



Highs and lows

GST must be fuelled by domestic production, not inflation or imports

That GST grossed ₹2.11 lakh crore in July, expanding by 15.4% year-on-year, the second best growth in FY27, could indicate that the Indian economy is resilient. But it conceals the uneven internal and external trajectories, and disparities within India. The 26.9% growth in import GST *vis-à-vis* a 4.5% rise in domestic revenues ferrets out the criticality in the trade-led tax buoyancy. IGST's faster pickup started during the post-pandemic recovery, reflective of global commodity inflation, higher imports of capital goods and the rupee's depreciation. A 10%-12% depreciation of the Indian denomination over the past year had its reflection on the rupee cost of crude oil, electronics, machinery and chemicals – they collectively constitute as much as 50% of total imports – contributing to a higher import bill. Although gold imports added to higher IGST collections, supply fell to a six-year low, due to lower bullion imports, which fell 22%. High WPI inflation, notably at the manufacturing level, at 7.18% this June against 1.52% a year ago period, explains the traction of domestic revenues in an ad valorem tax system amid five-year low manufacturing growth as seen from the HSBC Manufacturing PMI. The services witnessed slowest growth in 53 months with real estate and business services recording the strongest rise in charges, but the sector's GST buoyancy is concentrated geographically.

The fiscal reality is that only 16 States/UTs have reported post-settlement GST growth exceeding the national average and a little over a dozen States saw higher than average growth in GST, showing an increasingly chequered path as manufacturing and organised services are concentrated in a few jurisdictions; others, especially those with a larger unorganised sector, struggle to generate tax buoyancy, becoming dependent on central transfers and Finance Commission devolution. GST 3.0 should ensure that the benefits of economic expansion are geographically broad-based and fiscally inclusive. The faster domestic refunds, in comparison to IGST refunds, imply that formal businesses are expanding their GST compliance and also carrying larger credit balances as the government improved the GST ecosystem, even as faultlines such as input tax credit disputes and litigation are yet to be resolved. The July numbers warrant a closer reading as a healthy GST trajectory should reflect domestic production, growing incomes and broad-based consumption rather than exchange-rate-induced gains in import taxation and piggyback riding on local inflation. Otherwise 'Make in India' remains a tall claim as imported inputs do much of the heavy lifting in the GST metrics.

Quantum shift

Private R&D spends should be used to bolster manufacturing

The Department of Science and Technology's latest figures on India's research profile record a milestone. In 2023-24, private industry accounted for 51.8% of national research spending – a first in India's history – overtaking all tiers of government combined for the first time. Moreover, industry now employs more core researchers than government institutions. Transport firms are the largest corporate investors, followed by pharmaceuticals, biotechnology and information technology (IT). The break from the past is sharp. Through the 2010s, private industry contributed a little over a third of national R&D, and the ratio moved slowly. Then, between 2020-21 and 2021-22, private spending nearly doubled – from ₹46,388 crore to ₹82,975 crore – and total R&D jumped from ₹1.27 lakh crore to ₹1.95 lakh crore in a single year. R&D spends in the transport sector, which barely registered before 2020, has roughly tripled and leads the triumvirate that includes biotechnology and IT that are counted among India's most research-intensive industries.

Officials attribute this to a post-pandemic realisation that research is essential to competitiveness, and that may be part of the story. The purported investments for '23-'25 also look healthy, but a change concentrated in one year looks less like a shift in corporate behaviour and more like a change in what is counted. Mandatory sustainability disclosures for large listed firms, and tighter RBI norms on reporting research, took effect at the same moment. Spending that was always occurring – in the foreign subsidiaries of Indian companies, and in the captive centres of multinationals – is only now being fully captured. Some of the surge, in other words, reflects better measurement rather than more money. Genuinely new capital is flowing too – into artificial intelligence, chip design and semiconductor fabs – though much of that is still infrastructure building and may not yet belong in the R&D column. India's R&D stands at 0.84% of GDP, against 2.58% for China, 3.45% for the U.S. and 4.94% for South Korea; it fields 354 researchers per million people where South Korea and Israel field several thousand. The private sector's own priorities are a further reason for caution: more was spent on advertising than on research in 2023-24. The shift will prove worthwhile if it deepens India's pool of specialised workers and its capacity for sophisticated manufacturing, carrying the economy beyond its long reliance on supplying low-cost services. That depends less on how spending is recorded than on how many researchers the country can train. The Anusandhan National Research Foundation, with a ₹50,000-crore corpus largely to be raised from private sources, was created for precisely this purpose. Its promise now rests on delivery.

The Finance Commission, an institutional innovation embedded in India's constitutional architecture, was never intended to be a routine allocator of funds. It was designed as a central pillar of India's fiscal federal compact and as a corrective institution that would mediate the inherent asymmetry between a fiscally dominant Union and structurally constrained States, while also addressing deep horizontal inequalities arising from history, geography, and institutional capacity. In a country marked by uneven development at Independence, the Commission's central mandate was to safeguard the interests of the States and thereby preserve a strong Union.

Each successive Commission, cognisant of its historical context, has interpreted this mandate in its own way, yet all have contributed to sustaining India's fiscal federal compact. The recently submitted report of the 16th Finance Commission (FC-16), chaired by Arvind Panagariya and covering the period 2026-31, marks a decisive turning point. While it retains the vertical devolution of central taxes to the States at 41%, it fundamentally re-engineers the structure of fiscal transfers, particularly grants-in-aid. In doing so, it prioritises efficiency and performance but raises serious concerns about equity and constitutional intent. At the heart of the issue lies a deeper question: has the Commission moved away from its equalising role toward one that implicitly protects the Union's fiscal primacy?

