, and plant seeds for capability-building for future growth.

The fiscal deficit is budgeted at 4.3 percent of GDP—within the government's promised discipline. This discipline matters, not just for textbook prudence, but for credibility in an uncertain world. The most important constraint is the financing environment. Between the Centre's gross borrowing (budgeted around ₹17.2 lakh crore) and additional state borrowing (around ₹12.6 lakh crore), the bond market is staring at a flood of sovereign and sub-sovereign paper. When the supply of bonds is so large, interest rates can refuse to soften despite the RBI's heroic easing. Long-term bond yields sticking around 7 percent can become a deterrent to private investment precisely when we need it to take the baton from public capex.

There is a second risk: revenue buoyancy. Gross tax revenues reportedly grew only about 3.3 percent in April-November 2025-26—far below the full-year assumptions. If nominal GDP undershoots, or if consumption remains weak, fiscal arithmetic becomes harder to sustain without cutting the very capex that's propping up growth. That is the tightrope.

And yet, the budget keeps its capex bias intact: capital spending on infrastructure is budgeted to rise by about 9 percent. This also underlines the core policy question: how long can the State be the 'default engine' of growth without crowding out private capex? The answer lies in how to unleash the animal spirits of the private sector.

The world has returned to industrial policy. From semiconductors to clean tech, many governments are openly picking winners. This budget emulates that approach through sectoral nudges and targeted funds—in biopharma, electronic components, rare earth corridors, chemical parks, containers, data centres and carbon capture. The intent is understandable: reduce import dependence in strategic sectors, push domestic value addition and compete in a world less friendly to pure free trade.

But the success of industrial policy is about execution capacity and ecosystem depth—standards, testing, logistics, contract enforcement, skilled technicians, patient finance and predictable regulation. Otherwise, we end up with islands of subsidies rather than continents of competitiveness. The success of production-linked incentives is confined only to a few sectors so far. The more promising idea is the cluster logic: reviving legacy industrial clusters and linking training institutes to sectoral clusters—because competitiveness is built in supply chains, not in single firms.

One of the most forward-looking features is the long-term goal of capturing 10 percent of global tradeable services. The goal covers not just software but also services sectors like content creation, design, tourism, healthcare and medical tourism. Remember that services are increasingly tradeable digitally and this is where India has comparative advantage.

A services superpower is ultimately a skills superpower. Here, the budget's emphasis on building the pipeline from education to employment and enterprise—through a proposed standing committee—fits the long view.

Another notable move is the provision for city economic regions (CERs)—with an allocation of ₹5,000 crore per CER over five years. If done right, CERs can become engines of productivity by funding core urban infrastructure, mobility and civic capacity—especially in tier-II and tier-III India. We must, however, not forget the sobering lessons of the smart cities programme that has quietly been shut down. The proposed high-speed rail corridors promise to bring firms and workers closer, enhance logistics efficiency and enable commuter lifestyles.

There is not enough in the budget to confront the structural employment paradox—too many workers in low-productivity agriculture, weak mass consumption and wage stagnation. If we want inclusive growth, we need labour-absorbing non-farm growth at scale—micro, small and medium enterprise (MSME) clusters, labour-intensive exports and credible rural non-farm transitions.

Where the budget does well is in the quiet architecture for MSMEs. Working capital constraints and payment delays are silent killers of small firms. Strengthening bill discounting through trade receivables discounting system—and making it the settlement platform for purchases from MSMEs by central public sector enterprises—directly targets liquidity stress where it hurts most. One missed opportunity was to link GST invoicing/filing with Udyam portal to automatically penalise chronic payment delays. This reform would have improved trust and cash flow without large fiscal cost.

The budget is notably restrained on distribution issues: widening inequality, wealth concentration, and the sense of stagnant living standards for many households.

A budget cannot solve everything. But it must at least name the hard problems and lay out a credible medium-term reform path. The most important test of 'cautious pragmatism' is whether it can evolve into un-glamorous, high-impact reforms: deepen domestic long-term savings and financial intermediation, and above all make job-rich growth central rather than incidental.

In that sense, the budget respects the fiscal maths and looks to capability-building. The worry is that capability-building without confronting wage stagnation, inequality and private investment hesitancy can start looking like a plan without politics. The opportunity is that, with the right 'plumbing reforms', cautious pragmatism can become a bridge to a more private-led, more job-rich, and more trusted growth model.

(Views are personal)

FOR ONE NATION, ONE BUDGET DAY

PRAVEEN CHAKRAVARTY
Chairman, All India Professionals' Congress and AICC Data Analytics Department

THE best indicator of the importance of announcements made by the Finance Minister Nirmala Sitharaman in her budget speech for 2026-27 is in page 24 of a document titled '*Implementation of budget announcements of 2025-26*'. In her last year's budget speech, the FM had made a grandiose announcement with loud thumping of desks, of a scheme to 'make India a global hub for toys manufacturing'. Page 24 tells us that mere 'inter-ministerial consultations have been completed' in a full year since that announcement.

So, the FM's announcements of new schemes for manufacturing everything from seaplanes and sports goods to shipping containers and biopharma products in this year's budget can be dismissed easily as hollow rhetoric. Recall that the Prime Minister had announced 'Make in India' to double our manufacturing base with much hoopla in 2014, when manufacturing was 17 percent of the gross value added. Forget doubling, manufacturing has fallen to 13 percent of GVA now.

The lesson is clear—to boost manufacturing, the government has to get out of the way, not get in the way with schemes and announcements. The annual budget exercise must be a dreary display of government finances, how and how much it plans to raise money from and spend on. Every budget faces demands to lower taxes, spend more on welfare and keep debt/deficit low, which is always an impossible trinity.

GST is the largest source of tax revenues for the Union. But the Union budget has no role in it. The GST rates that determine the amount of revenues are set by the GST Council outside of the annual budget show. Recall that the GST rates were cut and rationalised in September 2025, leaving a ₹1.3-lakh-crore hole in the Union government's finances.

The FM had no room to tinker with corporate and personal income taxes, which account for 60 percent of tax revenues, to fill the GST hole next year. So, she resorted to raising transaction taxes in the stock market and basic excise duties on petroleum and sin goods to fill half the GST hole.

On the expenditure side, the FM surprised with a 40 percent increase in allocation for MGNREGA (new and old), perhaps to quell the opposition's fierce attack. Capital expenditure continues to be the charm offensive for the Modi government with an allocation of nearly a quarter of the total spend for next year, the highest ever. Overall, the government is projected to spend over ₹53 lakh crore, while it earns only over ₹36 lakh crore.

This is not new and governments over several decades have always spent more every year than they earned. The gap was financed with debt, which has accumulated so much over decades that more than a whopping 40 percent of what the Union government is expected to earn next year goes in interest payments.

EXPRESS

The Union finance minister has no control over either the largest source of revenues (GST) or the largest basket of expenditures (states). As the combined debt-to-GDP ratio of the states and the Union starts mattering more, the attention must shift to the states, which can consider presenting their budgets the same day

This year marks a milestone in India's budget history when the government shifts focus on reducing accumulated debt from just annual deficits. Global ratings agencies and investors evaluate a nation's debt-to-GDP ratio before assigning ratings and making investment decisions that impact a nation's currency, borrowing ability and foreign investment. Laudably, the FM has promised to reduce the Union government's debt-to-GDP ratio from the current 56 percent to 50 percent by 2031.

But what matters to ratings agencies and investors is not just the Union government's debt-to-GDP, but that of the Union and all states combined. States collectively spend ₹63 lakh crore, much more than the Union. States have an accumulated debt of ₹104 lakh crore, half the Union's. However, the catch is that while the Union government's debt-to-GDP is falling, states' is rising rapidly. Regardless of what the FM wishes in the budget, the nation's ratings and currency strength depend on how well the states manage their finances.

Even once well-managed states like Tamil Nadu and Punjab have seen debt levels increase 10-fold in the last 15 years while their GDP grew only four-fold, thus leading to an alarming rise in their debt-to-GDP ratio. The way for states to reduce their debt levels, similar to the Union, is either to increase revenues or decrease expenditure or both. The biggest source of revenue for states is GST, which is outside the sole control of the state or the Union government. So, the only remaining option for states is to reduce expenditure to control its debt levels, which is beyond the realm of the Union government. In short, the nation is entering a phase where after seven decades of the Union government managing the nation's economy, that responsibility has now shifted to the states as a whole.

If the FM appeared listless and boring in Budget 2026, perhaps this was one major reason. She has no control over either the largest source of revenues (GST) or the largest basket of expenditure (states). The Union government still retains control on how much states can borrow but India's complex political diversity will wrest even that away from the Union government soon.

The big takeaway this year is how the Union budget will start to matter less and less in the future, as economic attention and importance shifts to the states. What India needs is a 'one nation, one budget day' where all states' finance ministers present their budgets the same day and state finances garner the required national attention ***vis-à-vis*** the media hyperbole over the Union budget.

(Views are personal)

MAILBAG

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Budget illustration

Ref: *Big on small, small on big* (Feb 2). The budget has opened floodgates to a political storm with the opposition as usual blindly calling the Centre's targets blind. The commoner, on the other hand, has nothing much to feel excited about except to appreciate the illustration by Sourav Roy.
Rabindranath, Madurai

Better data

Ref: *New CPI* (Feb 2). Reducing food's weightage in the Consumer Price Index looks sensible on paper—surveys show spending patterns have shifted—but risks masking the real pain most Indians feel when the prices of dal, rice or vegetables spike. Future revisions must be tied to more frequent, granular surveys that better capture regional and income-group differences.
K Sakunthala, Coimbatore

Cautious optimism

Ref: *Fill the gaps budget, no big bang here* (Feb 2). The description is largely accurate. In a year marked by global uncertainty and fiscal constraints, the finance minister has chosen caution over spectacle. Budgets need not always be dramatic to be effective. What matters is continuity, credibility and the ability to sustain growth.
K V Chandramouli, Mysuru

Chanakya's lessons

Ref: *The king's portion* (Feb 2). The article educated me on the basics of the ever-relevant economic thought from ancient India. All administrators must have a basic understanding of the Arthashastra.
P Prema, Thanjavur

Alcaraz era

Ref: *Alcaraz* (Feb 2). Carlos Alcaraz's amazing consistency at the slams, having already won seven, is an indication of the young brigade taking over. The quality of Alcaraz's strokeplay was unbelievable.
C M Umanath, Kozhikode

Warangal's case

Ref: *High-speed rail to put Chennai on fast track* (Feb 2). The complete omission of Warangal—Telangana's second-largest city—is economically short-sighted. Equally concerning is the proposal to divert nearly half the rail traffic through the Bibinagar-Nadikudi section, much of which remains single-track. This threatens to undermine the operational efficiency of the historic Kazipet Junction. The absence of high-speed rail connectivity contradicts the Centre's stated objective of promoting regional balance and multi-city growth.
Vidyasagar Reddy Kethiri, Warangal

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Interesting insights emerge on human lifespan

LIFE expectancy in India at the time of independence was approximately 30-32 years. This rather low figure was driven by widespread poverty, inadequate healthcare, malnutrition, and high infant/maternal mortality rates. Since 1947, life expectancy has more than doubled, rising to over 70 years in recent years. This is, by itself, considered to be a major milestone as it reflects an improved public health care in the country. With about 65 per cent of Indians currently under the age of 35 and the median age speculated to be around 29, lifespan is a constant subject of interest. With a senior citizen population of around 11 per cent of the total, many a time the statement 'age is just a number' is bandied about in social circles. It thus becomes interesting to know how a human being's lifespan can be computed; some recent studies are helpful in this regard. Genetics may explain about half of a person's lifespan, a study has suggested, pointing to a far more significant role of genetics than indications from earlier research. The findings, published in the journal Science, show that once mortality due to external factors such as accidents or infections are accounted for, "heritability of human life span due to intrinsic mortality is above 50 per cent".

Researchers from Israel's Weizmann Institute of Science and Karolinska Institutet in Sweden pointed out that understanding the heritability of human life span is central to ageing research, yet measuring genes' influence on longevity remains a challenge. Earlier studies have estimated that life span may be 15-33 per cent heritable across varied populations, with a typical range of 20-25 per cent, they said. The researchers show that the estimates "are confounded by extrinsic mortality -- deaths caused by extrinsic factors such as accidents or infections". While genes linked to lifespan have been identified, external environments like disease or living conditions can exert a powerful influence on how long one lives and often obscure or confound potential genetic effects, they said. "Extrinsic mortality systematically masked the genetic contribution to life span in traditional analyses," the authors wrote. The team added that historical data from twin studies -- often explored for understanding how genes interact with environment and contribute to noticeable traits -- lack sufficient cause of death information to correct for extrinsic mortality.

"We use mathematical modelling and analyses of twin cohorts raised together and apart to correct for this factor, revealing that heritability of human life span due to intrinsic mortality is above 50 per cent," they said. "Correcting for extrinsic mortality raises the estimate for the heritability of human life span in twin and sibling studies to (nearly) 55 per cent, more than twice previous estimates and in line with heritability of most human traits," the team added. All the same, for humans around the world, it would be far more important to add life to years than add years to life as another popular saying goes. With quality of life under constant strain owing to prevailing socio-economic conditions, lifespan, whether inherited or lived

Bad governance leading to erosion of lakes and water bodies

Prof Madabhushi Sridhar Acharyulu

YEARS back, every village and settlement had a lake—protected by a raised embankment, a katta. The lake was not merely a water body but a living institution. Its embankment was guarded by local deities—Katta Maisamma, Gandi Katta Maisamma, Pochamma—symbols of collective memory and ecological discipline. The deity stood there as a reminder and a silent message—do not breach the bank, do not pollute the water and do not encroach upon the commons.

Cut to the present times. At most places, the lake is gone. The embankment is gone. But the deity remains.

Massive temples have replaced modest shrines. Expensive cars are driven in for rituals. Lemons are tied, pumpkins broken and garlands draped. There is a ticket for the vehicle and another for Ashtottara. Water is sprinkled to complete the ritual—often drawn not from the vanished lake, but from a purchased plastic "water bubble."

Faith without water, development without life: Faith continues. Ecology does not. This is not a criticism of belief. Every society has its rituals. Even rockets sent into space are adorned with lemons, ginger, and tamarind. Belief is not the problem. Selective belief is. We remember the deity but forget her purpose. We worship the guardian but destroy what she guarded.

Lakes turn drains; rivers become sewers:

Today though lakes exist, many of them have turned into drains. The Musi is no longer a river; it is an open sewer. Lake beds have been converted into schools, universities, hospitals, malls, and even government offices. Planning permissions were granted, layouts approved, foundations laid—often by the very State that is constitutionally bound to protect all natural resources.

We are now told not to drink water from our village lakes. We are told the wells are unsafe. That may be true—but it hides a deeper truth: the water did not become unfit by accident; it was made so by neglect, encroachment, and pollution. Real estate did not merely consume land. It consumed water, memory, and accountability.

From wells to water bubbles:

Every backyard once had a well. No one asked where the water came from—it was right there. Today, in apartments and gated colonies, no one asks about water sources. Buyers ask about parking, lifts, and amenities. Water is assumed. If there is a shortage, they say: 'buy a water bubble.'

Plastic bottles have replaced public water systems. We buy packaged drinking water bottles oblivious of whether they are mineral water or ordinary tap water. We have even forgotten how to ask for pure water, because purity has been outsourced to a label.

When lakes disappear, and bottled water becomes the norm, it is not culture that has failed—it is constitutional governance that must be blamed. When citizens are forced to rely on plastic bottles instead of public water infrastructure, the State has abdicated its duty. When faith is commercialised, and ecology is ignored, governance loses moral legitimacy.

This is not a consumer choice. It is a governance failure. The Supreme Court, in several judgments, questions this failure of the Union and State governments. The apex court has held that the right to life under Article 21 of the Constitution inherently includes the right to clean drinking water, sanitation, and a healthy environment. For instance, last year, the Supreme Court while giving its ruling on M/s Landmark Ventures vs MPPCB & Ors, explained: "The right to life inherently includes the right to enjoy a pollution-free environment… and thereby has also recognised the 'right to clean drinking water' as a fundamental right." (2025 INSC 131)

The Court further emphasised that the State must regulate water supply, safeguard water bodies, and prevent health hazards to protect this right. While focused on sanitation in court premises, the Supreme Court in Rajeeb Kalita vs Union of India (2025) affirmed access to sanitation as part of Article 21, grounding it in earlier jurisprudence which linked environmental and public health rights to life and dignity. (2025 INSC 75)

Supporting constitutional jurisprudence:

Beyond these, the Supreme Court has repeatedly emphasised in decisions such as M C Mehta vs Union of India and related environment cases that:

Protection of the environment, water, and air is integrated with the right to life under Article 21;

The State has constitutional duties under Article 48-A (environmental protection) and the public trust doctrine to preserve natural resources;

Sanitation and access to clean water are essential for human dignity.

Virender Gaur vs State of Haryana (1995):

The Supreme Court reiterated that: "Article 21… the protection and preservation of environment, ecological balance free from pollution of air and water, sanitation… are essential for enjoyment of life with human dignity." (1995) 2 SCC 577. This decision emphatically placed water and sanitation within the ambit of Article 21 rights.