The constitutional logic of grants-in-aid

Evidently, the provision for grants-in-aid under Article 275 was not an afterthought; it was a foundational design element. In a country more diverse than any other in the world, tax devolution, however sophisticated its formula, cannot account for the diversity of State-specific needs. For instance, Kerala's "export-oriented" human capital development strategy has accounted for nearly 23% of India's total remittances, thereby strengthening the country's external sector. However, this has come at a cost to the State's fiscal health, as it has had to rely on borrowing to finance investments in education.

Similarly, Punjab has played a critical role in ensuring national food security, but at the cost of its revenue base, by focusing on the production of wheat and rice, which are non-taxable apart from paying the price of being a border State. The same is true of the hill States, which face high infrastructure costs; the north-eastern States, which grapple with connectivity constraints; and fiscally stressed States burdened by demographic pressures and social sector commitments.

Grants-in-aid were therefore conceived as instruments of equalisation, enabling targeted support for States with special needs where formula-based tax devolution falls short. The F-14



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and the FC-15 recognised this reality by retaining Revenue Deficit Grants (RDGs), sector-specific grants, and State-specific grants.

The FC-16 departs sharply from this tradition. It recommends grants-in-aid of ₹3.47 lakh crore, compared with ₹10.1 lakh crore under the FC-15, while their share in total Finance Commission transfers has more than halved, from 19.4% to 8.3%. By restricting grants-in-aid to local bodies and disaster management, it eliminates RDGs, sector-specific grants, and State-specific grants.

While retaining the States' share in the divisible pool at 41%, despite the demand from 18 States to raise it to 50%, the Commission presumes that improved fiscal discipline should enable States to manage their finances without additional gap-filling transfers. However, this reasoning rests on a problematic assumption: that fiscal capacity across States is sufficiently uniform for devolution to be self-equalising.

Empirically and historically, this assumption is untenable. The Commission's justification for doing away with RDGs is rooted in concerns about fiscal prudence. It argues that RDGs create moral hazard by incentivising States to underperform in revenue mobilisation or overspend in the expectation of central support.

It also points to aggregate data suggesting that the States, taken as a whole, are not in severe fiscal distress. Yet, this aggregate view masks deep inter-State disparities, with some States remaining fiscally stressed despite contributing disproportionately to national development and continuing to require fiscal assistance. The very purpose of RDGs was to recognise this heterogeneity, as a fiscal surplus in one State cannot offset a fiscal deficit in another.

More troubling is the contrast between the Commission's stance on RDGs and its treatment of cesses and surcharges. While advocating fiscal discipline for States through the withdrawal of RDGs, it stops short of recommending any binding rollback of these non-shareable union levies ignoring the demand by many States.

Dual shift

Instead, it proposes a "grand bargain", whereby the Centre would gradually merge cesses into the divisible pool in exchange for States accepting a lower devolution share. This asymmetry is difficult to overlook. RDGs are removed in the name of discipline, yet cesses – arguably a more distortionary instrument from a federal perspective – are only gently nudged toward reform. The resulting framework imposes stringency on States while preserving fiscal flexibility for the Union. This dual shift, protecting Union revenues while constraining State support, raises a fundamental concern: is the Commission inadvertently reinforcing vertical imbalance rather than correcting it?

The consequences are particularly severe for

States that already face structural disadvantages.

As many as eight States, including most of the disadvantaged north-eastern States and fiscally stressed West Bengal, are set to experience a reduced share in both tax devolution and grants-in-aid, while another six States have seen a decline in their share of grants. The problem is further compounded by the reduction in the weight assigned to income distance (from 45% to 42.5%) and the introduction of a 10% weight for contribution to GDP. When combined with the removal of the RDGs, which accounted for about 20% of Finance Commission grants in 2024-25, this creates a double burden: lower tax devolution and the absence of compensatory grants. The Commission's implicit assumption that efficiency should trump equity risks widening regional disparities.

Another defining feature of the FC-16 is its emphasis on tied and performance-based grants, particularly for local governments. While the allocation of nearly ₹7.2 lakh crore to the third tier is commendable, the conditionality attached to these grants are stringent, linking the release of funds to targets in water and sanitation, revenue mobilisation, and audited accounts. This approach promotes accountability, but it also reduces fiscal autonomy. In effect, the architecture of grants shifts from need-based equalisation to compliance-based incentivisation. Fiscal discipline, while necessary, cannot substitute for fiscal justice.

Efficiency versus equity

The FC-16's report is bold in ambition but uneven in balance. The dismantling of the RDGs and the shift toward performance-based transfers reflect a technocratic confidence in market-like incentives, even though fiscal federalism is a political and constitutional arrangement designed to manage diversity. The contrast between the Commission's strict stance on RDGs and its accommodative approach to cesses and surcharges, along with its hesitation to raise the States' share in the divisible pool to 50% despite demands from several States, reveals a deeper tension.

It suggests a framework that, intentionally or otherwise, protects the fiscal space of the Union while placing a greater adjustment burden on the States. In doing so, the Commission may have moved away from its core mandate of acting as an equalising force within the federation. If the Finance Commission is to continue playing its historic role in holding India together, future Commissions must reward high-performing States while supporting those that continue to face structural disadvantages.

For a country as diverse as India, fiscal federalism cannot be sustained on performance alone; it must be anchored in fairness.

The views expressed are personal

A climate resilience pathway between India and China



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In April 2026, the visit by a Chinese delegation led by China's Special Envoy for Climate Change to New Delhi suggests that climate cooperation remains a priority. Within the area of climate and clean energy, identifying key issues for engagement is important. Collaboration in areas such as green technology and critical minerals remains challenging due to economic competition and geopolitical tensions. Disaster mitigation and urban resilience could offer a relatively low-risk pathway for rebuilding trust.

Past engagement, sister city agreements

A mapping of India and China's climate engagement in a recent paper by the Centre for Social and Economic Progress (CSEP) shows that there is precedent for such engagement. Beginning from the early 1990s until 2020, there were several summit-level joint statements, agreements and Memoranda of Understanding (MoUs) calling for practical cooperation on climate change. Topics included climate-induced disasters such as floods, earthquake, droughts and extreme weather events. These MoUs promised facilitation of joint research and development, hydrological, oceanic and seismic data sharing, and exchange of governance practices. During the six Strategic Economic Dialogues, policymakers discussed sustainable urban planning, waste management, sewage treatment, water efficiency and capacity building. Practical implementation of joint projects in these areas was formally agreed upon in the multiple sister city agreements – Delhi-Beijing, Mumbai-Shanghai, and Chennai-Chongqing. Yet, disruptions in diplomatic engagement resulted in little on-ground action.

China demonstrates the importance of embedding resilience into core urban and rural planning investment decisions. This includes using data-driven approaches to drive policies in transport, housing and drainage systems. India's strength lies in adaptive governance, spearheading community-led strategies for targeted interventions in vulnerable populations.

Successes in India have been seen in early warning systems, heat action plans, cool roofs and nature-based solutions. There has to be engagement between state and non-state actors. Officials from municipal governments can enable knowledge and policy exchanges on urban design such as sponge cities, drainage modernisation and waste management.

Beyond urban issues, rural livelihoods and resilient agricultural practices for food security become salient points for mutual learning. Joint collaboration between planning agencies and academic institutions can improve systems for hydrological modelling and integrating regional and indigenous knowledge into climate adaptation strategies. A critical aspect will be addressing challenges of the melting glacial systems in the shared Himalayan ecosystem. While India and China had agreements on shared water resources, they ceased to function in 2022.

The finance gap

A major barrier to climate adaptation remains financing, with both countries relying heavily on public funds to carry out their policies. Bridging this gap requires greater private sector participation through tools such as blended finance, municipal bonds, and credit enhancement. However, these are nascent ecosystems, constrained by limited local capacity and regulatory gaps. Evidence-based studies and knowledge exchanges between India and China on these models could provide an innovative avenue for engagement. Such cooperation would not only benefit both countries but also enable them to shape climate resilience norms across the Global South through stronger standards, metrics, and fiscal frameworks.

Climate change impacts transcend national borders, from Europe's heatwaves to Asia's heavy monsoon floods. Greater coordination and cooperation could provide India and China with a pathway for a low-risk, win-win engagement.

The views expressed are personal

LETTERS TO THE EDITOR

Language in politics

Recent developments in political discourse across India, particularly in Tamil Nadu, underscore the need for restraint, dignity, and moderation in public debate. Language is the apparel of democracy. If democracy is the best form of governance, it must be

protected, nurtured, and enriched. The language used in public life reflects one's commitment to democratic values.

K.S.S. Seshan,
Ennepalle, Andhra Pradesh

As a septuagenarian, I have witnessed many changes in our country over the

decades – some for the better, others for the worse. Among the latter, one of the most disturbing has been the steady decline in the quality of public discourse in recent years, particularly among our political leaders. With millions watching them every day on television and social media,

political leaders ought to realise that their words and conduct shape public behaviour. It is therefore unsurprising that coarse, intemperate, and abusive language has gradually become normalised in our society. Sharp exchanges between the treasury benches and

the Opposition are an integral part of any vibrant democracy. But when political discourse descends into vile personal attacks, drags family members into political battles, pries into private lives, or levels unsubstantiated allegations of moral turpitude, it demeans public life and

weakens democratic values. Those who sow the wind of abuse should not complain when they reap the whirlwind of retaliation.

G.G. Menon,
Tripunithura, Kerala

Letters addressed to letters@thehindu.co.in must carry the postal address and the full name.

India's cancer focus must shift to early detection

Every day, oncology clinics across India confront the same heartbreaking reality. More than 70% of patients present with advanced-stage cancer, when treatment is more complex, more expensive, and far less likely to achieve a cure. Over the past two decades, India has invested substantially in building world-class tertiary cancer centres and has expanded access to sophisticated surgery, radiation therapy, and systemic treatments. Yet these advances cannot deliver their full potential because most patients arrive too late.

The solution to this challenge lies upstream.

Cancer in India is still diagnosed predominantly after symptoms become severe enough to disrupt daily life. By then, opportunities for curative treatment have often been lost. The consequences extend far beyond health. More than three-quarters of cancer-affected households experience catastrophic healthcare expenditure. Late diagnosis is therefore not only a medical problem – it also drives poverty.

Moreover, five-year survival for lung cancer in India is only about 4%, compared with nearly 33% in Japan. Similar gaps exist across several common cancers, reflecting differences not merely in treatment quality but in the stage at which patients enter the healthcare system. A delayed diagnosis is thus a poor outcome on all fronts.