In a case of A P Pollution Control Board vs M V Nayudu (1999), although primarily an environmental pollution and public trust doctrine case, the Court explicitly tied environmental protection to Article 21 and held that:

"Protection and preservation of environment, ecological balance free from pollution of air and water… are integral facets of the right to healthy life under Article 21."

This reinforced that a hygienic environment and clean water are essential to life and dignity.

Hygiene: From discipline to convenience:

There was a time when the first act on returning home was washing one's hands and feet. Earthen pots cooled water naturally. People drank without touching the vessel—the madi tradition—an act often dismissed as superstition, but deeply rooted in hygiene. Even hot coffee was sipped that way.

Today, we walk into homes with shoes on. We drink by putting bottles to our lips. Half-used plastic bottles are discarded. Caps are left open; water spills onto smooth floors, causing slips and broken bones. Dustbins fill with plastic and wastewater. This, we are told, is "modern civilisation." What has changed is not merely the habit, but our relationship with water, waste, and responsibility.

Constitutional failure behind the cultural shift:

The Constitution of India does not speak the language of nostalgia. It speaks the language of duty.

Article 21 guarantees the right to life—not mere survival, but life with dignity. The Supreme Court has repeatedly held that this includes the right to clean drinking water, sanitation, and a healthy environment. Article 47 directs the State to improve public health. Article 48A mandates environmental protection. Natural resources, including water bodies, are held by the State under the public trust doctrine—they are not commodities to be sold or sacrificed.

When lakes disappear, and bottled water becomes the norm, it is not culture that has failed—it is constitutional governance that has to be blamed.

When citizens are forced to rely on plastic bottles instead of public water infrastructure, the State has abdicated its duty. When lake beds are allotted for construction, the State has breached trust. When faith is commercialised, and ecology is ignored, governance loses moral legitimacy.

Faith cannot replace water: You can build a grand temple for Katta Maisamma. You can perform elaborate rituals. But if the lake she guarded is gone, the worship is hollow. Faith cannot recharge groundwater. Lemons cannot purify drains. Plastic bottles cannot substitute for living water bodies.

A civilisation that remembers its gods but forgets its lakes is not progressing—it is erasing its future.

The Constitution does not ask us to abandon belief. It asks the State to ensure that belief does not become an excuse for ecological destruction. It asks governance to protect the commons—water, land, air—so that culture, faith and life itself can survive.

Until lakes return, wells are revived, and water is treated as a right rather than a product, no amount of ritual will quench our collective thirst.

(The writer is Advisor, School of Law, Mahindra University, Hyderabad)

Frequent conduct of tribal festivals can propel TG and AP economies

Nomula Srinivas Rao

WHEN the deep forests of Tadvai in Mulugu district begin to reverberate with divine chants, the world witnesses a spectacle unlike any other. The Sammakka Saralamma Jatara, reverentially deemed as the 'Kumbh Mela of the south', is not merely a religious congregation; it is a seismic cultural event.

For a brief, intense period of 10 to 12 days, the forest transforms into a sea of humanity. Over one crore pilgrims traverse difficult terrains, thousands of buses ply continuously, and tons of 'bangaram' (pure jaggery) are offered to the deities. The sheer scale of logistics, the transactional volume of offerings, and the mobilization of resources prove one thing undeniably: tribal culture has a magnetic pull that can generate massive economic activity.

However, a pertinent question arises. If a biennial or annual event can stimulate such colossal engagement, why restrict this potential to a single, massive calendar date?

There is a pressing need for the state governments of Telangana and Andhra Pradesh to transition from relying solely on "mega-events" to hosting regular, frequent tribal festivals. Such a shift could be the master key to unlocking rural entrepreneurship and revitalizing local economies in the tribal hinterlands.

Moving beyond the 'boom and bust' cycle:

Currently, the economic benefits of tribal festivals are concentrated in short, explosive bursts. During the Sammakka Saralamma Jatara, local traders, transporters, and artisans see a windfall. But once the deities return to the forest and the temporary shelters are dismantled, the economic silence returns.

By institutionalizing a calendar of frequent tribal festivals—perhaps monthly or quarterly circuits across districts like Adilabad, Bhadradri Kothagudem, Visakhapatnam, and East Godavari—the two Telugu states can create a sustainable economic ecosystem. Regular events would mean a steady stream of income for local populations rather than a once-a-year lottery. It transforms the narrative from "pilgrimage management" to "cultural economy management."

Untapped potential of tribal entrepreneurship:

The primary beneficiary of frequent festivals would be the tribal entrepreneur. Our tribal belts are reservoirs of unique craftsmanship and organic produce that the urban market desperately craves but rarely accesses.

Handlooms and handicrafts:

Tribal festivals serve as the perfect open-air market for authentic goods. From the intricate Dokra metal crafts of Adilabad to the vibrant handlooms of the Koyas and Gonds, these products often languish due to a lack of market visibility. Regular festivals would provide a permanent platform for artisans to display and sell their work directly to consumers, eliminating middlemen. This encourages the younger generation of artisans to continue their hereditary crafts, viewing them as viable businesses rather than dying traditions.

There is a pressing need for the state governments of Telangana and Andhra Pradesh to transition from relying solely on "mega-events" to hosting regular, frequent tribal festivals. Such a shift could be the master key to unlocking rural entrepreneurship and revitalizing local economies in the tribal hinterlands.

Culinary entrepreneurship:

In an era where "organic" and "farm-to-table" are the buzzwords, tribal cuisine is the gold standard. The bamboo chicken of Araku or the millet-based rotis of Telangana's tribes are delicacies that urban foodies travel miles to taste. Frequent festivals would allow local families to set up food stalls regularly, turning home kitchens into micro-enterprises. This not only monetizes traditional knowledge but also preserves culinary heritage.

Tourism as a force multiplier:

The jatara proves that people are willing to travel for an experience. However, the modern tourist—especially the younger demographic—seeks "experiential travel." They want to witness the rhythmic beats of the Gussadi dance, understand the rituals of the Dhimsa, and immerse themselves in nature.

By organizing frequent cultural festivals, the Tourism Departments of Telangana and Andhra Pradesh can curate 'tribal circuits'. These festivals can act as anchors for eco-tourism. When thousands of tourists visit a district for a weekend festival, the ripple effect is felt across the hospitality sector. Homestays, local guides, transport operators, and small shops all thrive. It encourages infrastructure development in remote areas, not just for the sake of construction, but to service a growing service economy.

Empowering women and youth:

The most significant impact of a localised festival economy is on women and youth. In the tribal context, women are often the custodians of agricultural produce and handicrafts. The sale of forest produce—honey, medicinal herbs, tamarind, and the famous 'bangaram' (jaggery)—is often managed by women.

Regular market-festivals give Self-Help Groups (SHGs) a consistent revenue channel. Instead of selling raw produce to middlemen at throwaway prices, they can package and brand their products for festival visitors, capturing higher value. Similarly, tribal youth can be trained as cultural ambassadors, tour guides, and event managers, fostering a spirit of entrepreneurship that reduces migration to overcrowded cities.

The path ahead:

The government of Telangana state has already shown commendable dedication in organising the massive Sammakka Saralamma Jatara. The machinery is in place; the intent is visible. The next step is decentralisation and frequency.

We need not wait for the stars to align for a biennial Jatara to celebrate tribal culture. By creating a robust calendar of smaller, frequent festivals, we can turn every district into a cultural hub. This approach respects the sanctity of the massive annual pilgrimages while acknowledging that culture must be a living, breathing, and earning part of daily life.

Transitioning to frequent tribal festivals is not just about celebration; it is a strategic economic policy. It is about taking the spirit of the 'bangaram' offering—which symbolises wealth and purity—and ensuring that wealth flows back into the hands of the people, for whom the forest is their home.

(The writer is a former OSD to former Union Civil Aviation Minister)

LETTERS

Duty exemption on cancer drugs is a life-saving move

IN a major initiative, the Union Budget 2026-27 has given customs duty exemption on cancer medication drugs and brought down life-saving medications at affordable rates, which is a widely appreciable initiative. One must remember that cancer patients are increasing by over a million every year in India. Another good augury is the government's proposal to establish over 200 cancer care centres across the nation. One fondly hopes that this will bring a huge relief to cancer-inflicted patients and their families from the middle- and low-income groups.

Saketh Sirasanagandla, Hyderabad

Middle class ignored, yet again

THE 2026-27 Union Budget ignores the middle class by retaining income-tax slabs and rates, while increasing securities transaction tax. The super rich are incentivised by write-offs of their loans and lower class is enjoying the benefit of freebies and free/subsidised housing. However, the middle class has to bear the brunt huge education costs, EMIs for essential consumer goods and rising house rents on the one side and loss of job security and rising unemployment or underemployment owing to technological progress and adverse changes in labour codes, on the other side.

P R Ravinder, Hyderabad

High-speed rail corridors must include Warangal

THE Union Budget 2026–27 has announced three high-speed rail corridors for Hyderabad connecting Pune, Bengaluru and Chennai, projecting them as "growth connectors." However, the complete omission of Warangal—the second-largest city of Telangana and a major educational, industrial and cultural hub—is deeply disappointing and economically short-sighted. Equally concerning is the proposal to divert nearly half of the rail traffic through the Bibinagar–Nadikudi section. Instead of upgrading Kazipet into a modern transit hub, the current plan risks turning it into a congestion bottleneck. Warangal has been repeatedly assured of a railway manufacturing unit and redevelopment under the Amrit Bharat Stations Scheme. I urge the Ministry of Railways and the Telangana Government to re-examine the corridor alignments and include Warangal–Kazipet in the high-speed rail framework, ensuring that Telangana's development is not confined to Hyderabad alone.

Vidyasagar Reddy Kethiri, Hanumakonda-506009

Oppn has chosen rhetoric over reason

THE Opposition's criticism of the Union Budget 2026-27 appears less an exercise in economic scrutiny and more of a reflexive political ritual. Ignoring fiscal constraints, global uncertainty, and inflationary pressures, it has chosen rhetoric over reason. The budget's calibrated focus on capital expenditure, infrastructure push, fiscal consolidation, and targeted welfare reflects pragmatic governance, not indifference. To dismiss these measures as "anti-people" without credible alternatives only exposes an unwillingness to engage with hard economic realities.

S Lakshmi, Hyderabad

Unbecoming of Cong, DMK and TMC

THE Congress, TMC and DMK have indulged in irresponsible fault-finding over the Union Budget, branding it with a variety of pejorative labels rather than engaging with its substance. Such rhetoric is uncalled for at a time when the economy demands constructive debate and policy seriousness. Instead of offering credible alternatives or acknowledging fiscal constraints, the Opposition has chosen theatrics over analysis. Budgetary scrutiny is vital in a democracy, but reducing a complex financial exercise to slogan-driven criticism only weakens parliamentary discourse and does little to advance national economic interests.

Sakunthala K R, Hyderabad

Should the Centre fund development projects in states?

THE Union Budget sets out how the Centre will spend money on national priorities like national highways, railway corridors, power grids, defence, and large infrastructure projects. States, on the other hand, prepare their own budgets to meet local needs like irrigation canals, hospitals, schools, and village roads. Transfers from the Union Budget to states happen in several ways. First, tax devolution: a constitutionally mandated share of central taxes recommended by the Finance Commission. Second, grants-in-aid: funds given to states to cover revenue deficits, disaster relief, or special needs. Third, centrally sponsored schemes: programmes like MGNREGA or PMAY, where both Centre and states share costs. Fourth, central sector schemes: fully funded by the Centre but implemented in states, such as PM-KISAN. Chief Ministers often criticize the Union Budget because it does not announce state-specific projects or increase their share of funds. They feel their states are ignored when allocations are shown only in aggregate. The Union Budget builds national infrastructure, while state budgets decide local development priorities.

Dr O Prasada Rao, Hyderabad

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BENGALURU ONLINE

Govt changes timing of Urdu schools during Ramzan

BENGALURU: The Karnataka government has decided to change the school working hours for Urdu-medium primary, upper primary and high schools across the state during the month of Ramzan in the academic year 2025-26. State Home Minister G Parameshwara on Monday said calling the government's move as appeasement of minorities was not right. The decision applies to all government, aided and unaided Urdu-medium schools and follows a review of existing orders and a representation submitted by the Karnataka State Primary School Education Association (R), Bengaluru, a government circular said.

Read more at https://epaper.thehansindia.com

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COMMENT

Editorials

'Protection' for predation a reminder to be Washington's friend can be fatal

If globalization had a nervous system, it would be made of ports, canals and contracts. When a major power starts pricking those nerves for geopolitical convenience, the pain travels far beyond the immediate target. That is exactly what we are witnessing today in Panama and northern Australia, where Washington's pressure politics are colliding head-on with international law, national sovereignty and the basic rules of global business.

During a recent visit, United States Secretary of Defense Pete Hegseth baselessly declared that "China's control of critical infrastructure" around the canal "threatens" the "sovereignty" and "security" of Panama and the US — and vowed that the US would "take back" the canal from China. That statement was striking not just for its hostility, but for its ignorance and historical amnesia.

China does not control the Panama Canal. Panama does. What a Chinese firm controls — legally — is the operation of two commercial ports, Balboa and Cristobal, at either end of the canal. The Hong Kong-based CK Hutchison has managed them since 1997, after approval by Panama's Congress. The contract was renewed in 2021 through lawful procedures and extended to 2047. Panama's own maritime authority later confirmed the company's full compliance after an audit.

That is not "coercion".

Yet under sustained US pressure — amplified by alarmist claims of "espionage" without evidence — Panama's Supreme Court ruled last week that the renewal was "unconstitutional", citing technical issues related to bidding procedures. The timing was conspicuous. So was the geopolitical context. Washington has made no secret of its desire to reduce China's footprint in Latin America, particularly around strategic chokepoints. What looks like a "legal" ruling increasingly resembles a political off-ramp built under external pressure.

As for Darwin Port in Australia, different location, same playbook.

In 2015, China's Landbridge Group won a 99-year lease to operate Darwin Port through an open international bidding process, paying hundreds of millions of dollars. The deal was reviewed and approved by Australia's Foreign Investment Review Board. At the time, no one in Canberra declared a "national security" emergency. On the contrary, the port — then losing money — was revitalized. Under Landbridge's management, it turned profitable, expanded capacity, and became a growth engine for northern Australia.

As the US deepens its "Indo-Pacific" strategic posture, Darwin Port's strategic location suddenly looms large. Washington has been blunt in pressing Australia to "take back" the port, hinting at military cooperation, fuel storage investments and alliance expectations. Canberra now finds itself debating whether to arbitrarily terminate a lawful commercial contract — not because the operator violated Australian law, but because its nationality has become geopolitically "inconvenient" under US pressure.

If this sounds uncomfortably familiar, it should. Former US secretary of state Henry Kissinger once quipped that "to be an enemy of the US is dangerous, but to be a friend is fatal". What Panama and Australia are discovering is the modern corollary: US allies are often asked to absorb the legal, economic and reputational costs of US strategic anxieties. The problem is not only political. It is systemic. International commerce rests on a simple premise: pacta sunt servanda — agreements must be kept. When contracts approved by parliaments, regulators and courts can be torn up retroactively due to pressure from a third country, every investor everywhere recalculates risk.

For Panama, undermining a 29-year-old cooperation sends a chilling signal to global investors: your contracts are safe — until they aren't. For Australia, reversing a legal and binding deal erodes its hard-earned reputation as a "rules-based" investment destination. And for the global economy, disruptions at the Panama Canal and Darwin Port — both critical supply-chain nodes — mean higher costs, delays and fragility in an already stressed trading system.

The irony is that these moves are "justified" in the name of "sovereignty", yet they trample it. The UN Charter is explicit about noninterference in the internal affairs of states. So is international commercial law about respecting lawful contracts. When Washington pressures other countries to rewrite deals to suit US preferences, it is not defending a "rules-based order" — it is making its will the "law" for all.

If ports, canals and contracts become pawns in US geopolitical games, globalization does not collapse overnight — it corrodes, quietly, deal by deal. As Chinese Foreign Ministry spokesman Lin Jian said, China will take necessary means to safeguard the legitimate rights and interests of its enterprises.

The US has "security" concerns. But when "security logic" is overstretched to justify overturning lawful commercial agreements in third countries, the line between "protection" and predation blurs. And once that line blurs, allies — not adversaries — often pay the price. In a world already short on trust, pressuring other countries to weaponize contracts is a dangerous habit. History suggests it rarely ends where it begins.

US defaulting on dues dragging down UN

The United Nations now stands on the brink of a serious financial crisis, with UN Secretary-General Antonio Guterres saying in a letter to all UN member nations on Friday that cash for its regular operating budget could run out by July. "Either all member states honor their obligations to pay in full and on time — or member states must fundamentally overhaul our financial rules to prevent an imminent financial collapse," he said.

The crisis stems primarily from the chronic underpayment of dues by some member states, particularly the United States, which has historically been the largest financial contributor to the UN, accounting for 22 percent of its core budget. Yet the country now owes about $2.2 billion to the world body's regular budget, including $767 million for this year. The US recently withdrew from the World Health Organization with hundreds of millions of dollars in unpaid bills after the US administration had made it clear that it will withdraw from 66 international organizations, nearly half of them affiliated with the UN.