Need for fundamental change

The scale of the challenge continues to grow. India recorded an estimated 1.56 million new cancer cases and over 8.74,000 cancer deaths in 2024. The lifetime risk of developing cancer has now reached approximately 11% nationally and exceeds 20% in some northeastern states. As the population ages and lifestyles change, this burden will continue to rise unless our national strategy changes fundamentally.



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The first step is to redefine prevention as a lifelong public health priority rather than an occasional awareness campaign. Nearly half of all cancers are preventable. However, efforts to spread awareness among adults give poor results as lifestyle wiring happens at an early age. Once habits are coded, it is extremely difficult to course correct them through awareness campaigns. Health education must therefore begin in schools, where "life skills" should receive the same importance as other mainstream subjects such as mathematics or social sciences. These life skills would not only help in cancer prevention but also other major health issues such as cardiac, neurological, vascular, and bowel diseases. Such education would comprehensively cover all aspects related to physical, mental and social health, additions, diet, vaccinations, financial literacy, and responsibilities towards the family, society, and nation.

The second step is the need to receive earlier diagnoses. Public awareness about the fact that persistent symptoms lasting more than three weeks deserve medical evaluation can substantially reduce diagnostic delays. However, symptom awareness alone is insufficient. Screening remains our most powerful tool for identifying cancer before symptoms appear. Until recently, organised screening was largely confined to cancers such as cervical, breast, and prostate cancer. Scientific advances are now expanding these possibilities. Blood-based Multi-Cancer Early Detection (MCEd) tests have the potential to detect biological signals from multiple malignancies – including colorectal, lung, liver, pancreatic, ovarian, gastric, oesophageal, breast, prostate, and bladder cancers – through a single blood sample.

While these technologies still require careful evaluation for population-wide implementation, they represent one of the most promising frontiers in cancer

research and deserve focused Indian validation.

Future plan for India

India must also develop solutions suited to its own healthcare realities. A single centralised screening programme cannot effectively serve a country of 1.4 billion people with enormous geographical and socioeconomic diversity. Instead, we need a layered model combining community health workers, digital risk assessment, AI, mobile diagnostic services, and strong referral pathways linking primary care with cancer centres.

Encouragingly, important foundations are already being laid. NITI Aayog is supporting the development of a large imaging biobank comprising more than 20,000 cancer patient profiles. Such datasets can accelerate the development of AI tools capable of assisting frontline healthcare workers in identifying suspicious lesions and prioritising patients who require specialist evaluation.

The Draft National Health Research Policy 2026 provides an opportunity to accelerate this transformation. By prioritising diseases that contribute the most to India's health burden and encouraging research with measurable impact, the policy signals a welcome shift from publication-driven research towards implementation science. This approach should encourage innovation in affordable screening technologies, risk prediction models, digital health platforms, and implementation research that improves cancer detection across India's diverse healthcare settings.

India should not measure progress in cancer care solely by the sophistication of treatments delivered during advanced stages. The true measure of success is how many cancers never reach an advanced stage. And that success will require coordinated partnerships between government agencies, medical colleges, technology companies, and community healthcare providers.

YSRCP's search for political momentum

The YSRCP chief is desperately trying to regain his foothold in Andhra politics

STATE OF PLAY

Sumit Bhattacharjee

Two years after suffering one of the most severe electoral setbacks in its history, the YSR Congress Party (YSRCP) appears to be trying its best to breach the NDA (National Democratic Alliance) fortress and once again gain a stronghold in Andhra politics. However, it has not been an easy task, primarily because, as political scientists point out, the YSRCP cadre base is in disarray, and has failed to capitalise on pertinent issues that could have become major rallying points against the Chandrababu Naidu-led NDA government.

However, in the last few months, Y.S. Jagan Mohan Reddy, president of the YSRCP, has been hitting the road quite often after a hiatus of about a year following the election debacle, which could serve as a motivating factor for his party leaders and cadre.

Mobilising efforts

Mr. Reddy began his comeback trail by opposing the State Government's proposal to develop at least 10 of the 17 medical colleges under the Public-Private Partnership (PPP) mode. However, as per analysts, the YSRCP chief could only partially capitalise on the issue as the government, to a large extent, was successful in changing public opinion by arguing that the PPP mode would allow colleges to become operational faster without placing the entire financial burden on the State, whose finances had allegedly been weakened by the earlier YSRCP government. The NDA government has consistently maintained that private invest-



ment is essential for completing unfinished infrastructure projects, improving facilities, and expanding access to specialised healthcare services.

Additionally, with the success of the Cockroach Janta Party (CJP) protests in New Delhi, the YSRCP had been trying hard to scale up its protest over alleged irregularities in the District Selection Committee (DSC) recruitment, but has, so far, not been able to garner that kind of mass response or participation. The State government has rejected such allegations in the DSC recruitment process and insisted that the exercise was conducted fairly and transparently. The government not only countered every allegation with proof (or so it claims), it is also basking in the glory of successfully conducting the long-pending exam and recruiting close to 16,000 teachers.

Falling back on farmers

The 2024 election results have certainly dented the YSRCP's image, but Mr. Reddy is known for his resilience. Of late, he has been working on highlighting the issues plaguing farmers, especially those related to minimum support prices and the alleged unfulfilled promises of the ruling coalition.

He began his campaign by engaging with farmers in February this year, when he visited chilli farmers at the Gunur Chilli Yard. He demanded

that the State Government work out a remunerative price and also flagged the sharp drop in chilli prices. Here again, the State government was quick to address the issue through a multi-pronged strategy involving market intervention, financial aid, acreage management, and strict quality control measures.

Farmers constitute a huge chunk of the electoral mandate and play a decisive role in election outcomes. Mr. Reddy's father, Y.S. Rajasekhara Reddy, had also focused on farmers' welfare, which catapulted him to power as Chief Minister of undivided Andhra in 2004. He is still regarded as the farmers' Chief Minister.

Mr. Reddy's every visit has been mired in some controversy, and at times the YSRCP has alleged police excesses. In almost every visit, there has been a scuffle with the police, including the one in Bangurapalem, where he had gone on July 9, 2025, to meet mango farmers, and in Srikakulam, where he had gone on July 30, 2026, to meet his former minister, Seediri Appalaraju. Some of his visits have also been controversial such as the recent one in which he visited Mr. Appalaraju. The former minister is in jail for allegedly screening evidence in an accident case involving his son. The NDA was quick to latch onto the issue and accused Mr. Reddy of visiting the accused while not caring to visit the family of the deceased.

In all this, the larger challenge before Mr. Reddy is to transform the current momentum into a lasting political advantage. Protests and demonstrations may generate immediate attention, but only a coherent policy alternative can sustain public confidence.

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Did abrogating special status for J&K make a difference?

Analysis of data show that the Union government has not delivered on its promise of wide-ranging transformation in Jammu and Kashmir

DATA POINT

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Seven years have passed since the Bharatiya Janata Party (BJP) introduced legislations in Parliament to implement its long-standing objective – stripping the special status accorded to the State of Jammu and Kashmir (J&K) by Article 370 of the Constitution. Through these legislations, the Union government not only abrogated the special status, but also took direct control of the State's administration by bifurcating it into two Union Territories – J&K and Ladakh.

Union Home Minister Amit Shah, who introduced the legislations in both Houses, projected them as a panacea for J&K's woes. Attributing the State's poor healthcare, poverty and slow economic growth to the special status, he argued that Article 370 prevented J&K's economic development while breeding terrorism.

On August 5, 2026, Prime Minister Narendra Modi said in a post on X, "Seven years ago, on this day, articles 370 and 35(A) became history, marking a decisive new chapter in the journey of Jammu and Kashmir as well as Ladakh." He said lives had been transformed by growing opportunities in education, healthcare, entrepreneurship and sports.

An analysis of available data shows that while many of Mr. Shah's 2019 contentions about J&K's backwardness in health and education were misleading, the Union government has not delivered on its promise of wide-ranging transformation – be it in the economy, on terrorism or civil liberties. J&K was in fact a relatively better-performing State before 2019 on indicators such as life expectancy, poverty, infant mortality, government doctors per capita, and human development index.

Data gaps after the bifurcation make meaningful comparison difficult on several socio-economic indicators. For instance, the annual finance audit reports of the Comptroller and Auditor General of India (CAG) note missing data in many sections.

Data shows that J&K's economy contracted by 1% in real terms in 2019-20 and shrank further during the pandemic in 2020-21. It rebounded subsequently, partly on a low base, but growth dropped sharply in 2024-25 (Chart 1). Capital outlay for J&K, according to the CAG's finance accounts reports, did not increase significantly and in fact contracted in the two years since 2019 (Chart 2).

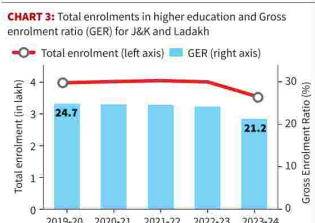
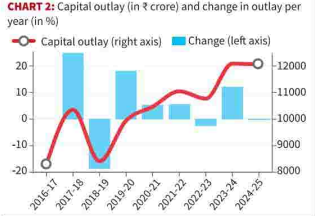
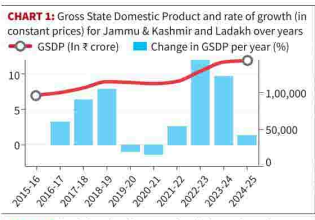
On the education front, higher education enrolment in J&K and its Gross Enrolment Ratio (GER) declined in 2022-23 and 2023-24 – the latest years for which All India Survey on Higher Education reports are available. The drop in enrolments was particularly sharp in 2023-24 (11%) (Chart 3). The Periodic Labour Force Survey reports show that while the unemployment rate did not improve noticeably for men, it rose for women, particularly in 2023-24 (Chart 4). RBI data show that the number of factories in J&K dropped marginally between 2019-20 and 2023-24, though a Lok Sabha reply this week stated marginal improvements in the number of small companies and start-ups.

Though curbing terrorism was a key objective of the 2019 legislations, the number of incidents and deaths of civilians and soldiers have not dropped below 2012-2016 levels (Chart 5). Meanwhile, cases registered under the draconian Unlawful Activities (Prevention) Act and the number of undertrials and detainees have increased sharply. J&K's Freedom House score for civil liberties and political rights has also declined since 2019 (Table 1).

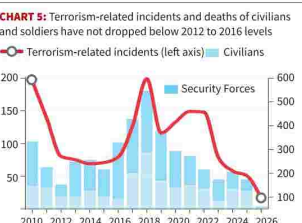
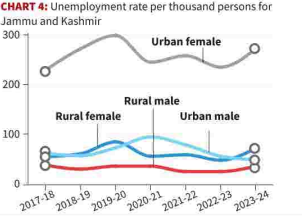
Importantly, the government's promise of restoring J&K's Statehood remains unfulfilled.