As a result, the UN ended 2025 with a record $1.57 billion in outstanding dues, more than double the amount outstanding at the end of 2024. The US did not pay any dues last year, according to the UN. The shortfall is compounded by outdated financial rules that mandate the return of unspent funds to member nations, even when those funds have never been fully collected. This "Kafkaesque" financial structure, as Guterres describes it, creates a paradox where the UN appears financially balanced on paper but is cash-strapped in reality.

The implications of this crisis are grave, threatening to undermine the UN's ability to execute vital peacekeeping, humanitarian, and developmental missions. The funding shortfall is not merely a fiscal challenge, but a profound test of global solidarity and responsibility. Addressing this crisis requires immediate and decisive action from all UN member states. Thus, countries that have not fulfilled their financial obligations must do so promptly. The US should recognize its responsibility for the UN's financial health and settle its outstanding dues. This is not only its legal obligation, but also a reflection of its willingness to uphold its proclaimed position as "a moral and responsible world leader".

Furthermore, there must be a concerted effort to reform the UN's financial framework. The current system, which refunds money it has never received, is unsustainable. Member states should work collaboratively to amend these rules, ensuring that the UN retains sufficient liquidity to operate effectively. This could involve establishing a contingency fund to buffer against delayed payments, or revising the refund policy to reflect actual cash inflows.

Long-term measures are essential to prevent future crises. The principle of "capacity to pay" should be rigorously applied to ensure a fair distribution of financial responsibilities. As China's deputy permanent representative to the UN, Dai Bing, has noted, the disproportionate financial burden on developing countries is neither reasonable nor sustainable. Developed nations must shoulder a fairer share of the financial load, reflecting their greater economic capabilities.

As the second-largest contributor to the UN regular budget — accounting for about 20 percent of the total — and peacekeeping assessments, China has always actively fulfilled its financial obligations to the UN. What China has done to steadfastly support the UN and multilateralism reflects its sense of responsibility as a major country.

In this multipolar world, the UN remains an indispensable pillar of international governance. The current financial crisis that the UN faces is a call to action as well as a reminder that the world body's strength lies in its collective support from its member states. It is imperative that all nations rise to this challenge with the urgency and commitment it deserves.

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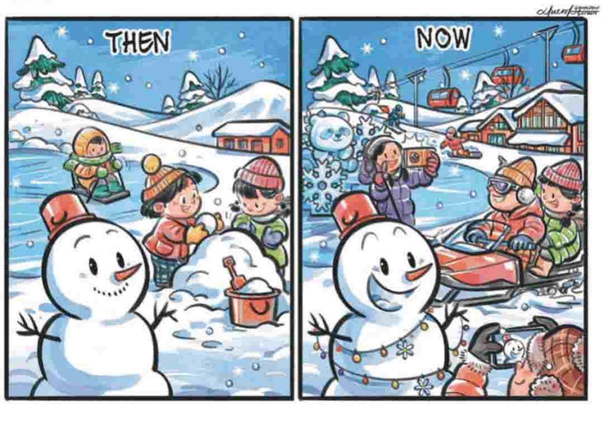

Opinion Line

Pragmatism doesn't mean some are 'decoupling' from 'decoupling'

If you only skim the headlines, Beijing today can look like the Grand Central Station. Some Western presidents, prime ministers, commissioners and CEOs are lining up for meetings, handshakes and memoranda of cooperation. To some overly enthusiastic observers, this might signal the ebb of "de-risking", the allies of the United States "decoupling" from "decoupling" or even cracks in the transatlantic alliance itself.

Indeed, on the one hand, these visits reflect the real needs of various countries for the Chinese market, stable expectations and multilateralism, and therefore represent a certain return to rationality in international relations.

On the other hand, what these visits also show is not a Western strategic turn toward China, but Western strategic adaptation. Some US allies are learning how to cooperate with China where they can, hedge where they must, and distance themselves where they believe their core interests — "security" and "values" — are at stake.

The transatlantic relationship has proven resilient precisely because it is not built on sentiment, but on binding pacts, institutional depth and "shared interests" that transcend any single US administration. NATO, the EU-US Trade and Technology Council and the Five Eyes intelligence framework are not loose political understandings; they are bureaucratic and operational systems with enormous inertia.

On security, the picture is even clearer. Despite Washington's abrasive demands that allies spend more on defense, the European Union's NATO members increased military outlays by 12 percent year-on-year, responding not to rhetoric but to hard "threats" — the Ukraine crisis and growing instability on Europe's periphery. As then NATO chief Jens Stoltenberg put it, Article 5 is not a talking point; it is a legal commitment. Public opinion reinforces this structure: 85 percent of sampled Americans and Europeans still view the alliance as vital.

Against that backdrop, some Western leaders' and senior officials' visits to Beijing recently take on a different meaning. Some US allies are not abandoning "de-risking"; they are redefining it. In their eyes, "de-risking" was not about severing ties with China — an impossibility given China's centrality to global supply chains — but about reducing "vulnerability" in strategic sectors. That logic remains firmly intact for some Western policymakers.

Indeed, recent history shows how precarious China's agreements with some US allies can be when alliance pressure intensifies. Under US urging, the Netherlands reversed long-standing market commitments in order to restrict semiconductor cooperation with China, even invoking Cold War-era laws. The EU froze ratification of the Comprehensive Agreement on Investment. Chinese tech companies have been excluded from European infrastructure projects after the TTC aligned transatlantic standards.

These reversals reveal a hard truth: economic cooperation with China is often conditional, reversible and politically fragile for some US allies. When US pressure rises, alliance discipline tends to prevail.

Nor should the US' unilateralism be mistaken for the country's "decline". Paradoxically, it has often strengthened US centrality in many strategic fields through illegal means. The dollar still accounts for 56 percent of global reserves, dwarfing the euro. US Treasury bonds make up around 60 percent of global safe-haven assets. Export controls and standard-setting have consolidated US' status in semiconductors and AI, where US companies hold roughly 40 percent of core patents. NATO allies now import about 70 percent of their weapons from the US, deepening technological dependence.

Even Europe's frustration with the US' climate policy underscores the point. The EU's climate chief, who brushed aside the US' backpedaling attempts in climate field, warned that US policies were pushing allies toward China. The bloc's top diplomat also reiterated that transatlantic unity remains indispensable — lest China "laugh". So the transatlantic tensions are real, but they are managed within the alliance, not outside it.

For China this is a long game. It will continue to strive to do its own economic and high-tech work well, keep its doors open to win-win cooperation, and consistently stand on the right side of history — on climate action, development, fairness and global governance reform.

The pragmatism of some US allies should not be mistaken for strategic convergence with China. The transatlantic alliance is not breaking up, and some Western countries' cooperation with China will remain selective, contested and vulnerable to political shifts and US pressure. In today's world, that is the new normal — and understanding that reality is the first step toward navigating it wisely.

— LI YANG, CHINA DAILY

What They Say

'Blue ocean' of future industries awaiting exploration

Editor's note: *China's central leadership has called for efforts to promote continuous breakthroughs in the development of industries of the future. In an interview with People's Daily Overseas Edition, Tu Xinquan, dean of the China Institute for World Trade Organization Studies at the University of International Business and Economics, talked about what China is doing to nurture industries of the future. Below are excerpts of the interview. The views don't necessarily represent those of China Daily.*

China's economic growth has entered a new stage. After decades of industrialization and large-scale production, the country is now steadily building capabilities for original innovation and generating stronger demand for it.

Industries of the future represent a blue ocean that awaits exploration. In this new frontier, there are few established paths for developing new technologies and products, and promoting their application.

This presents both challenges and opportunities. A higher degree of originality usually means stronger irreplaceability and bigger profit margins. Those who take the lead in original innovation will inject more added value into their products and will have a bigger role to play in these industries.

A solid foundation in scientific research, a comprehensive industrial system and diverse market demand have combined to build a thriving ecosystem for the growth of industries of the future in China.

The scale and strength of Chinese research teams continue to stand out in the global context. China has the world's most complete industrial system, which helps transform scientists' "flashes of inspiration" into tangible products and services and roll them out nationwide.

On the demand side, the superlarge and highly diverse domestic market provides a wide range of application scenarios for innovation. Examples include autonomous driving taxis for commuters in Shenzhen and artificial intelligence-powered elderly care products for residents in Shanghai.

At the same time, for China to catch up with other countries and transform from being a high technology follower to a pacesetter, it needs to adopt a broader and global vision. Competition in industries of the future involves not only individual organizations but is a contest of innovation ecosystems. This calls for a more proactive approach to integrating into the global innovation network, building competitive strengths and contributing Chinese expertise through deeper engagement with the world.

International cooperation in science and technology is not only about complementing each other's resources, but also about building capacity. For instance, in sectors such as the digital economy, new energy and life sciences, joint research and development and laboratories co-built by Chinese and foreign companies are increasingly becoming the norm.

Through their efforts to go global, Chinese companies are also opening new avenues for international cooperation in innovation. Companies are not only testing and implementing their technologies in international markets, but also absorbing experience from around the world to upgrade China's own research and development efforts.

Through projects such as intelligent irrigation systems in farmlands in Southeast Asia and low-carbon cities in deserts in the Middle East, Chinese technologies are being adapted to local needs, rallying a broader spectrum of innovative forces.

Industries of the future, including space exploration, intelligent computing and those that empower people in their daily lives with the help of AI, are developing steadily in China. In the process, the country is working to address the common challenges that humanity faces through practical collaboration, thus ensuring that technological progress truly benefits more people.

VIEWS

Xu Gang

APEC must turn turbulence into traction

The first Asia-Pacific Economic Cooperation Senior Officials' Meeting and related events are held in Guangzhou, capital of Guangdong province, between Feb 1 and 10, marking the first official event of the "APEC China Year". Focused on the 2026 APEC theme — Building an Asia-Pacific Community to Prosper Together — the events will activate cooperation across various sectors and set the tone for the APEC Economic Leaders' Meeting scheduled to be held in November.

In an increasingly turbulent world riven by geopolitical rivalries and economic fragmentation, APEC stands at a critical juncture concerning its future direction. The APEC "China Year" will be an opportunity to inject stability, certainty and positive energy into Asia-Pacific cooperation and the world economy.

The rise of unilateralism and trade protectionism is eroding the foundation of the existing international order. Whether it is established institutions such as the World Trade Organization and the International Monetary Fund or post-Cold War platforms such as the G20 and APEC, all are experiencing varying degrees of governance dysfunction.

APEC now stands at a critical crossroads. Its rapid growth was driven by "hyper-globalization" in an era when economies broadly agreed on expanding trade, deepening economic cooperation and pursuing shared growth. Today, however, national security and geopolitical anxieties are undermining the willingness to cooperate. Traditional agendas such as upholding free trade and advancing digital cooperation continue to be promoted, but they risk becoming "castles in the air".

The challenges that APEC faces stem from escalating tensions among regional powers. The tariff policy of the United States has disrupted trade and investment in the Asia-Pacific, putting once-efficient and well-defined supply chains under pressure to retreat, relocate or reconfigure. As liberalization in the region stalls, many economies now confront the urgent need to safeguard their economic security and development interests. This has severely constrained the prospects of consensus and economic integration across the Asia-Pacific.

As the golden era of free trade wanes in the face of rising protectionism and diminishing international consensus, APEC must redefine its role and recalibrate its operational mechanisms.

First, while maintaining its core focus on trade and economic cooperation, APEC must adapt to the shifting international landscape. The member economies need to invest more in addressing key geopolitical and economic tensions, aiming to effectively coordinate major power relations, foster practical cooperation and provide platforms for dialogue. By doing so, APEC can help stabilize the region's open and interconnected fundamentals and mitigate the adverse impacts of politics.

Second, APEC should recalibrate its core agenda with a clear understanding of the challenges facing global governance. It must strive to uphold multilateralism, align with the growing influence of the Global South, and promote the establishment of a fairer and more equitable economic and trade order in the Asia-Pacific region.

By prioritizing the interests of the vast majority of its members, APEC could incorporate more economic, financial and sci-tech cooperation into its agenda. This includes promoting the development of regional financial safety nets, enhancing the resilience of science and technology supply chains, and fostering cooperation on critical minerals.

At the same time, APEC should also focus on expanding its membership. By welcoming more Latin American and South Pacific countries, APEC can become more representative. Furthermore, it should strengthen dialogue and collaboration with mechanisms such as BRICS and the Shanghai Cooperation Organization, which would help open new avenues for economic and trade cooperation.

As the world's second-largest economy and the host of 2026 APEC meetings, China is well-positioned to play a constructive role in APEC affairs. In response to the underlying global development bottlenecks and governance challenges, China has introduced several initiatives: the Global Development Initiative, the Global Security Initiative, the Global Civilization Initiative and the Global Governance Initiative. It is also steering the Belt and Road Initiative into a new "golden decade". These public goods have significantly contributed to openness, connectivity, growth and prosperity in the Asia-Pacific region.

Besides, China consistently aims to manage differences rationally and pursue cooperation through constructive dialogue and negotiations with the US in its attempt to dispel the geopolitical tensions hovering over the Asia-Pacific.

APEC is poised to usher in the "China moment". Regardless of how the international landscape evolves, China will continue to uphold a spirit of mutual trust, openness, and inclusiveness to appropriately manage major-country relations, share its market opportunities, investment potentials and growth prospects with the region. This approach will inject greater certainty into Asia-Pacific economic and trade cooperation and accelerate the establishment of a fairer and more equitable economic and trade order in the Asia-Pacific.

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The views don't necessarily represent those of China Daily.

MA XUEJING / CHINA DAILY

Lan Jianxue

Report reveals US blunders in Afghanistan

The final report of the United States Special Inspector General for Afghanistan Reconstruction reads less like an audit and more like an autopsy. Released in December, the report systematically exposes the failures and culpability of the US two-decade "reconstruction" in Afghanistan. Drawing on nearly a thousand audits and investigations, the report reveals that the US intervention, which cost over $148 billion, failed to deliver so-called "democracy". Instead, it degenerated into a farce riddled with strategic miscalculations, rampant corruption and significant civilian suffering.

The main cause of the systemic failure was the fundamental miscalculation of trying to create a "democratic utopia". Washington sought to reshape the war-torn country, characterized by low development and distinct tribal and religious traditions, into a Western-style "democratic model". The approach disregarded Afghanistan's historical traditions and complex national conditions.

The US Afghanistan policy was also fraught with internal contradictions. The SIGAR report highlighted that the government set impractical timelines, equating rapid spending with reconstruction progress, which directly fueled corruption and rendered many projects ineffective.

Rampant corruption turned the $148 billion into a "fat lamb to be divided" for interest groups. As of September 2025, SIGAR had identified 1,327 cases of waste, fraud, and abuse, involving over $26 billion. More than 17 percent of congressional appropriations were squandered or embezzled. The "ghost soldier" phenomenon was widespread, with Pentagon overpaying hundreds of millions in salaries.

Arrogance and closed-mindedness also characterized the US decision-making on Afghanistan. At the Bonn Conference, Washington deliberately excluded the Taliban from the political process for Afghanistan. In 2020, it made a hasty withdrawal decision without adequately consulting the Afghan government. Several former senior US officials have admitted that the country never truly understood Afghanistan and that its intervention was doomed to fail.

Washington's ineffective control over corruption was the crux of the problem. The absence of effective fund-tracking mechanisms and the use of decentralized accounts made fraud detection difficult. Some US officials pursuing "political success" deliberately overlooked clues of wrongdoing and even thwarted investigations.

Furthermore, civilians were neglected. While Washington claimed to improve livelihoods, Afghanistan's core development indicators remained among the world's worst. One-third of Afghans faced acute food shortages, life expectancy was just 59.1 years in 2021, far below the global average, and female literacy was under 30 percent. Besides, the US colluded with corrupt Afghan warlords to pursue short-term security interests, ignoring their exploitation of civilians and sexual violence against women.

Failing to establish sustainable social reform mechanisms in Afghanistan, the US so-called rights protections unraveled instantly after its troops withdrew. The security situation was equally devastating. The US military actions in Afghanistan deviated from the original "counter-terrorism" purpose, becoming a source of instability.

The US reliance on airstrikes and special operations to counter "insurgency" targeted civilian villages and resulted in the internal displacement of over 3.5 million Afghans — one of the world's largest. Besides, its post-withdrawal freezing of $7 billion Afghan state assets in the US put further pressure on the country's economy.

The US is primarily responsible for this failure. It must stop evading accountability and acknowledge its culpability in Afghanistan. Washington must reform its foreign intervention decision-making processes. The US think tanks should abandon the illusory narrative of "democracy export" and instead provide policy recommendations.

Second, Washington should economically compensate Afghanistan by unconditionally unfreezing the country's overseas assets, establishing a dedicated compensation fund for affected civilians and fully delivering its committed humanitarian aid through neutral channels such as the United Nations without any political condition. The unilateral sanctions on Afghanistan should also be lifted, allowing the country to participate in normal international trade and the global financial system.

Third, it must respect Afghanistan's sovereignty and cease interference. History has proven that external intervention is the root cause of Afghan turmoil. The US should respect the Afghan people's right to independently determine their future and stop exploiting Afghanistan as a pawn to contain other regional countries.

Fourth, the US should aid Afghanistan in post-withdrawal reconstruction and development, focusing on fundamental sectors such as agriculture, health care and education to help the country develop self-sustaining capabilities.

In this context, China's stance on the issue offers valuable references. China has consistently adhered to the principle of noninterference in Afghanistan's internal affairs, respecting its sovereignty and independence while playing a constructive role. It has promoted dialogue and consultation among Afghan parties to build a consensus on peace. Since 2021, China has consistently supplied food, medicine, and vaccines, benefiting millions of Afghan people. It is committed to integrating Afghanistan into the Belt and Road Initiative, enhancing collaboration in energy, minerals, and infrastructure and expanding imports of Afghan goods. China also aims to improve Afghanistan's connectivity with neighboring countries and facilitate its integration into the regional economic system. It maintains close cooperation with Afghanistan and its neighbors, firmly opposes the cross-border spread of terrorism, and actively promotes regional security and stability.

The final SIGAR report has, with solid evidence, exposed that instead of bringing stability and "democracy" to Afghanistan, the US intervention resulted in corruption, civilian suffering and regional instability. Moving forward, Washington should learn from these lessons, compensate the country, and collaborate with the international community to support genuine peace and reconstruction in Afghanistan.

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Bakhtizin Albert

The logic behind China's internal impetus

China's 15th Five-Year Plan (2026-30) will be focused on steady innovation-driven development aimed at strengthening technological sovereignty, ensuring stable growth and enhancing economic security amid rising external uncertainty. Its key priorities are highly likely to include artificial intelligence, microelectronics, clean technologies and energy, as well as the stimulation of domestic consumption and employment. In other words, China's long-term economic stability is increasingly seen as dependent on internal drivers of development rather than on volatile external conditions.

A study conducted at our institute using multidimensional statistical analysis assessed the technological similarity of production systems in 80 countries across 55 industries. Countries were compared not by GDP, trade volumes or political alignment, but by how goods are actually produced.

Each economy can be viewed as a specific "production recipe" that reflects how much metal, energy and intermediate industrial output are required to manufacture final products. When such recipes are similar, countries are technologically close. This proximity makes it easier to establish joint ventures, scale up production and integrate economically at lower costs. While political factors certainly matter, technological similarity plays a decisive role in forming long-term, economically efficient partnerships rather than short-term arrangements.

One important result of the study is the presence of a stable industrial core concentrated in Europe. The most technologically compatible country pairs include Germany-France, Germany-Czech Republic, Germany-Austria and France-Belgium.

The United States and China, however, do not form traditional clusters. Instead, they function as separate poles of the global economy. Among the countries most technologically close to the US is Canada. In China's case, by a significant margin, the strongest technological linkage is observed with the Republic of Korea.

The ROK is strong in intermediate technologies, equipment, materials and engineering solutions, while China's advantages lie in large-scale production, assembly and deep value chains. As a result, the China-ROK combination is structurally compatible and economically effective. Strengthening this linkage reduces vulnerability to external pressure and increases the overall strength of East Asia.

It is logical, therefore, that one of the main objectives of China's new five-year plan will be to reinforce internal sources of growth, stimulate domestic demand and deepen technological sovereignty.

The new economy, based on knowledge, information and digital technologies, cannot function without access to resources and human capital capable of developing high-tech sectors. Only a small number of countries combine a solid resource base with long-term investment in science and education. Among them, China currently stands out.

China has already developed sovereign large language models and is rapidly advancing AI, one of the central priorities of the upcoming five-year plan. This trend is also reflected in international assessments. In January, the International Monetary Fund published an updated World Economic Outlook highlighting the growing importance of AI. According to the IMF, successful deployment of AI could increase global economic growth by around 30 basis points, while failure could result in a slowdown of up to 40 basis points.

Against this backdrop, energy is likely to become one of the most important strategic resources of the 21st century. It will underpin the expansion of AI, the development of new transport systems and the operation of digital infrastructure required for future financial systems. Such systems may accelerate cross-border settlements in national currencies while reducing dependence on the US dollar. They may also contribute to the emergence of new forms of digital currencies whose value is linked not to gold, but to clean energy.

In this sense, energy does not replace money but becomes its underlying value. Over the past 40 plus years, China has achieved extraordinary growth in energy production. Since 1985, electricity generation has increased by over 2,300 percent. This accounts for nearly half of total global growth in electricity generation during the period. In comparison, electricity production in the United States grew by about 65 percent.

In the era of macroregions, global influence will increasingly be determined by the ability to supply energy to complex technological systems. For major economies, expanding economic space through diversification of resources and competition for markets makes more sense than attempting to preserve a fully globalized model.

Facing complicated external environment, China's 15th Five-Year Plan may increasingly rely on internal development while it insists on opening-up.

The United States will also increasingly seek domestic-driven growth. The key question is which country will ultimately prove better prepared for leadership in the emerging structure of the global economy.

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The views don't necessarily reflect those of China Daily.

OPINION

A Middle Man for California

INSIDE VIEW
By Andy Kessler

San Jose, Calif.

Can anyone save California from itself? Fireworks erupted after the Service Employees International Union proposed the California Billionaire Tax Act to collect an "emergency" 5% wealth tax on billionaires—allegedly to counter $100 billion in federal funding cuts to healthcare.

With Silicon Valley Rep. Ro Khanna smiling and nodding along, a podcaster said she told a billionaire, "You made all your money in California, you ingrateful piece of s—. You can figure out a way to pay more taxes, and we deserve the taxes from you." This is the classic what's-yours-is-mine progressive mindset of California—rather than celebrating the jobs that entrepreneurs create.

But there's one Democrat in the state who objects. "It's playing with fire," San Jose Mayor Matt Mahan, 43, told me at a coffee shop near City Hall, days before he announced his run for California governor. "You could have a very serious snowball effect that could threaten Silicon Valley's primacy." He's right. "The top 1% pay around 40% of California taxes. People can move," he says. Yup. In December, Google founder Larry Page bought more than $170 million in Florida real estate. Capital is mobile.

But, Mr. Mahan goes on, "I don't believe that high-net-worth individuals should be able to borrow against appreciated assets endlessly as a way to avoid paying capital gains." The mayor of the country's 12th-largest city thinks that rather than impose wealth taxes, California should press Congress to eliminate the step-up in basis at death, so that estates or heirs would pay a tax on the appreciation of a decedent's assets. (California has no estate tax.) That wouldn't put "our economy, our engine of innovation and prosperity, at risk."

"Severe levels of inequality do threaten our democracy," Mr. Mahan worries. "The great irony here is, not only will we potentially push the billionaires and capital out of the state, we may push out the engine of high-wage jobs and equity and make everyone poor. That's what's so devastating about this proposal, and even just the threat of it is already starting to have that effect."

Instead, Mr. Mahan thinks the state should focus "on waste, fraud and abuse. I don't get politicians who defend the status quo and pretend that government couldn't possibly be more efficient, more effective, more technology-enabled."

"You look at Sacramento in particular, I think they're billions of dollars worth of waste and even outright fraud," he says, starting to sound angry. "I don't know why politicians seem to think they can exempt government from needing to invest in productivity gains every year." Mr. Mahan knows of productivity from his previous work at startups.

What the mayor calls "street homelessness" is another perennial California election issue. "There's a huge amount of unnecessary human suffering, people languishing on the street, self-medicating with hard drugs, and people become habituated to that hard lifestyle." He notes that in San Jose, "we've reduced the number of people living outside by a third." I thanked him for saying "homeless" rather than the trendy "unhoused."

San Jose Mayor Matt Mahan is someone to keep an eye on in the race for governor.

Another hot-button issue is immigration. I asked if San Jose was a sanctuary city. "We have never passed a policy called 'sanctuary,' " he says. "We don't explicitly ask people, 'What is your status?' We don't check people's documents. I analogize it to local entities and services, even law enforcement, don't check your tax returns." That's a little bit of a cop-out—pun intended. But San Jose is no Minneapolis. Or Seattle.

San Jose is instead "a law-abiding city," Mr. Mahan says. "If you're committing a serious crime, deportation is a likely consequence and a valid consequence." Thinking even bigger, "I don't know why anyone argues with having a secure border and knowing who comes in and out of the country. On the other hand, we have a lot of folks here . . . who have been hardworking, contributing members for 20 to 30 years, paid taxes, abided by every local law, and I believe they deserve a pathway to legal status in the country."

I tell him he sounds like a moderate. "I am a moderate," he replies. "And I'm not scared of any interest group." No kidding. Mr. Mahan is taking on the powerful services workers union by opposing wealth taxes.

"We need serious solutions—homelessness, crime, high cost of living, economic opportunity, economic competitiveness," Mr. Mahan says. "This proposed wealth tax just shows how far off base many of our statewide leaders are." In campaign mode already, he fires off: "I'm increasingly concerned with the leadership vacuum in Sacramento, the lack of common-sense problem solving." Not just common sense—any sense.

A moderate Democrat? In California? To quote "Ghostbusters": "Dogs and cats living together. Mass hysteria!" Whether or not Mr. Mahan becomes governor, he's someone to keep an eye on.

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China Loses a Foothold in Panama

AMERICAS
By Mary Anastasia O'Grady

Panama's Supreme Court of Justice declared late Thursday that two government contracts to operate ports at the mouths of the Panama Canal—Balboa on the Pacific and Cristóbal on the Atlantic—are unconstitutional.

Panama Ports Co., owned by Hong-Kong-based conglomerate CK Hutchison Holdings Ltd., holds those concessions. Hutchinson agreed to sell most of Panama Ports and some 43 other ports around the world to the U.S. company BlackRock in March 2025. But Beijing reportedly held the deal up, demanding the Chinese state-owned shipping company Cosco retain a majority stake.

The high court's decision means Panama Ports is no longer authorized to operate in Panama. It's a win for the Trump administration, which has been complaining for more than a year about the Chinese presence in the country.

Panamanian President José Raúl Mulino, a U.S. ally, has already withdrawn Panama from China's Belt and Road initiative. Now the two port concessions will need to be auctioned off. It remains to be seen how Panama will ensure that China is blocked from the bidding, but it almost surely will be.

The ruling is also a win for Panamanians. A lack of confidence in their politicians has long fueled speculation around Panama City that something fishy has gone down more than once between the Hong Kong company and Panamanian governments since 1997, when the concessions were first awarded.

Those rumors are unsubstantiated and the government extended the concessions, beginning in 2023, for another 25 years. But an April 2025 audit report by Panama's comptroller found irregularities—including alleged nonpayment of fees—that might have cost Panama hundreds of millions of dollars. Panama Ports rejected the auditor's findings. But if the high court's recent ruling forces greater transparency in government deal-making, it's good news for the nation.

The court's decision also puts to rest Trump administration assertions that China is running the canal and that the U.S. needs to invade Panama to kick Beijing out. There was no reason to believe that in December 2024, when President-elect Trump began loudly insisting the interoceanic passage belongs to the U.S. The claim is even farther-fetched today.

Charges that the Panama Canal Authority is in cahoots with China have always been specious. Panamanian air and maritime services guard the waterway. Outlandish claims by the U.S. president that Chinese soldiers are "lovingly, but illegally, operating the Panama Canal" are demonstrably false.

The ports aren't part of the canal, and it isn't true, as the U.S. Federal Maritime Commission chairman claimed at a Senate committee hearing last year, that ships using Panama Ports' facilities can block passage. There have never been any Belt and Road projects under the Panama Canal Authority, which is an autonomous legal entity and has never been involved in a corruption scandal. Some 99% of the authority's employees are Panamanian.

A court ruling should put to rest Trump's claim that China is running the canal.

Mr. Trump claims the U.S. lost "38,000 lives in building" the canal. That's fake news, too. Historian David McCullough, author of "The Path Between the Seas," wrote that there were 5,609 deaths during the canal construction, and only 350 were "white Americans." Most were migrant workers from the West Indies.

It's also worth noting that the third set of locks, completed in 2016, were built by the Panama Canal Authority. It raised the financing on its own. The modern locks handle Neo-Panamax ships, doubling the capacity of the canal. The U.S. has zero claim to that property.

While the Panamanian court ruling can't be appealed, the company can request a "clarification" that could take weeks—or more. After that, the unresolved matters are the company's right to compensation and the amounts Panama might owe. Most likely the claims will be handled at the World Bank's International Center for Settlement of Investment Disputes in Washington and the International Court for Arbitration in Paris.

Mr. Mulino told the nation on Friday that port personnel will keep their jobs. He said the government has been in talks with another port operator willing to manage the facilities during a transition period. According to Panamanian news outlet Telemetro Reporta, Panama Ports institutional-relations director Alejandro Kouruklis supported the president's remarks: "We are definitely pleased that [workers'] rights are guaranteed; likewise, it is very important that there is no interruption of service at the national and global level, that is crucial." The U.S. Embassy in Panama applauded the court's decision as a triumph of the rule of law.

China is less sanguine. Panama's La Prensa reported Friday that Beijing called the decision " 'contrary to the legal basis' under which the Panamanian side approved the concession rights, adding that the company 'reserves all its rights, including legal action.' " See you in court, as they say.

Write to O'Grady@wsj.com.

Press Secretary? I'd Rather Do Root Canals

By Joseph Epstein

Here are a few jobs for which I find not only myself unfit but the work itself entirely unappealing. An offensive-line coach in the National Football League, for I don't fancy myself lecturing men 6-foot-5 and more than 300 pounds. A dentist, for I have no interest in anyone's mouth but my own.

The job of all jobs I should least like to hold is that of press secretary to the U.S. president—not only to Donald Trump but any president. True, for some the job has proved a step up the stairs of politics and television commentary. Jen Psaki, one of President Biden's press secretaries, now has her own TV show; so does Dana Perino, who served under President George W. Bush. First-term Trump alumna Sarah Huckabee Sanders is governor of Arkansas.

But at what price? That, alas, of giving up any independent opinions on the issues and problems of the day to defend the views of whoever happens to be president.

In the past the job perhaps was simpler, before the press itself came to seem adversarial and the press secretary along with it. In theory, such spokesmen inform the press of the president's schedule, latest policies, and changes if any to his past policies. In recent years the role has become more aggressive, devoted to covering for the president rather than describing his positions.

Never appealing, the White House podium has sunk to a new low.

Press secretaries are becoming political figures on their own.

One thinks here of poor Karine Jean-Pierre, appearing on the podium weekly, large notebook in hand, to lie about the mental condition of the obviously senile Mr. Biden.

If the press formerly accosted White House press secretaries, in recent days this has reversed, with the press secretary now on the attack. An all-too-vivid example of this occurred this month, when 28-year-old Karoline Leavitt attacked Niall Stanage, a White House columnist for the Hill, after he revealed that he thought that the Immigration and Customs Enforcement agent who shot Renee Good acted recklessly and unjustifiably.

Ms. Leavitt unloaded: "You're a left-wing hack. You're not a reporter. You're posing in this room as a journalist. . . . And shame on people like you in the media who have a crooked view and have a biased view, and pretend like you're a real honest journalist."

She has taken the job to new heights (or is it new depths?). Ms. Leavitt seems more certain than President Trump of the efficacy of President Trump's policies. She is also often more mean-spirited than he and is without his sense of humor. What was once a job that called for a voice of seemingly poised neutrality has, under Ms. Leavitt, become one of sullen partisanship. Hers is henchman-like behavior.

The role of White House press secretary is more antipathetic than ever to me. Not that anyone is ever likely to ask, but I value too much my own (I like to think) centrist, independent, possibly even quirky point of view. Should I against all odds ever be approached, I'd have no hesitation in answering, "Thank you all the same, but I have just made my application to dental school."

Mr. Epstein is author, most recently, of "Never Say You've Had a Lucky Life."

BOOKSHELF | By Shay Khatiri

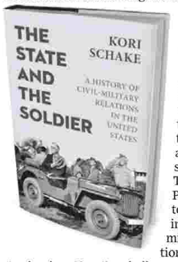
Washington's Worthy Example

The State and the Soldier

By Kori Schake
Polity, 272 pages, $29.95

In March 1783 Gen. George Washington put down a conspiracy among some of his officers who wanted to mutiny against Congress. During the War of Independence, he agreed with his officers' discontent with Congress but equated rebellion against Congress with treason: "This dreadful alternative of either deserting our country . . . or turning our arms against it, which is the apparent object, unless Congress can be compelled into instant compliance, has something so shocking in it that humanity revolts at the idea."

The professionalism of the American military remains essential for the survival of a democratic republic. Most Americans don't fear a military coup d'état, because they are confident that the armed forces' loyalties lie with the Constitution. Abstaining from partisan politics—many officers even decline to vote—also helps explain the military's high approval rating among the American people.



In "The State and the Soldier," Kori Schake, who directs foreign and defense policy at the American Enterprise Institute, traces these tendencies to the Founders' worries about an army so powerful that it could subvert republican government. Thirteen of the 85 Federalist Papers wrangle with how best to handle this threat, she notes in her history of American civil-military relations. The Constitution mandates that Congress "maintain a Navy" and allows—but doesn't require—it to "raise and support Armies."

Throughout history, standing armies had undermined liberty. Unlike in ancient Rome, where the norms dividing civil and military deteriorated, in America they became stronger. Thomas Jefferson selected officers based on partisan loyalty, but today, Ms. Schake observes, senior officers are mostly unaffiliated with a party.

In the 19th century, Americans frequently elected victorious generals—Andrew Jackson, Ulysses Grant, Zachary Taylor—as president. They only elected one, Dwight Eisenhower, during the next century. John McCain, a long-serving senator, lost the 2008 presidential race despite his status as a military hero. In 1964 Americans handed Sen. Barry Goldwater, a major general in the Air Force Reserve, one of the greatest electoral defeats in history, largely because they distrusted his strategic judgment.