Undelivered promises

The data for the charts were sourced from the RBI, Freedom House, the NCRB, Software Freedom Law Center (SFLC) and South Asia Terrorism Portal. With inputs from Gandia Sneha and Nivedha M. The two and Sachin Swaraj interned with The Hindu



State/UT	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Internet shutdowns	10	32	65	55	116	79	83	14	3	12	4
Civil liberties	28	27	27	20	20	20	20	20	21	21	21
Political rights	22	22	22	8	7	7	7	6	17	17	17
UAPA cases	161	156	245	255	287	289	371	178	215		
No. of detainees	432	212	283	404	228	252	546	632	667		
No. of undertrials	1959	2181	2568	3075	3738	4547	4613	4610	4593		



State/UT	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Internet shutdowns	10	32	65	55	116	79	83	14	3	12	4
Civil liberties	28	27	27	20	20	20	20	20	21	21	21
Political rights	22	22	22	8	7	7	7	6	17	17	17
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No. of detainees	432	212	283	404	228	252	546	632	667		
No. of undertrials	1959	2181	2568	3075	3738	4547	4613	4610	4593		

FROM THE ARCHIVES

The Hindu

FIFTY YEARS AGO AUGUST 6, 1976

More students fancy snuff

Madras, August 5: Snuff, a sniff of which is said to drive drowsiness away, is spreading its sway in the country.

A survey of the snuff industry in Madras, the biggest snuff production centre in the country, revealed, however that fashions and fads, like the ceremonious use of ornate snuff boxes that attended the advent of snuff, are passing away.

There were but a dozen manufacturers in the city till 40 years ago. Their number now exceeds 100 and production has gone up to 2,367 tonnes a year.

The city gets its raw material, tobacco, from Andhra Pradesh. Snuff is produced in Gujarat, Punjab, and Uttar Pradesh also, but they account for only a fraction of the country's total production.

Snuff-users are predominantly villagers, especially along the coastal regions stretching in a great arc from Gujarat to West Bengal, the demand being the greatest along the Kerala coast. Mr. M.V. Ranga Rao, Secretary of the Madras State Snuff and Tobacco Merchants Association, says snuff has found growing patronage among students.

A HUNDRED YEARS AGO AUGUST 6, 1926

A military revolt in Goa

Goa, August 5: A small military revolution broke out here on Sunday but it was short-lived. Three garrison Commanding Officers waited on the Acting Governor, Commander Moraes on Sunday the 1st August and demanded the suspension of the New Officers Pay Act.

Commander Moraes referred the matter to the Lisbon Government simultaneously requesting his dismissal from the Governor's charge. If the suspension was granted. Before Lisbon had answered, the Officers intimidated Commander Moraes on Monday that he must withdraw from the Government. He refused, whereupon they took him to Cabo Palace and detained him there. Col. Sequeira assumed the Governorship. The Lisbon Government did not recognise the military Government and ordered that the three officers be dismissed from their charges and their immediate embarkation to Lisbon. Commander Moraes resumed his duty last evening and dismissed the three officers. Then he transferred his powers for reasons of health to the Attorney General. The new Governor-General is expected within a fortnight.

Text & Context

THE HINDU

NEWS IN NUMBERS

Public grievances received by Centre in last six months

15 lakh. Over 15 lakh public grievances have been received between January and July 15 this year, the Centre said. The government has undertaken initiatives to strengthen the Centralised Public Grievance Redress and Monitoring System to improve efficiency, quality and accountability. PTI

Occupancy rates across India's prison system in 2024

112.7 in per cent. India's prisons operated at 112.7% occupancy in 2024, with 609 jails housing more inmates than their sanctioned capacity and Delhi recording the highest occupancy rate of 194.6%, according to data tabled in the Rajya Sabha on Wednesday. PTI

Number of people executed in Iran since March 19, 2026

56 UN rights chief Volker Turk said on Wednesday he was "alarmed" by the surge in executions in Iran since March, with the death penalty being used by Tehran to "instil fear". "Since March 19, 2026, at least 56 people have been executed on national security-related charges," he said. AFP

Number of major online gambling sites banned by Sri Lanka

24 Sri Lanka has blocked access to some of the world's largest online betting sites as part of a crackdown on unauthorised gambling, the Digital Economy Ministry said. Online gambling is legal in Sri Lanka, but operators must register with the authorities and pay licence fees. AFP

Persons killed in monsoon floods, landslides in India

100 Floods and landslides triggered by monsoon rains have killed more than 100 people across India since July, official data showed on Wednesday, with thousands forced to flee their inundated homes. PTI
COMPILED BY THE HINDU DATA TEAM

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The road ahead for the Asiatic lion

Six decades of conservation have increased the Asiatic lion population from about 100-150 to over 1,000, with nearly half now living outside the protected area; however, the species remains confined to single forested landscape, while habitat fragmentation, disease threats continue to pose major conservation challenges

FULL CONTEXT

Meena Venkataraman

The only free-ranging population of the Asiatic lion today survives in and around the Gir National Park and Sanctuary. The semi-arid landscape of Gir extends into expansive agricultural fields and traditional grasslands, forming a checkered landscape matrix. Dispersing lions use these habitats as passages, stepping stones, and refuges as they navigate riverbeds and mountainous terrain, eventually establishing territories far from their source population.

Lions today occupy habitats as ecologically distinct as the rugged hills of Girnar, the forests of Mitiyala, the landscapes around Savarkunda-Liliya, and the sandy coastal tracts stretching across Saurashtra to the Bhavnagar coast. What is perhaps most remarkable is that, at their destinations, these lions are accommodated by the local people.

As is evident, the challenge of lion conservation in Gujarat rests not only on protecting Gir, but also on safeguarding the network of habitats and corridors through which lions disperse and establish new territories. Around 50 lions inhabit the coastal habitats of Jafrabad Taluka, linked to the larger lion population through Babarkot. Significantly, the Gujarat Forest Department's 2025 lion population estimation identifies this coastal sector as Satellite IV, one of nine recognised satellite lion populations in the State, while the Gir Management Plan explicitly designates the Babarkot area as a lion movement corridor. Together, these official documents recognise the area as both an important satellite habitat and a crucial landscape linkage for dispersing lions.

A crucial corridor under pressure
It is against this backdrop that a recent proposal to divert approximately 75 hectares of reserved forest for limestone



An Asiatic Lioness with four cubs at Gir Sanctuary on May 12, 2025. VIJAY SONE/II

mining has generated concern. The apprehension is that such a move would run counter to the long-standing legal and management framework established to protect lion habitats and movement corridors. If mining were permitted, habitat disruption could functionally disconnect this coastal subpopulation from the larger forest-linked source population and displace lions from portions of their habitat.

The proposed project would reportedly require the felling of nearly 5,000 mature trees and affect a landscape that local communities themselves do not wish to see mined. Human-lion conflict could also intensify. The larger question is whether the prime habitat of a nationally treasured species, a landscape showcasing one of India's greatest conservation recoveries, should be sacrificed for private profit.

Over the six decades since the declaration of the Gir Sanctuary, the lion population has grown from about 100-150 individuals to a healthy population of over 1,000 today. More admirable, however, is the fact that nearly half of them now reside outside the designated protected area. Lions have, over the years, shown remarkable recovery, expansion and resilience, sustained by a resourceful habitat and a rich prey base.

The unfinished task

This success has been built through a transition from protected-area management to landscape-level conservation, supported by political will, capable administration, sustained funding and the goodwill of local communities. These have been the sturdy pillars of lion conservation.

However, the entire lion population remains confined to a single forested landscape. More puzzling has been the continued resistance to acknowledging the need for a second home for the lions. After years of downplaying the risk of disease in a geographically concentrated population, we received a jolt in 2018 when more than 20 lions succumbed to an outbreak of Canine Distemper Virus (CDV). The forest department responded with a series of immediate measures, but have we effectively applied the lessons learned from previous outbreaks? Mortality is but a part of a natural demographic cycle. If we are to achieve long-term coexistence in shared spaces, we may even need to accommodate a degree of anthropogenic mortality. Yet the reports of lion deaths associated with babesiosis in May 2026, together with suggestions of possible CDV involvement, are worrying.

If disease exposes the vulnerability of

the population, land-use decisions expose the vulnerability of the landscape that sustains it. These controversies raise a broader question: have the once-strong pillars of the State's conservation legacy begun to weaken? Are cracks emerging in the framework that has sustained lion conservation for decades? Historically, there was little room for negotiation where lions and their habitat were concerned. Indeed, Gir remains an important case study of how protected areas were progressively expanded around the original sanctuary. Hopefully, there will be no shift in the vision underpinning the law, its application, or administrative decision-making.

Next chapter of recovery

Given the species' continuing conservation challenges, any ill-advised decision could yet turn the clock back to a far more precarious situation. The International Union for Conservation of Nature Red List tells an encouraging story: the Asiatic lion has moved from Critically Endangered to Endangered. Among the northern lion subpopulations, it is the only stable population exceeding 250 individuals and is therefore of immense global conservation significance. At the same time, the newer Green Status assessments remind us that recovery and restoration are not the same thing.

A species can recover substantially and still remain far from fully restored across its ecological and historical range. Under the Green Status framework, the lion remains largely depleted. While the lion has recovered from the brink, it remains far from fully restored across the landscape it once occupied.

The story of the Asiatic lion is one of sustained recovery achieved through six decades of unwavering conservation effort, and of the responsibility that comes with safeguarding those gains. Our goal is not merely to celebrate this legacy, but to sustain it.

(Meena Venkataraman, PhD, is a wildlife biologist with over two decades of experience in mammalian ecology, with a particular focus on the Asiatic lion)

THE GIST

▼ Landscape-level conservation, backed by political will, capable administration, sustained funding and local community support, has been the foundation of the Asiatic lion's recovery.

▼ Protecting habitats and movement corridors, addressing disease risks and securing a second home for the species are critical to sustaining India's lion conservation legacy.

Why is the Indian Statistical Institute Bill controversial?

What changes does the Bill propose to the governance of the ISI?

T.C.A. Sharad Raghavan

The story so far:

The government has tabled a new Bill in Parliament, called the Indian Statistical Institute Bill, 2026, which will replace its approximately 67-year-old predecessor enacted in 1959. While seemingly innocuous, several provisions of the Bill have become contentious, with many faculty members of the Indian Statistical Institute (ISI) and MPs protesting against it.

What is the ISI?

In the 1920s, India's greatest statistician P.C. Mahalanobis set up the Statistical Laboratory in the Presidency College in Kolkata. On December 17, 1931, he founded the Indian Statistical Institute as a "learned society" housed in the Statistical Laboratory. The Institute was registered on April 28, 1932, as a non-profit distributing learned society

under the Societies Registration Act of 1860 and is now registered under the West Bengal Societies Registration Act of 1961, amended in 1964. The ISI quickly became India's premier statistical organisation. It was declared an Institution of National Importance through the Indian Statistical Institute Act, 1959.