Politics and warfighting are crafts, and there is little overlap between their required skills. The professionalization of the military that began in the 20th century has increasingly isolated officers from politics, as a few of Ms. Schake's stories demonstrate. After World War I, Adm. William Sims "publicly critiqued administration policy, and launched a public relations campaign to discredit the secretary of the navy." In the late 1940s, a group of admirals "revolted" against the attempt to create a civilian-led Department of Defense. During the Korean War, President Truman fired Gen. Douglas MacArthur for violating his orders. In each of these cases, civilian authority triumphed.

Ms. Schake's title, "The State and the Soldier," reverses that of "The Soldier and the State" (1957), the political scientist Samuel Huntington's canonical work on American civil-military relations. Huntington argued, as Ms. Schake puts it, "that the liberality of American society is incompatible with an effective military," which should instead be professionalized and arranged with "objective civilian control (separate spheres of civilian and military decision)."

Ms. Schake unequivocally rejects that thesis: Civilian control need not undermine strategy. The Allies' civilian-directed military won World War II against Japan's militarized politics, and, as Ms. Schake reminds us, President Kennedy was at odds with his senior military advisers during the Cuban Missile Crisis, and history has vindicated his judgment.

The Founders worried that the U.S. could be undermined by a powerful standing army. Civilians needed to be in control.

Yet "civil-military relations" is a misleading term. The pioneering military theorist Carl von Clausewitz categorized relations in a country as military, societal and political, each having its distinct relationships with the other two. The phrase "civil-military relations" lumps the last two into one category.

Americans tend to approve of their military but not their elected officials, and Ms. Schake warns that politicians increasingly seek policy legitimacy through the military. George W. Bush appointed a former chairman of the Joint Chiefs of Staff, Colin Powell, as secretary of state, perhaps to mask his foreign policy inexperience. Barack Obama and Donald Trump appointed retired and active-duty general officers as national security advisers over the same worry. Mr. Trump and Joe Biden both appointed retired generals, Jim Mattis and Lloyd Austin, as secretaries of defense—a civilian-held position by law.

The unhealthy practice of retired officers making political endorsements also has become ever more common. In 2016 both the Democratic and the Republican party conventions featured retired general officers making heavily partisan arguments. The reputation of the military doesn't seem to benefit from this association with politics. Its approval rating is at the lowest in decades, the author notes.

Ms. Schake sets two criteria for a good relationship between the political class and the military: the ability of the commander in chief to fire officers with impunity and whether members of the military obey orders they don't agree with. In both cases, today's civil-military relations in the U.S. pass Ms. Schake's health check.

There remains a somber takeaway: Over time, politicians have become too weak to defend their own prerogatives against military advice because Americans, against the wisdom of their forefathers, view a standing military not as a potential threat but "as a bulwark of democracy," as Ms. Schake says. This speaks highly of the military but poorly of both society and its political leaders. Both elected branches seem to have grown uninterested in making political and prudential arguments to the American people, and rely on both active-duty and retired officers to do it for them. Ms. Schake rightly warns that this practice undermines their long-term interest in political supremacy over the military.

Mr. Khatiri is a vice president and senior fellow at Yorktown Institute.

OPINION

REVIEW & OUTLOOK

The Medicare Advantage Ambush

Health insurance stocks took a beating last week after the Trump Administration announced a near-freeze in government payments for Medicare Advantage plans. It's an election year, politicians need someone to blame for rising premiums, and private insurers are the nearest piñatas.

Politicians make the program a scapegoat for runaway entitlements.

The Centers for Medicare and Medicaid Services triggered the selloff with news that it plans to increase payments to Advantage insurers by 0.09% next year. That's sharply lower than this year's 5.06% increase and well below the rate of medical inflation and growth in U.S. healthcare spending.

CMS projected last year that overall Medicare spending would increase 8% in 2025 and 9% this year. But it's growing even faster—up 11% year-over-year—and the politicians aren't about to look in the mirror. Traditional Medicare is run by the government, so that's off-limits.

That leaves Medicare Advantage, never mind its success in attracting patients. The program now covers more than half of seniors, about double the share in 2010. Congress's goal when creating the program in 1997 was to use market competition to improve care for seniors and reduce spending growth.

The government makes risk-adjusted payments to insurers, which compete on price, provider networks and benefits. Insurers that do a better job of holding down costs can use payments to lower premiums and offer supplemental benefits like dental care and gym memberships. This is why the program has become popular among seniors.

Democrats have long disliked the program because they prefer government-run healthcare, yet Republicans are becoming more hostile too. During hearings last month, House Members from both parties berated insurance executives over Medicare Advantage.

On the one hand, politicians object to insurers requiring prior authorization for certain treatments and procedures. Insurers say this is necessary to limit unnecessary care and that requests are denied in only about 8% of cases. Traditional Medicare fee-for-service has also begun requiring prior authorization for procedures found to be susceptible to abuse, such as botox injections.

Yet in the same breath, the politicians huff that payments to insurers are too large. Critics have a valid point that insurers have sought to extract bigger risk-adjustment payments by making patients out to be sicker than they are, often by adding diagnoses for health conditions without a physician's visit or review. The Trump team has proposed cracking down on this practice of upcoding. Fair enough.

But Advantage plan profit margins are capped by ObamaCare. If payments to insurers are cut, the companies will shrink benefits. After the Biden team reduced payments for 2024 and 2025, insurers increased deductibles, reduced supplemental benefits, scrapped plans and narrowed provider networks.

UnitedHealthcare CEO Tim Noel said in an earnings call last week that the proposed payment freeze would result in "very meaningful benefit reductions." Elevance CEO Gail Boudreaux warned that if Medicare Advantage "funding consistently lags the reality on the ground, the levers that we have are benefits, networks, premiums, and exiting geographies."

The mainstream healthcare press says insurers are trying to scare the Administration into boosting payments. But one reason investors stocks sold off so abruptly is because investors hadn't expected the Administration to do something that would result in benefit cuts that will appear shortly before this year's election.

The larger problem here is that politicians refuse to fix the dysfunctions of Medicaid and Medicare, including fraud and the lack of individual incentive not to overuse care. It's easier to pound on the one Medicare program that actually includes an incentive to save money.

A Texas Election Jolt to the GOP

How does a Republican lose by 14 points in a safe conservative Texas state Senate seat that President Trump carried by 17 points in 2024? Answer: When there's a voter backlash against the Trump Administration, notably its mass deportation debacles.

Stephen Miller's mass deportation strategy is backfiring at the polls.

That's what happened Saturday in a special election to fill a GOP seat in Tarrant County in the Fort Worth area. Democrat Taylor Rehmet, a labor union leader and veteran, romped over Republican Leigh Wambsganss, who had a Truth Social endorsement from Mr. Trump and vastly outspent Mr. Rehmet.

The election timing was awful for Republicans in the wake of the two killings by immigration agents in Minneapolis. Ms. Wambsganss has been a leader in the parental-rights movement in school boards and wasn't a bad candidate. But state politics is often national these days, and the 31-point vote swing in a little more than 14 months can only be explained as part of a rising tide of opposition to Mr. Trump's first year and a sour public mood.

Democrats and independents came out in droves, as they did in last November's races, while GOP turnout was down. This has been the trend throughout 2025 and the New Year, with an average swing in double digits toward Democrats in special elections for the U.S. House.

This comes amid a debate on the right over what themes to stress to avoid a GOP washout in November. Even after Minneapolis, some of MAGA's mouthpieces are saying the GOP should run more forcefully on immigration enforcement. This was White House deputy chief of staff Stephen Miller's strategy in 2018 as he helped to blow up a bipartisan immigration reform compromise on Capitol Hill. The GOP lost a net of 41 House seats.

The Miller strategy isn't likely to fare better this year, as the polls show voters turning against the way Mr. Trump is pursuing mass deportation. In the wake of the Minneapolis shootings, Mr. Trump has said he wants to dial back the confrontations on the street. That's smart, but he'll also have to dial back Mr. Miller, who is the mastermind of the mass deportation strategy.

Mr. Miller ordered the immigration bureaucracy to fill a quota of 3,000 migrant arrests a day. This was bound to result in agent intrusions into homes and businesses, since there aren't that many criminal migrants to fill such a quota each day.

Immigration has overall been a winning issue for Republicans, but it works better as a reaction to Democratic border enforcement failures. Mr. Trump has already largely closed the border. But immigration enforcement that turns ugly in the streets is turning off the swing voters who will determine who wins the race for Congress this year.

The Blue State Population Bust

It's hard to predict how the flurry of mid-decade political redistricting will affect the House partisan balance this election year. The betting now is that it might yield Republicans a one- or two-seat gain over what they might have won otherwise. The bigger deal is what happens after the next Census in 2030, and on current trend that's bad news for Democrats.

Democratic-run states could lose at least 10 House seats after 2030.

The Census Bureau last week published state population estimates through July 2025. The left-leaning Brennan Center has taken a look at the Census and finds Democratic-controlled states are likely to lose at least 10 House seats.

If recent trends in population growth and migration continue, the Brennan Center projects that Texas would gain four seats, Florida three, and Georgia, Arizona, Utah, North Carolina and Idaho one each in the reapportionment after the 2030 Census. California would lose four, and New York two. Oregon, Minnesota, Wisconsin, Illinois, Pennsylvania and Rhode Island would give up one apiece.

This would give Southern states 164 House seats, which is 19 more than in the 2000s. The Northeast would have 81 seats, down from 92. Progressives portray the South as backward, but then why are so many people moving there from blue states? Answer: a lower cost of living and taxes, higher-quality schools and abundant jobs, among other reasons.

Domestic migration (not including immigration from other countries) to Florida (22,517) significantly slowed this past year and was lower than to Alabama (23,358), Georgia (27,333), Tennessee (42,389) and South Carolina (66,622). The Brennan Center says Florida may gain only two seats if its slower pace of growth continues. Florida's rising housing prices combined with higher mortgage rates may be slowing migration there.

It's also possible that other Sun Belt states have become relatively more attractive to movers from the Northeast and Midwest as their GOP statehouses have slashed taxes, expanded school choice and courted businesses. Democratic states, on the other hand, are on all the evidence in a competition to see which can raise taxes higher, no matter the message to employers and workers.

Democratic states that lose seats may try to redraw their maps to eliminate GOP districts. But this will be hard to do since their maps are already heavily gerrymandered. Oregon has only one GOP Member, and Rhode Island has none. Under California's new map this year, Republicans are likely to represent only four or five of its 52 districts.

This cross-state migration would also affect the Electoral College, with states that voted for President Trump in 2024 gaining a net 10 seats. If Pennsylvania turns right as Ohio has, look out below. Democrats had better find a way to compete statewide in Florida and Texas.

Rather than engage in a gerrymandering race to the political bottom, all states would be better off if they focused on enacting policies that make them more attractive places to live and work.

LETTERS TO THE EDITOR

Measles Is Not a Failure of American Policy

Your editorial ("Measles as a 'Cost of Doing Business'," Jan. 23) criticizing Centers for Disease Control and Prevention policy overlooks global epidemiological context. Framing measles as an American policy failure is inaccurate and misleading.

Rising measles incidence worldwide has led to outbreaks in countries where the disease had previously been eliminated. Canada, the U.K. and Spain are among the developed countries that recently lost their measles elimination status.

Canada (5,063 cases) and Mexico (6,266) reported substantially more measles cases in 2025 than the U.S. (2,267), despite having significantly smaller populations. Across porous borders with high regional caseloads, repeated reintroductions of a common strain make precise attribution of outbreak sources difficult.

Although immunization coverage for measles is superior in the U.S. compared to peer countries, we can't rely exclusively on vaccination. As described in detail in a recent CDC Morbidity and Mortality Weekly Report, in a Colorado outbreak linked to an international air traveler, four of nine secondary measles transmissions occurred among fully vaccinated travel-related contacts.

Under Health and Human Services Secretary Robert F. Kennedy's leadership, the CDC has surged resources, including vaccines and therapeutics, nationwide to support state and local response efforts and contain outbreaks. We are setting the global standard for public health.

RALPH ABRAHAM, M.D.
Principal deputy director, CDC
Atlanta

We Can Buy Weapons. Who Will Fire them?

Regarding your editorial "A Serious Defense Budget, at Last" (Jan. 24): No amount of spending on defense will be of any value if our armed forces lack the manpower and womanpower necessary to defend our nation. Recruiting has never been more challenging than it is today. There are fewer and fewer 18-year-olds in total, and a decreasing number have the fitness and intelligence needed to serve in uniform.

If we are truly committed to defending our nation, we need to fix the educational system. Our absence of civic pride combined with low academic standards and minimal physical education in our schools is a greater threat to our ability to defend ourselves than outdated weapons systems. I would prefer to see a portion of that $1.5 trillion budget directed toward improving our public schools so that we develop the next generation to have both the desire and ability to serve.

LARRY DAVIS
Durham, N.C.

With a politically conflicted and weakened Europe, President Trump understands the need for a strong defense budget. Europe has lost its vision for a secure future. Mr. Trump has awakened it to reality. And the president's bold proposal for a $1.5 trillion military budget in fiscal 2027 sends an important message to Beijing.

Mr. Trump has a strong congressional ally in Rep. Mike Rogers (R., Ala.), who chairs the Armed Services Committee. After the president signed the Fiscal Year 2026 National Defense Appropriations Act into law in late December, Chairman Rogers praised the bill as bringing "our military into the 21st century."

While Mr. Trump may not be right about everything, he is about national defense.

JAMES PATTERSON
Former U.S. diplomat
Washington

Your editorial brought to mind an old Marine Corps saying: We've done so much with so little for so long that we can now do everything with nothing forever. Congress often seems to think that this applies to the entire Defense Department (oops, War Department).

CMDR. J.C. SNEAD (RET.)
U.S. Navy
Virginia Beach, Va.

Biden's Antidiscrimination Work Succeeded

Consumer Financial Protection Bureau Acting Director Russ Vought claims in his piece "DEI Turns Fair-Lending Laws on Their Head" (Jan. 27) that "[n]o court has ever found a lender to have violated" the Equal Credit Opportunity Act (ECOA). While that is true of cases litigated under the Combating Redlining Initiative, the defendants in those cases uniformly settled, reflecting the strength of the government's claims. Meanwhile, last year the Second Circuit U.S. Court of Appeals affirmed a jury verdict finding that Emigrant Bank violated ECOA and other laws by targeting black and Hispanic borrowers for predatory loans. Mr. Vought should be familiar with this case: The CFPB in 2023 filed an amicus brief supporting the plaintiffs who prevailed.

Mr. Vought incorrectly asserts that the Biden administration's antidiscrimination enforcement work was untethered from evidence. In reality, those cases included extensive proof of intentional discrimination, including, for example, racist statements by lender employees, such as "Maybe if blacks didn't have such a propensity to kill each other whites wouldn't be afraid," and "BE PROUD TO BE WHITE."

Nor is it true that the Biden administration failed to address the harms caused by discrimination. A Federal Housing Finance Agency report shows that in every year from 2000 through 2022, mortgage borrowers in majority black and Hispanic areas were charged higher interest rates than similarly qualified borrowers in majority white areas. Those disparities disappeared for the first time in 2023, coinciding with the prior administration's focus on eliminating lending discrimination.

Mr. Vought and the White House are the ones who have turned fair lending laws on their head.

STEPHEN HAYES
Co-managing partner
Relman Colfax PLLC
Washington

Glenn Youngkin for President

Regarding Barton Swaim's Weekend Interview "A Sunny Politician in a Stormy Age" (Jan. 24): As a native-born Virginian, I despaired at what the Commonwealth became during the governorships of Ralph Northam and Terry McAuliffe, and I expect worse to occur under Abigail Spanberger.

Glenn Youngkin was a too-brief breath of fresh air. I would welcome his decision to seek the GOP nomination in 2028. He would be a much better president than JD Vance.

GERALD KATZ
Edwards, Colo.

Was It Chains, TACO, or the Trumpian Art of the Deal?

In your editorial "Donald Trump, Not Unchained" (Jan. 23), you write that the president's apparent reversal about Greenland isn't TACO—Trump always chickens out—but rather evidence that Mr. Trump isn't all powerful and can't always get what he wants.

I think it's another example of his "art of the deal": Mr. Trump makes an outrageous opening bid that sends the world into a frenzy, then softens his stance to the world's relief, resulting in the actual goal he had in mind. You are right that he probably could have achieved whatever deal he made without all the drama and bluster. If he did that, he wouldn't be Mr. Trump.

CONSTANTINOS E. SCAROS
Tarpon Springs, Fla.

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Pepper ... And Salt

THE WALL STREET JOURNAL

"'Cooking the books' is such a disturbing phrase. I call it abstract accounting."

OPINION

The Nuclear Threat After Tehran Falls

By David Albright
And Andrea Stricker

President Trump is reportedly weighing military strikes or other forceful measures in response to Tehran's deadly crackdown on protesters, and on Thursday he wrote on Truth Social that "a massive Armada is heading to Iran." Should Mr. Trump opt to destabilize—or help topple—Iran's repressive regime, the country's stockpiles of highly enriched uranium and operating nuclear reactors could become dangerously unsecured.

In the event of regime change, the world should be ready to secure Iran's uranium and reactors.

These "loose" assets risk falling into the hands of rogue actors, militias or nonstate groups. They also pose severe hazards to people in the region through accidental release or abandonment. The international community, led by the U.S. and Europe, with Russian and Chinese buy-in, must develop contingency plans to prevent this.

Robust rapid-response operations are vital to securing the most sensitive sites—such as the operational Bushehr nuclear power plant several hundreds miles south of Tehran, a research reactor in the heart of Tehran and hundreds of pounds of highly enriched uranium and tons of low-enriched uranium at nuclear sites bombed during the June 2025 war with Israel and the U.S.

Many of Tehran's nuclear assets are entombed inside bombed facilities or at less-affected sites. The most threatening stockpile is almost 1,000 pounds of uranium enriched to 60%, which without further enrichment could be used to make a crude nuclear weapon. This stock is likely located in tunnel complexes at Esfahan or within the damaged enrichment sites at Natanz and Fordow. Gaining access to such materials could be difficult, but determined actors may try, especially given their high value on the black market and to terrorists and states interested in proliferation.

Another concern is the large, operating Bushehr nuclear power reactor and the spent fuel pools adjacent to it. Both contain vast inventories of radiological materials, such as cesium-137, which could be dispersed during an accident over vast areas, exposing tens of thousands of people, including in nearby Gulf states, to potentially life-threatening radiation.

Iran also possesses highly radioactive sources for legitimate medical, industrial and agricultural purposes at the Tehran Nuclear Research Center, the Karaj Nuclear Research Center for Medicine and Agriculture, hospitals, and other Atomic Energy Organization of Iran sites. These dangerous sources pose more localized risks but can be deadly if used in a "dirty bomb."

Risks to nuclear and radioactive materials during state collapse aren't new, and effective prevention depends on proactive planning.

Disaster following the collapse of the Soviet Union was averted largely by quick actions of the U.S. government, working in cooperation with former Soviet states. They enacted the Cooperative Threat Reduction Program, allocating hundreds of millions of dollars to assist primarily Russia, but also Ukraine, Belarus and Kazakhstan in securing, consolidating and safeguarding nuclear warheads and fissile materials, upgrading physical security at storage sites, and redirecting weapons scientists to peaceful work to prevent proliferation of sensitive know-how.


EPA/SHUTTERSTOCK

Damage at a nuclear technology center in Isfahan, Iran, June 22, 2025.

On the other hand, failing to prepare can have dangerous consequences, as evidenced by security failures in Iraq after the 2003 U.S. invasion. The Tuwaitha nuclear complex was left unsecured for days after Iraqi forces abandoned it, leading to widespread looting by local civilians. Some highly radioactive sources also went missing temporarily.

Looters stole and emptied barrels containing natural uranium (yellowcake), scattering some material onsite and nearby. Luckily, the looters wanted the barrels rather than the uranium. But villagers who repurposed the empty barrels for storing water or food or washing clothes reported rashes, vomiting and other symptoms. U.S. forces and international inspectors eventually secured the site and, over subsequent years, recovered or removed most stockpiles, but the incident highlighted early security lapses.

Another unanticipated threat in Iraq that could have had deadly consequences involved gas centrifuge technology used to make weapons-grade uranium. The former head of the Iraqi gas centrifuge program had hidden key assets from Iraq's pre-1991 gas centrifuge program and was looking to trade them for safe passage out of Iraq. Fortunately, he contacted one of us (Mr. Albright), who facilitated a trade with the Central Intelligence Agency for his residency in the U.S. Other buyers likely would have lined up if his effort to reach the U.S. had failed.

South Africa's nuclear dismantlement during its transition from apartheid to democracy in the early 1990s offers a positive counterexample. The apartheid government under President F.W. de Klerk dismantled its nuclear weapons and associated facilities in an orderly process—before acceding to the Nuclear Non-Proliferation Treaty. Afterward, under International Atomic Energy Agency monitoring, Pretoria destroyed a stash of parts, documents and equipment stored at former nuclear-weapons sites.

The Soviet example demonstrates the need for efforts to secure Iran's loose nuclear assets. The Iraq example underscores the need for rapid military contingencies, including the deployment of specialized teams to secure Iranian sites quickly. The South Africa case shows the value of engaging cooperative authorities to support dismantlement and international verification.

While regime collapse in Tehran isn't inevitable and the situation remains fluid, America and its allies must prevent Iran's nuclear legacy from becoming the world's next proliferation nightmare.

Mr. Albright is president and founder of the Institute for Science and International Security. Ms. Stricker is deputy director of the Nonproliferation Program at the Foundation for Defense of Democracies.

Kevin Warsh, Jeffrey Epstein, Inequality and the 'Mob'

LIFE SCIENCE
By Allysia Finley

President Trump disappointed the liberal press on Friday by nominating Kevin Warsh as the next Federal Reserve chairman. Even reporters at the New York Times couldn't pigeonhole him as a Trump toady and acknowledged through gritted teeth that he is well-respected in financial markets.

Alas, the good news of Mr. Warsh's nomination was quickly eclipsed by the Justice Department's release of millions of documents from the Jeffrey Epstein files. The documents include embarrassing details about the dead sex offender's liaisons with the rich and powerful. Yet why has Epstein become such a political preoccupation?

Perhaps because the multitudes derive pleasure from observing wealthy people getting dragged through the mud. This voyeurism may stem from the unequal economic times. A boom in asset prices has enriched the wealthy, while inflation has eroded wages. The result is resentment toward elites and efforts by the political class to sate their anger.

Anthropic CEO Dario Amodei mused in a 38-page essay last week that today's wealth inequality recalls the late 19th century's Gilded Age. The share of wealth held by the top 1% of U.S. households hit a record high last year. Market exuberance over artificial intelligence, lubricated by ample financial liquidity, keeps propelling the stock market to new heights.

The top 1% of U.S. households by wealth possess $55 trillion, nearly as much as the bottom 90%. Growing wealth inequality isn't a problem per se as long as the rich aren't the only ones who are getting ahead. But over the past five years, the typical worker's inflation-adjusted earnings have been flat. His real take-home pay, after taxes and other deductions, has fallen.

As a result, the household savings rate has plunged. Increasing numbers of Americans live paycheck to paycheck, even as the affluent who have benefited from the tremendous runup in stock prices spend freely. This "wealth effect" is fueling consumer spending, but also class warfare and support for counterproductive policies.

Look no further than Zohran Mamdani's election as New York mayor. Or the Trump administration's proposals to ban institutional investors from buying homes and to cap credit-card interest rates at 10%. Both policies appeal to anti-Wall Street furies, but they would harm the Americans they are intended to help.

Mr. Amodei says AI will magnify wealth disparities and cause massive unemployment. His solution:

Especially at times like this, the multitudes enjoy seeing wealthy people dragged through the mud.

Soak the rich and spread their wealth around. This, too, is counterproductive.

The "natural policy response to an enormous economic pie coupled with high inequality (due to a lack of jobs, or poorly paid jobs, for many) is progressive taxation," Mr. Amodei writes. "I can also make a pragmatic argument to the world's billionaires that it's in their interest to support a good version of it: if they don't support a good version, they'll inevitably get a bad version designed by a mob."

How well has appeasing the mob worked in his home state, California? The state's heavily progressive tax system has raised enormous revenue for spendthrift politicians to spread around, but it hasn't satisfied trial lawyers, unions and left-wing activists. What it has done is fuel a flight of high earners and businesses that create jobs. Now unions are pushing a wealth tax.

The information sector has accounted for more than half of California's economic growth since early 2022. Nearly every industry besides healthcare, social assistance and government has lost jobs—and not because of AI. High taxes and paternalistic policies—e.g., the state's $20-an-hour minimum wage for fast-food workers and climate mandates—are killing them.

California's 5.5% jobless rate is the highest in the country because of damaging economic policies, not AI. Too often, policies to reduce economic disparities leave the multitude worse off. Exhibit B is the Federal Reserve's lax monetary policy during the pandemic.

The Fed kept benchmark interest rates near zero and increased its balance sheet by some $4.8 trillion by buying government debt and mortgage-backed securities. That suppressed mortgage rates and government borrowing costs for a time while driving investors into higher-yielding assets. Stocks and housing prices boomed, but so did inflation.

Even well after the economy had recovered from lockdowns, and inflation was heating up, Chairman Jerome Powell justified keeping monetary conditions easy to achieve "inclusive growth"—that is, to reduce socioeconomic disparities. The Fed didn't begin raising interest rates until the spring of 2022 and started to reduce its balance sheet only that summer.

The result: inflation that outpaced wages and left Americans reeling. All of which is why Mr. Warsh's appointment is good news. He has long criticized the Fed's political mission creep and understands stable prices are a prerequisite for broad-based prosperity.

Notably, during Mr. Trump's first term until the pandemic, inflation-adjusted wages increased and the economy boomed as the Fed shrank its balance sheet. Stable prices, tax cuts and deregulation proved a successful recipe—and could be again. The biggest danger to American workers isn't AI but a mob in Washington out to tear down the wealthy.

A Centenarian on the State of His Adopted Country

By W. Michael Blumenthal

I recently joined a very exclusive club. Only a fraction of 1% of American men live past 100, and this month I became one of them.

I came to the U.S. as an immigrant, seeking freedom, opportunity and a better life. It was the late 1940s, and I had $60 in my pocket. Immigrants weren't suspect in those days. Americans welcomed me and wished me luck. Five years later, I became a proud U.S. citizen.

I got an education (California's community colleges were free and the university's fees were nominal) and started a family. With work and luck, I became a contributing taxpayer, and good things came my way. I even had the privilege to serve in three presidential administrations, including as Treasury secretary.

Things look very different for immigrants today.

America faces major geopolitical challenges, as always. But we are being pulled apart domestically by incessant turbulence. Our major institutions are under attack, immigrants and ethnic minorities are demonized, and there has been an uptick in political violence. Congress has gone AWOL, public trust is near historic lows and, increasingly, voters listen to demagogues and conspiracy theorists.

I have been asking myself what's happened to the optimistic, pragmatic and proudly democratic country that took me in 80 years ago. Will we get through this difficult period with our freedoms intact? Or, as some fear, will the next generation of Americans inherit a hollowed-out democracy run by autocrats?

One thing to be said for old age is it helps you recognize patterns from a remembered past.

My family barely escaped Germany with their lives because in a world turned upside down by war and economic disaster too many had listened as Adolf Hitler trashed democracy, promoted nationalism, and blamed Germany's problems on the Jews and other minorities.

A hundred years later, the world has again been turned upside down—this time by revolutionary

What happened to the optimistic and proud America that welcomed me after World War II?

technological change. The world economy is more intertwined, trade patterns have changed, and some jobs have disappeared. People crossing porous borders are considered a threat to cultural and religious norms. That is why extreme-right nationalist parties have been scoring big gains in Europe while something similar happens in the U.S.

These are fraught times for our cherished democracy. The White House attempts to govern by executive fiat as a polarized Congress fails to supply checks and balances, creating a dangerous situation. Some people fear more of the same over the next three years and beyond. Citing Europe in the 1930s, they think we will lose our democratic freedoms.

I have reached a different conclusion. Perhaps it is my long life, beginning in Europe, that helps me recognize the similarities but also the differences. Some of what's happened has a familiar ring—raucous rallies, nationalistic rhetoric of grievance, ignoring legal constraints, attacks on minorities, judges, media and cultural institutions, threats against political opponents, flexibility with the truth, and extravagant promises mostly unmet. Not least are the opportunists and enablers who scramble for power and profit while those who know better let it happen by not fighting back.

But the U.S. today isn't Europe 100 years ago. I have faith in our democratic institutions and the common sense of the American voter.

Americans aren't ideologues, they are pragmatists. Politically they cluster around the middle and dislike extremism and overreach. They dislike the rhetoric of violence, the military on their streets, and the arrests of working people in stores, churches and schools. Nor are they on principle opposed to immigrants.

First and foremost, they expect elected officials to address urgent problems like rising prices and runaway healthcare costs, the lack of affordable housing, poverty and need. When politicians fail to deliver, the people make their views known at the ballot box, as happened recently in Virginia, New Jersey and elsewhere. With midterm elections coming this year, Congress is beginning to listen. Gradually and gingerly, party lines are being crossed in the House and Senate.

I have also been encouraged by the way individual judges and some but not all of our great universities have stood their ground, and by the determination of the media to exercise their right to air dissenting opinion. It tells me that our democratic institutions and traditions are resilient, deeply rooted and not easily overwhelmed.

I am putting my money on the U.S. and on the American voter, and so should you.

Mr. Blumenthal served as Treasury secretary, 1977-79.

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Notable & Quotable: McMahon

From a Jan. 29 editorial by Hearst Connecticut Media:

Education Secretary Linda McMahon made a mistake by trying to get in the ring with Connecticut students and parents.

McMahon's scheduled visit to McKinley Elementary School in Fairfield on Friday was announced in a news release at 1:37 p.m. Wednesday. . . . Thursday morning, another release declared the event had been "postponed."

Fairfield Superintendent of Schools Michael Testani summoned a different vocabulary word, declaring the event had been canceled.

". . . we heard from many families who expressed concerns and shared that they were considering keeping their children home," Testani wrote to parents in announcing the cancellation Wednesday night. . . .

The appearance was billed as part of the U.S. Education Department's "History Rocks Tour!" aspiring to visit all 50 states on America's 250th anniversary.

History does rock. And on this day, Fairfield, Connecticut, was on the right side of history.

We don't know precisely what concerns were expressed.

The FT View

FINANCIAL TIMES

'Without fear and without favour'

ft.com/opinion

Americans have drawn a red line in Minnesota

White House's partial retreat will not mend the damage to trust and lives

It has taken the fatal shootings of two US citizens, but something has shifted in America. The violence by Immigration and Customs Enforcement agents in Minneapolis, and above all the killings of the protesters Renée Good and Alex Pretti, have resonated across US society in a way much of the Trump administration's creeping authoritarianism has not. The White House's retreat is only partial. But Americans have drawn a red line that makes this a key moment in Donald Trump's second term.

The broad reason is the tactics ICE has displayed in Minnesota: masked agents smashing through car windows or doors of private homes, often at gunpoint, to drag away suspects — most of whom have committed no crime. Tear gas and pepper spray used on local protesters documenting agents' actions on smartphones. Such scenes smack of an authoritarian state. They reinforce the impression that ICE has become a paramilitary force loyal to the executive rather than to the law.

Popular anger far beyond Minnesota was crystallised by the shootings of Good and Pretti — one a mother of three shot in the head as she turned her car away from federal agents; the other a nurse who cares for elderly veterans, shot on the ground after he tried to help bystanders being pepper-sprayed. Video later emerged showing Pretti previously shouting abuse and kicking an ICE agent's car, but none of this can justify his killing. He was certainly not, as White House officials initially alleged, a "domestic terrorist". Citizen footage exposed such comments as lies.

Even conservative Americans have been riled by what they see as fundamental rights being stripped away. A leaked memo written last year authorised ICE agents to forcibly enter private residences to arrest individuals using only an administrative rather than a judge-issued warrant. Officials including vice-president JD Vance have argued ICE agents have absolute immunity from prosecution for their actions since they are following federal orders. And presidential criticism of Pretti for carrying a gun was seen as cutting across Second Amendment rights, prompting rare criticism of a Republican administration from the National Rifle Association. Whatever outsiders may think of US gun laws, there is little more fundamental to many Americans than the sanctity of their homes and gun rights.

Polling now shows for the first time that a plurality of Americans want ICE to be disbanded; a majority believe its tactics in Minneapolis have been too aggressive. All three living Democratic former presidents have spoken out; senior Republicans should join them. While government shutdowns are better avoided, Democrats are rightly seeking to block funding for ICE expansion.

Some of ICE's actions have reinforced the impression that it has become a paramilitary force loyal to the executive rather than to the law

The administration has been forced into a tactical retreat, replacing the hardline commander Gregory Bovino with border tsar Tom Homan, and promising to pull some of the 3,000 federal troops out of Minneapolis.

This does not yet mark a turning point. The damage to trust and lives from ICE's actions cannot quickly be repaired. ICE may still deploy similar tactics elsewhere, unless Congress imposes strict limits. The latest pivot is part of a pattern of partial retreats, in which Trump quickly moves on to something else that diverts attention — this time, renewed threats to Iran.

Neither does the outrage over Minnesota indicate a broader shift of opinions. The Maga base still believes Trump can do little wrong, and despite their anger over ICE many conservatives still support much of his agenda. But the latest pivot suggests the White House remains sensitive to public pressure and legal risks. Domestic limits exist and some Americans are ready to defend them.

Opinion Society

Who wants to live forever?

Ben Hickey

Jemima Kelly

It's a funny thing. Just when scientists have started telling us that we in the developed world might have reached peak life expectancy, the idea that we can in fact beat science and keep extending our lifespans — perhaps obliterating such a notion as a lifespan entirely — has never been more hyped.

A PNAS study published in August found there had been "a significant deceleration" in the pace of life expectancy gains among those of us currently living, "disrupting the long-standing trend of steady gains observed over the past 39 cohorts". Another, published in Nature Aging the previous year, found the proportion of people living to 100 in this century is unlikely to exceed 15 per cent for women and 5 per cent for men.

Yet try telling that to the tech men. (And it does tend to be the males of the species who are particularly obsessed with extending their lifespans, while women are more concerned with, I regret, *looking* younger.) At the annual Consumer Electronics Show in Las Vegas last month, "longevity tech" appeared to be the hype vertical *du jour*. Among the highlights was a $899 "longevity mirror" that you stand in front of for 30 seconds while it calculates a score to tell you how well you're ageing (as if standing in front of a regular mirror weren't bad enough). Another was a $600 "longevity station" that measures your body composition and assesses your health across more than 60 "biomarkers" to give you a "longevity assessment".

There is clearly a market: global Google searches for "longevity" tripled over the course of 2025. And my inbox is positively brimming with longevity pitches. Would I like to attend an all-expenses-paid "Legends of Longevity" press trip to a private island alongside the ice (bath) man Wim Hof himself? (Alas, journalistic ethics precludes it.) Would I like to visit a "cool new longevity club" in Shoreditch? (I did go; it was very pleasant.) What about a gym and "recovery spa" that is "tapping into the growing interest in longevity"? (What was it tapping into before, if not people's desire to live healthier and longer lives?)

The idea of immortality is no longer confined to science fiction

The idea of immortality is no longer confined to science fiction. Bryan Johnson, the former tech founder who has surely done more than anyone to promote the idea that we can increase our lifespans indefinitely, told this newspaper last year he wants his "Don't Die" movement to be "the most influential ideology in the world by 2027".

Despots can now dream about ruling forever, rather than limiting their imagination to running a country for mere decades. A hot mic last September caught Vladimir Putin — who has been Russia's president for 22 years so far — telling Chinese leader Xi Jinping that "human organs can be constantly transplanted, to the extent that people can get younger, perhaps even immortal". Reassuring stuff.

Trying to stay alive might sound like an axiomatically benign and risk-free pursuit. But not necessarily: medical experts warn that a fast-growing black market for peptides — amino acids that users take for longevity and "looksmaxxing" purposes — could be dangerous.

And so obsessed have some become with extending their lives that a clinic in Switzerland has come up with a new mental health disorder (because we didn't have enough already): "longevity fixation syndrome". "People start giving up on things that are important for them," the clinic's founder said last month, comparing the syndrome to an eating disorder or a compulsive addiction. "The career can suffer, personal relationships can suffer."

There is a deep irony here: we know that social isolation is very bad for our health, that mental health is not separate from physiological health, and that chronic loneliness has as negative and life-shortening an effect as obesity or smoking. And yet developing personal relationships doesn't seem to figure in most longevity bros' five-hour morning routines.

The obsession with longevity reveals a self-centred society that has become detached from community, and one that struggles to accept mortality and the fact that when we die is not something we can control, and is largely down to our genes. Longevity mania comes at a time when birth rates across the developing world are tanking. As Johnson put it, in "previous generations you have kids so that you can pass the torch, and now you have kids so that you can journey with them".

But it's also, let's face it, the latest way of selling products using the latest buzzword. Too bad you can't sell longevity laughter: it might have life-lengthening properties but it isn't as marketable as — and might interrupt — shoving 100 pills down your gullet. It also carries the risk of making you realise that actually, life is too important to waste it trying to live forever.

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Sony devotee questions company strategy

I read with some concern David Keohane's article about how Sony, the Japanese entertainment group, was taking majority control of the brand behind the Snoopy and Charlie Brown US cartoon characters (Report, December 20).

I grew up in a family where Sony was a trusted brand. You'd pay extra to get the Sony version of something because it was generally well engineered, performed better and lasted longer.

Today I use a Sony Blu-ray Disc and DVD player because while Netflix has a lot of content it doesn't have everything that I want to watch when you go deeper into different genres of film culture. I like to sit and listen with intent to my music for similar reasons, and have a hi-fi stack predominantly from Sony components.

There has long been a virtuous loop between Sony's professional products for studios and broadcast, and its home products. The engineering audacity that saw Sony make the best, helped it to enter new categories like the PlayStation console in 1995.

The very origins of the company were engineering led. It was founded in 1946 as Tokyo Telecommunications Engineering Corporation by Masaru Ibuka and Akio Morita, a couple of engineers who failed with a rice cooker but did a really good job at transistor radios.

So the latest news that Sony and TCL, the Chinese multinational electronics corporation, have agreed a strategic partnership in home entertainment made me wonder what Sony even means any more.

And how long will it be before similar movements ripple across other parts of its business, like imaging or gaming?

It's even more worrisome when Sony's credit card and insurance businesses are considered more "core" than home entertainment equipment.

Gearóid (Ged) Carroll
London E3, UK

If Nato is on fire, Trump is just the accelerant

Ben Hall and Henry Foy are right that European leaders are "thinking the unthinkable" about Nato without the US (The Big Read, January 28). But we should be honest. This is not a new fire: Donald Trump is only an accelerant.

The slow erosion of American willingness to underwrite Europe's security has been under way for years. The shock is not that the US might leave; it is that Europe is still so far behind in preparation. Many American foreign affairs commentators have warned of this, including me ("Guns before butter — Europe has to choose", Letters, April 3, 2023; and "Americans grow weary of indispensable nation tag", Letters, December 21, 2023).

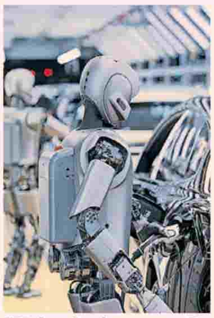
Europe does not need to replicate every US capability to stand on its own. But it does need to stop designing security around the assumption that Washington will always fill the gaps. Europe collectively outspends Russia by a wide margin and could credibly deter aggression with the right posture, if it focused less on what it lacks and more on making what it has interoperable, integrated and usable.

That means resolving the intra-European fragmentation that still plagues defence manufacturing. It means working closely with the UK, which remains indispensable to the continent's security despite Brexit. And it means confronting uncomfortable fiscal realities: collective defence cannot be sustained on budgets designed for peacetime entitlements.

Too often talk of "strategic autonomy" remains aspirational precisely because it allows nations to gesture at independence while remaining dependent. That is no longer sustainable. Europe needs not a duplicate Nato but a reconfigured one, where the US can support but does not anchor the continent's defence.

Trump's rhetoric may fade, but the structural shift is here to stay and has been a long time coming. If Europe wants to remain free, secure and sovereign it must build a defence architecture that does not expect the return of American primacy.

Robert Clarke
Fredericksburg, VA, US



UBTech says its robots operate at 30 to 50 per cent of human productivity

Robotics — the gap between aspiration and reality

The admission that UBTech's humanoid robots operate at 30 to 50 per cent of human productivity is a welcome reality check in a debate too often dominated by promotional videos. It neatly underscores the gap between aspiration and reality in robotics ("Robots only half as efficient as humans, says leading Chinese producer", Report, FT.com, January 25). That gap is less a surprise than a reminder of how productivity is actually created in industrial settings. Warehouses and factories are not waiting for human-shaped machines to walk in and replace human workers. They are highly structured, sophisticated environments optimised for speed, repeatability and safety. In such settings, flexibility has value only when it is repeatable and economical.

Humanoid robots promise generality, but incur a clear complexity tax. Trying to build a machine that solves too many problems leads to power constraints, dexterity limitations, high maintenance, and issues with safe operation without constant supervision. As UBTech executives acknowledge, deployments remain confined to pilots and narrow tasks. Purpose-built robotics may lack the theatrical appeal of machines that walk and gesture like humans, but they deliver what businesses and economies need: predictable performance, rapid deployment and measurable returns. These solutions may be less conspicuous than a human-shaped machine, but they are easier to scale and more predictable in performance.

None of this is an argument against humanoids. On the contrary, continued investment and experimentation should raise performance, robustness and cost-effectiveness.

What remains uncertain is how quickly humanoids can close the gap to human-level capability outside tightly managed pilots, and which technologies will unlock real value in our economies today. Innovation is not defined by resemblance but by results. Until humanoid robots can demonstrate consistent, scalable productivity in real-world operations, their role will remain more symbolic than transformational.

Denis Niezgoda
Chief Commercial Officer, Locus Robotics, Amsterdam, The Netherlands

National curriculum should be reserved for the classics

Lee Child is right to worry about the digital attrition of our children's attention spans and reading habits ("How to get our kids to read books", Opinion, January 26). We can all agree on the importance of reading, but I disagree that the national school curriculum is the place to chase contemporary relevance.

The national curriculum should be reserved for the classics. There is a reason this literature has endured as long as it has in the curriculum — a concept explained by the Lindy effect. This heuristic suggests that the longer a book has endured, the more likely it is to continue to endure.

These authors didn't churn out content; they spent decades distilling their life's obsession into just one or two masterpieces. Those books should continue to be learnt.

If we want diversity, offer it through choice via independent book projects. This approach spurred my own love for biographies, which teach readers the determination and principles others used to confront reality, reach their life dreams, and apply those lessons to their own lives.

Call me a modern sceptic, but I believe the tried-and-true is the better approach.

The *Odyssey* from the eighth century BCE, *Romeo and Juliet* from the 1590s, or *The Great Gatsby* from the 1920s should take precedence over books written yesterday. They contain the best ideas and timeless principles that have risen to the top.

Alexander Schlatter
New York, NY, US

Reform will get my vote if it sorts out council pensions

Reform UK deputy leader Richard Tice's battle over the funding rate for employer pension contributions to the local government pension scheme only "tickles" the edge of the problem ("Tice in 'ferocious battle' over council pensions", Report, January 27).

What is needed is a switch from a defined benefit basis to a defined contribution basis.

To date, no political party has yet been brave enough to tackle the switch head on. I rather hope Reform might do so. No other political party has shown the mettle to deal with the problem.

Yet it is essential for all unfunded schemes in order to save "UK plc". The battle will involve striking civil servants and local government officials but that is the price the UK is going to have to pay to address the matter. If Reform take on the battle, they'll have my vote.

Andrew Moore
Sudbury, Suffolk, UK

Why I support the New York City Comptroller

I support New York City Comptroller Mark Levine's position on Israel bonds, as outlined in the article from January 20 ("NYC pension fund chief keeps options open towards Israel bonds", Report, January 20).

As a Jewish New Yorker and an Israel bonds investor, I don't see this as an abstract ideological debate, I see it as a question of responsibility and as a principle that finance should be guided by facts, not political fashion.

The city's pension system exists to secure the future for the police officers, firefighters, sanitation workers and public servants who serve this city. Investment decisions should be guided by credit quality, diversification and risk-adjusted returns, especially when it stands to benefit so many of our most valuable citizens. Israel's sovereign credit remains investment grade. Israel has never defaulted on any of its bonds. And, as the article notes, these bonds have performed well.

Israel experienced the most horrific attack since the Holocaust by Hamas, and since then it has been forced to fight a war for its right to exist. It is heartbreaking that even within the Jewish community there are those who adopt false narratives against Israel, thereby aligning themselves with a murderous terrorist organisation and its supporters.

For nearly five decades — apart from the last four years — New York City invested in Israel bonds as a steady, prudent choice. And over the past two years, local governments and municipalities nationwide have invested more than $1bn in Israel bonds, reflecting broad, bipartisan confidence.

Rejecting an eligible investment for political reasons risks substituting symbolism for the hard work of protecting people's futures.

Kent M Swig
Israel Bonds National Board of Directors Member, New York, NY, US

Flooding was an issue in postwar new towns too

I was interested to see the comparison your North of England correspondent Jennifer Williams made in her report on Labour's housing ambitions between the present government's dream of building new towns and the postwar new towns built to replace bomb-damaged inner-city slum housing ("Labour's dream to build new towns runs into obstacles and opposition", Report, January 9).

I knew someone who worked at the Hydrographic Unit at Wallingford during this postwar period. I recall him commenting on how they had to deal with many enquiries about the likelihood of flooding in proposed building sites.

Often as a result of their survey the answer would be "Yes", the proposed site will be liable to flooding in the future. (This is before any hint of global warming.)

The building inevitably went ahead and it's no surprise that so many homes are now vulnerable to inundation.

I wonder where those reports lie . . . buried, I suppose, like my friend, sadly.

Jane Swan
Delabole, Cornwall, UK

Correction

● US B-2 bombers dropped 30,000lb bombs on two of Iran's nuclear facilities in June last year, not three, as wrongly stated in an article on January 30. A third facility was targeted by missiles.

Opinion

The dilemmas for the UK created by a rupturing world

BRITAIN

Martin Wolf

How should UK policymakers plan for its future? The usual reaction to such a question is to scoff: the British don't plan; they muddle through. But even if that is what they will do, it must help to understand the context.

The list of countries that built their futures on trust in a US-led world order is long. But the UK is close to the very top. The US was its decisive ally in the first and second world wars and the cold war. The UK was enthusiastically engaged with the US at the Bretton Woods Conference in 1944 and the discussions that created the General Agreement on Tariffs and Trade in 1947. It was there at the birth of Nato. When, more recently, it decided to go for Brexit and "global Britain", the assumption was that Uncle Sam would always be by its side.

What is the country to do if that is no longer true? A recent paper, "The Changing Global Order: Towards a Refreshed UK Strategy", by Jenny Bates, former director-general at the Foreign, Commonwealth and Development Office, now Heywood Fellow at the Blavatnik School, addresses this. Her three big points are simple and compelling: first, the UK loved the old order; second, like it or not, it is dying; third, the UK has as yet no notion how to respond.

The value of Bates' paper is that it brings just about everything together. In the face of such abundant challenges, she suggests, rather boldly, that the country needs some sort of national strategy. This sounds very Chinese. Moreover, she argues, this should embrace both government and business. She thinks of this as a "UK flotilla". It would have to sail over a long distance and in a consistent direction.

Yet it is not easy to see what a truly coherent strategy might be, because the challenges are so intractable.

How far can the UK still rely on the US and, if not on the US, who else? Is the EU a credible alternative and, if so, should the country think seriously about rejoining? Is it wise to get closer to China, or too risky? What are the vulnerabilities in security, politics and economics (or all three together) that must be accepted, because there are no alternatives, or must not be accepted, because they are just too dangerous? And what if in some of the areas one would desperately prefer not to be too dependent, one is just bound to remain so, dependence upon the US for security being an obvious example?

> Familiar ways of thinking might have to be jettisoned in a world of unreliable and competing great powers

In the process of thinking through these questions, many familiar ways of thinking might have to be jettisoned. The paper notes what it calls the familiar "UK policy tramlines": internationalist; efficiency-focused; market-led; rules-based; and western-oriented. All of these are now in question in a world of unreliable and competing great powers. Donald Trump tells the UK not to trust China. I agree. But, given what he has been doing to Canada, can the UK trust the US? The answer is "hardly".

Given these huge uncertainties, how then should one think about the future? The paper suggests, helpfully, four scenarios: G-zero, which is a chaotic world; "strategic national capitalism" or a world of relatively clear rivalries; "managed competition" between the US and China, which would be a modern version of the cold war; and, finally, a world that modern technology is reshaping in unpredictable ways. Alas, all these are still more uncertainties that the UK can neither predict nor influence.

What comes clearly out of this analysis is how far short of a complete strategy even Mark Carney's focus on linking up with the other middle powers, however sensible, must be. Something more complete is needed. But something more complete is unavailable.

The more I consider where we are and might be going, the more I think five principles stand out.

First, since it is largely impossible to plan ahead, the UK economy must be made as flexible, adaptable and dynamic as possible. Second, this will require diversification, but the country's core strengths, notably its great universities, its scientific standing and its financial sector, must be maintained. Third, the country must define and seek to manage key vulnerabilities, notably those created by its most vulnerable and consequential supply chains and its fragile national defence. Fourth, it cannot again bet so much on any one superpower, but, given where it is located and the threats posed by an unreliable US and a predatory China, it must engage with — and try to strengthen — Europe, while diversifying its relations elsewhere across the world.

Finally, it must hope for the best in what has become a far more unsettled and unpredictable world than most of us could even imagine two decades ago.

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How to deal with MPs who defect from their party

Philip Cowley

In 2022, when the MP for Bury South left the Conservatives to join Labour, Nigel Farage called it a "disgraceful episode". It was, he said, "dishonourable" to change parties without resigning to fight a by-election. When he'd been leader of Ukip, they'd insisted that MPs defecting to them had to face their voters. "It is a complete insult to voters for MPs to have the arrogance to think that it's them they voted for when the truth is most of us vote for or against the main party leaders."

So I am really looking forward to the forthcoming by-elections in East Wiltshire, Newark, Romford, and Fareham and Waterlooville. Or perhaps not. Because none of the recent defectors to Reform UK has said they will be contesting their seats.

Both constitutional theory — and custom and practice — are on the side of those sitting tight. Since 1979, just three MPs have resigned their seats to fight a by-election after changing party. We elect individuals; the party label is incidental.

We used to have by-elections when MPs were made ministers, but that practice was abolished a century ago. MPs frequently invoke Edmund Burke's famous speech to the electors of Bristol: "Your representative owes you, not his industry only, but his judgment; and he betrays, instead of serving you, if he sacrifices it to your opinion."

Bugger Burke, you might say. Why should a speech from 1774, which anyway was a polemic made in response to someone arguing the very opposite, determine how MPs behave today? It is not a valid description of how MPs are chosen by voters or how they then behave when they get to Westminster. Even if personal votes have become more important in recent years, it's the party bulk vote that gives the MP their ticket to ride. And while the rules of Westminster mostly treat them as atomistic individuals, they don't vote like that. Backbench rebellions may have become more common in recent decades, but cohesion is still the norm.

> A recall petition would allow voters to decide, without incurring all the costs of a by-election

So Farage was on to something in 2022. A petition calling for by-elections to be called automatically when MPs defect to another party, recently cleared the 100,000 mark and will be considered for debate in parliament. It's easy enough to see the appeal.

But what about an MP who loses the whip and becomes independent? Are they forced to resign? What if they stay in the party but begin to vote completely differently? What if, rather than defecting, Robert Jenrick had walked around with a T-shirt saying "Kemi's Rubbish. Vote Nigel"? (His actual behaviour wasn't far removed from this.) Or if he'd become independent but just happened to vote the Reform line, appear at Reform events and so on?

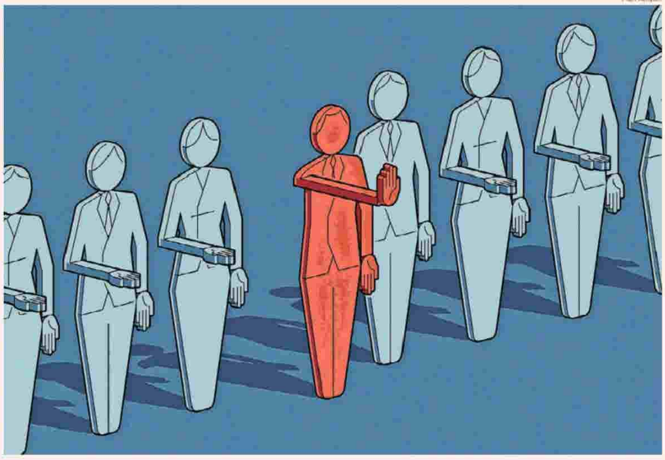
Countries with anti-defection rules often also have very strong party discipline. Indian MPs, for example, are barred from changing parties *and* from voting against the party line. I am not sure that's the direction we want to go in.

There may be a compromise. One of the most effective constitutional reforms made by the 2010-15 coalition government was to allow voters to recall MPs in cases of wrongdoing. So rather than automatically causing a by-election, a change in party status could trigger a recall petition, perhaps with a higher bar than the current 10 per cent of eligible voters. If enough constituents are exercised by what the MP has done, they get a by-election. It would have the merit of allowing voters to decide, without necessarily incurring all the costs of a by-election.

It would also deal with the in-between cases. An MP who lost the whip because they had told the party leadership where to get off might find voters saw no need for a ballot. One who was turfed out of the party because they couldn't keep their trousers on may find their constituents less forgiving.

The writer is a professor of politics at Queen Mary University of London

Wanted: CEOs with backbone



Matt Kenyon

BUSINESS

Rana Foroohar

Donald Trump has created all sorts of problems for American chief executives, from ever-changing tariff policies to the politicisation of interest rates to personal attacks on individuals who cross him. Yet business leaders have been slow to speak out. The reasons range from an opportunistic belief that tax cuts and deregulation are worth the chaos, to a misplaced trust in their own ability to manage the president, to a legitimate fear of being personally targeted by Trump.

But the horrors of Minneapolis are changing that calculus. A day after Immigration and Customs Enforcement agents shot and killed Alex Pretti, a nurse who was protesting against immigration raids in the city, 60 leaders of large Minnesota companies — including Target, Best Buy, 3M, General Mills, UnitedHealth Group, US Bancorp and Cargill — issued a public letter calling for an "immediate de-escalation of tensions" in their state. Within hours, the chief executive of the Business Roundtable, Josh Bolten, announced support for the letter.

Around the same time, several hundred technology executives and investors began an anti-ICE protest campaign. "We all witnessed ICE brutally kill a citizen on the streets of Minneapolis," read the social media post signed by professionals from companies such as Google, Amazon, Salesforce and Uber. "When Trump threatened to send the national guard to San Francisco in October, tech industry leaders called the White House. It worked: Trump backed down. Today, we're calling on our CEOs to . . . cancel all company contracts with ICE . . .[and] speak out publicly against ICE's violence."

Unfortunately, just before their staff started sounding off, several Silicon Valley CEOs were in Washington to attend a screening of *Melania*, an Amazon documentary about the first lady. It was an uncomfortable reminder of the sycophantic way that too many business titans in America have behaved towards a president who is eroding trust in the country's political economy.

The question now is whether Minneapolis will be a turning point after which more business leaders finally start speaking out about the damage being done by this administration. It should be such a moment — not only on moral grounds but for reasons of self-interest.

Let's start with the issue of immigration itself. New Census Bureau numbers showed that the US population grew just 0.5 per cent between July 2024 and 2025, thanks largely to the fact that net migration dropped from 2.7mn to 1.3mn. The Census Bureau projected that number would fall to 321,000 this year. Nativists like Stephen Miller, Trump's deputy chief of staff and homeland security adviser, might think this is a good thing. It isn't: GDP is just population and productivity combined. Cutting the labour force creates both a tailwind for inflation and a potential headwind for growth.

As Atakan Bakiskan, US economist at Berenberg, put it in a recent investor note: "For the first time since the 1918 Spanish flu, the second world war and the Covid-19 pandemic, the US resident working-age population may decline on a year-over-year basis. With near zero or negative net immigration in 2025 and 2026, the US economy is unlikely to deliver GDP gains close to those recorded in Q2 and Q3 2025." America's CEOs should be calling the White House daily to ask why the president is so aggressively trying to get rid of one of the country's most important economic advantages.

> Executives who think tax breaks make up for damage to economic fundamentals are deluding themselves

They should also be complaining about the climate of fear Trump is creating, not only for immigrants but for consumers. The market may be at record levels but so is gold, which highlights how worried people are about the future. Consumer confidence is at its lowest in 12 years. People are more pessimistic now than they were during the pandemic, which is likely to constrain spending. More CEOs of retail companies should be up in arms about this. They should be asking the president what he's doing to lower the price of energy and groceries, aside from trying to strong arm oil executives into investing in Venezuela or telling farmers hurt by tariffs to lower their prices.

America's business elites should also be very worried about how the president's actions have provoked profound changes in future international trade and investment flows. The EU just signed a trade deal with Latin America and is tightening ties with India. Smaller countries, including the UK and Canada, are courting China for business as the US is considered less reliable.

In response to the recent Canadian deal allowing thousands of Chinese electric vehicles into the country, General Motors CEO Mary Barra told employees: "I can't explain why the decision was made in Canada." I can. Canadian Prime Minister Mark Carney and many other politicians globally know they can't count on Trump (witness the most recent White House threats to impose 50 per cent tariffs on Canadian aircraft, which will hurt US businesses that depend on them). American business leaders should be equally concerned. Yes, there are some US companies making hay with new White House contracts. But executives who think another three years of tax breaks will make up for the undermining of so many fundamentals are deluding themselves. Their profits will ultimately suffer if they don't push back. Their consciences should, too.

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Russia has weaponised global banking to silence dissidents

Alexandra Prokopenko

On November 1, thousands of Russians living legally in Europe found their Revolut bank accounts frozen. Students, long-term residents, anti-Putin activists who'd fled years ago: their shared liability was their Russian passport. Legal experts agree EU sanctions do not prohibit servicing legal residents. Revolut proceeded anyway.

Its co-founder, Nik Storonsky, blamed regulatory pressure. "The regulator's expectations can be much stricter than the legislation itself," he explained in an interview. "We are forced to comply." In other words, western financial systems amplify Russian repression through risk-averse compliance that cannot distinguish Putin's critics from his enablers.

Having previously tried to abuse Interpol's red notice system to order the arrest of its enemies such as the financier Bill Browder, Russia has now refined its approach, exploiting the know-your-customer and anti-money laundering infrastructure underpinning western banking.

Russia's financial intelligence unit often labels dissidents as "terrorists" or "extremists." A late 2024 law expanded the unit's powers to designate anyone for "disseminating false information" or "threatening territorial integrity". Russia's blacklist now contains over 16,000 names, including people whose only crime was to criticise the Kremlin.

That information is aggregated by the three dominant compliance providers — Dow Jones, LexisNexis, and Refinitiv (now LSEG) — whose databases are used by financial institutions around the world. When a person's status changes, banks receive terrorism notifications. The process is over 95 per cent automated. Banks then choose whether to investigate further or simply terminate the relationship.

Given that regulators impose steep fines for missed risks (TD Bank paid $3.09bn in 2024 for enabling money laundering), but no penalties for excess caution, the choice is obvious. Once assets are frozen in Russia, the damage is devastating and extends globally. Western banks demand additional documentation or close accounts. It is difficult and expensive to clear one's name.

Russia isn't alone. The mechanics are simple for autocracies: they merely expand domestic counterterrorism legislation. Designations then flow automatically into global compliance systems. Belarus maintains similar lists including entire payrolls of human rights groups and independent media. Turkey has submitted over 3,500 red notice requests to Interpol since 2016 targeting Gülen movement members and journalists. China has issued numerous red notices pursuing Uyghurs and Hong Kong democracy activists.

> Over-compliance of the rules is rewarded, and servicing legitimate refugees is punished

The fundamental problem lies in how the Paris-based Financial Action Task Force sets standards. FATF requires countries to designate terrorists; it then checks procedures — such as whether accounts are frozen correctly — but not whether the terrorism label is justified, opening the system to wholesale abuse.

Data providers merely aggregate information without passing judgment. When Belarus or Russia designates someone a terrorist, that fact gets recorded without context. The result is what the World Bank calls "de-risking"; banks reject entire categories of clients rather than evaluating individual cases.

Last year, Dmitry Navosha, a Belarusian media manager, lost a UK appeal against being blacklisted in compliance databases. The UK Information Commissioner's Office stated it cannot challenge Belarusian court decisions — however questionable their legitimacy.

The solution is to track indicators of abuse. When a country adds 300 people monthly to terror lists and 10 per cent are minors, that signals systematic misuse. FATF and independent observers could maintain lists of abusers and require enhanced scrutiny of their designations. Banks need regulatory safe harbour for servicing individuals with asylum or protected status from autocracies.

Currently, over-compliance is rewarded, and servicing legitimate refugees is punished. That must be reversed.

Individuals need recourse: direct appeals to data providers with independent review panels for politically motivated listings, and fast-track processes for asylum holders to shift the burden of proof to designating countries. Otherwise, it remains impossible for people to clear their names.

This abuse tactic offers everything authoritarian regimes could want: a consequence-free way to extend repression globally while remaining within the international legal framework. Unless regulators act, this transnational repression will spread.

The writer is a fellow at the Carnegie Russia Eurasia Center in Berlin

Could AI make, rather than take, jobs?

Displacement may not be the only tale. History tells us that new technology usually generates roles too, write *Sarah O'Connor* and *John Burn-Murdoch*

The public debate about the impact of AI continues to revolve around the question of whether jobs are being destroyed. But today we want to look at the other side of that coin. How could AI *create* jobs? And do we see any evidence of that?

Sarah writes

To unpick this one, I sat down with Bouke Klein Teeselink, an assistant professor in economics at King's College London, and chief economist at the AI Objectives Institute. He is no Pollyanna: his research suggests that job displacement is indeed an issue, but he has also been working on a series of essays about how AI could create jobs.

SOC: Why do you think it's important not to lose track of this question about possible job creation?

BKT: Every time jobs automate or we get mechanisation or computerisation, jobs disappear [and] people freak out and think there are not going to be any jobs. And every time so far, that was false. One of the reasons is: it's really hard to imagine new things coming up. That's a fundamental imagination problem, as to why we may be too pessimistic about technology sometimes.

Daron Acemoglu and Pascual Restrepo have a paper where they found that half of employment growth between 1980 and 2007 took place in occupations with new job titles. There were entirely new occupations that, for sure, people in 1970 and 1980 wouldn't have been able to imagine. Any kind of programming role, right? Social media influencer? I mean, tell somebody in 1970 what that is.While there may be reasons to believe that displacement patterns with AI will be different than with historical automation, it will certainly still be the case that new jobs are going to emerge. If we only look at the displacement side, we're going to miss a lot of what's going on.

I think there is going to be an additional category of jobs, which is jobs that are complementary to what people do with AI. Vibe coding is a great example. So what's complementary to vibe coding? If I were a software engineer right now, I would start a company yesterday which checks people's vibe code. Then there's the data construction. Large language models (LLMs) need new information. I think there's going to be a massive industry in that kind of thing.

SOC: So that's one way in which new jobs can come along to complement AI. But what about existing occupations that are directly affected by automation? Does that necessarily mean there will be fewer of those people in the future? Sometimes economists talk about the Jevons paradox. Can you explain what that is?

BKT: If AI starts automating some parts of the production of anything, then if you have a really competitive market for this product, it means the price goes down. If the price goes down, demand might go up. If demand goes up, all the other tasks that *aren't* automated need to be done more often. The Jevons paradox was actually about coal: if coal becomes much cheaper, suddenly you find all these new use cases for coal. I think here it's even simpler. Where automation leads to decreases in prices, price decreases can lead to more demand.

SOC: I guess that will depend on the product or service, and whether it's something that lots of people would want to have more of, if it was cheaper?

BKT: Yes. Think about interior architects. I've moved houses many times, and I've never hired an interior architect because it's out of my budget zone. If it would cost £50 for the sake of argument . . . brilliant. Financial planning I do myself, but I would love for someone else to do that for me. Personal health planning would be great. I have latent demand for all of these. If the price were to drop a lot, you could potentially get more interior architects, say.

SOC: So long as there is a sufficient amount of tasks left in that occupation which can't be done by AI, right? Otherwise the whole occupation can disappear.

BKT: Exactly. If all tasks get automated, the occupation disappears.

SOC: We did an edition of the newsletter about radiologists, and I think that's another example where I don't think there's a fixed amount of demand. If radiology gets quicker and cheaper, people will want more of it.

BKT: Clearly the latent demand for additional health services is enormous.

SOC: There are historical examples of this. You could look at the Luddite protests against the mechanisation of weaving and say: "God those Luddites were so irrational. They thought they were being displaced, but they didn't know about Jevons paradox and that there would end up being more demand for clothes because they became cheaper."

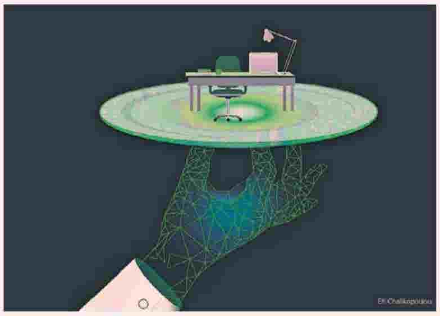
But I don't think that is right, because in fact the skilled weavers *were* displaced, because what the machines enabled was for less-skilled people to come along and do the work.

Which begs the question: OK fine, maybe some services fall in price. But does that mean the displacement of experts, and the entry of other people with lower qualifications?

BKT: Oh yeah, there are always going to be winners and losers. My new research looks exactly at this question: it's not just how many tasks are automated within a job, it also matters a lot whether these are the expert tasks or the easy tasks. If you automate all the easy tasks in a job, the job becomes harder. If you automate the higher expertise tasks, the exact opposite is going to happen — that is going to erode the wages [but] it might increase employment.

SOC: Thanks Bouke — a good reminder, there, to pay attention to the quality of jobs as well as their quantity.

So John, that's our quick primer on the history and theory of technological job creation. But how about the here and now? Do you see any sign yet of jobs growth associated with AI?



'If AI starts automating some parts of the production of anything, it means the price goes down. If the price goes down, demand might go up'

A version of this article first appeared as the AI Shift newsletter. Sign up at ft.com/newsletters

John writes

Thanks, Sarah (and Bouke), that was a fascinating discussion and provides a really useful framework for going beyond simple job displacement. It also matches up very nicely with what I've been seeing in the data.

Continuing on from last week, I've been analysing millions of job adverts from the labour market analytics firm Lightcast. This time, I categorised job postings according to whether or not an ad specifies working with generative AI, and then tracked advertised salaries for AI-using vs non-AI-using roles in a range of occupations.

This can give us a sense of whether the use of AI in a particular job is making it more valuable (presumably by automating a lower-value part of the work and thus enabling more high-value output) or less valuable (presumably by automating a more important part of the job).

I found a quite consistent pattern whereby software and other quantitative job postings that require GenAI skills pay more than those that don't, but some writing jobs such as copywriters and editors that ask for GenAI skills pay *less* than those that don't.

This would be consistent with the argument that in many coding-heavy jobs, writing code was a routine and relatively lower-value part of the job — in many ways a bottleneck on turning ideas into outputs. With AI automating that task, software developers and economists can produce more high-value work with the same amount of time. By contrast, in some writing roles (I must stress we're primarily talking here about online copywriters, not journalists or authors), producing words to spec really was *the job*, and once AI is added into the mix the job becomes smaller and lower skilled — more checking than writing.

But there was another crucial detail when I dug deeper: a small but fast-growing portion of digital writing jobs are in fact relatively low-paid jobs writing *for* AI, with one typical example listing "give AI chatbots writing and editing tasks and evaluate their outputs" as a core responsibility.

Here we have many threads intertwined: a job that has been created by AI, but is low-paid, and whose ultimate goal is to automate the skills of the person performing it.