What does the Bill seek to change?

At the most basic level, the new Bill seeks to bring ISI's governance structure on par with that of other Institutions of National Importance, such as the Indian Institutes of Management (IIMs) and the Indian Institutes of Technology (IITs).

According to the government, in the IITs and IIMs, compact empowered bodies such as the Board of Governors and executives such as Directors take decisions impacting both the day-to-day functioning and long-term policies of the organisations. However, ISI continues to follow the governance model of a society,

in which significant control is exercised by a large General Body of members of the society. A key outcome of this structure is that any amendment to the regulations can only be carried out with the approval of the General Body.

The government's contention is that since the regulations are prescriptive, even small reforms require the approval of the General Body.

Therefore, the new Bill is aimed at incorporating ISI into a statutory body corporate, strengthening its legal status and providing a "more robust and contemporary governance framework".

What will the governance model be?

The new Bill provides for the creation of a compact Board of Governors that will serve as the principal policy-making executive body of the ISI and will be accountable to the government. It also provides for the creation of an Academic Council as the principal academic body. The Board of Governors will consist of

11 members. The Board will be headed by a Chairperson, who is supposed to be an eminent person "in the field of academia, industry, education, public policy, Statistical Sciences and allied sciences, or other fields" and will be nominated by the Visitor (the President of India) on the recommendation of the Centre.

The government will also nominate a government official not below the level of Joint Secretary to the Government of India. The government's representation will further include another joint secretary or additional secretary.

The Board will include four eminent persons in the field of statistical sciences and allied fields, to be nominated by the Chairperson, and four representatives of the Institute who will include two members of the Academic Council to be nominated by the Board.

The Registrar of ISI will serve as the Secretary of the Board.

What is the controversy around the governance structure?

Ever since the draft Bill was made public last year, professors and officials of ISI have been protesting it. One main contention is that the new governance structure would wrest control of ISI from the people working there and place it in the hands of the Union government. The new structure does give the government direct or indirect control of eight out of the 11 members of the Board of Governors.

Were stakeholders consulted?

The critics say that the Bill has been prepared without consultations with the ISI Society, faculty members, students, or other stakeholders.

The government has argued that as per the review framework in the existing ISI Act, four Review Committees (RCs) have examined the functioning and progress of ISI. The second, third and fourth RCs suggested the reduction in size of the ISI Council, the government said. Despite this, the size of the Council of ISI increased over this period and currently numbers 33 members.

The fourth RC also pointed to certain structural and legacy issues.

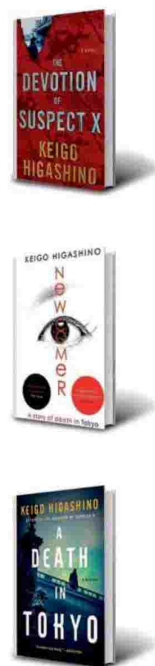
Following this, the government said a brainstorming session had been organised by the Ministry of Statistics and Programme Implementation on July 2, 2025, in collaboration with the ISI at the Jawaharlal Nehru Centre for Advanced Scientific Research in Bengaluru under the Chairpersonship of Dr. K. Radhakrishnan, the current Chairman of the ISI Governing Council. The aim was to "deliberate on pathways that can transform ISI into a world-class centre of learning and research, as it completes 100 years in 2031".

The government said, as per the pre-legislative consultation policy, comments and suggestions from the public on the draft Bill were invited and the timelines were extended in line with the requests of various stakeholders.

BIBLIOGRAPHY



Keigo Higashino. AFP



Keigo Higashino: chronicler of human nature, crime and conscience

The writer elevated crime fiction beyond the conventional whodunit, using intricate mysteries to explore human nature, moral ambiguity, family dynamics and Japanese society; Higashino's detective novels and masterful storytelling earned him a lasting global readership

Ramya Kannan

Last month, when Keigo Higashino died of colorectal cancer at the age of 68, reports of his passing seemed like a scene from one of his own novels – a private family funeral and a public mourning, with condolences pouring in on social media. For a fan of Higashino's writings, the scene, so well described in so many of his novels, played itself out mentally as a sombre Japanese memorial service; you could even smell the incense sticks.

However, for his fans, one sentence ranked. In many reports, he was described as a "Japanese mystery novelist". But Higashino was not merely a mystery writer; he was among Japan's best writers. He was as much a chronicler of human nature and the country's social norms and nuances as he was a writer of intricate, nippy police procedurals – a master storyteller who might have remained confined to his home country had translations not made him available to the world.

The art of the slow reveal

Higashino's best-known work is *The Devotion of Suspect X*, but a fan would most probably recommend *Newcomer* to a novice.

Going by online bibliographies, Higashino had published "78 novels, 24 short story collections, four essay collections, one children's book, one manga, and one original audiobook" by

2026. The finest among them were arguably the detective Galileo and detective Kaga mysteries.

The idea that Higashino's novels are character-driven is beautifully exemplified in *Newcomer*. The book also shows how skillfully he flips the bare-bones mystery format on its head, turning the process of unraveling what led to the crime into a fine work of art.

In *Newcomer*, the gentle, restrained, but astute Inspector Kaga has just been transferred to a new precinct in Nihonbashi. A woman has been strangled to death, and unlike the traditional mystery plot that narrows down the list of suspects, this one spirals outwards. With every chapter, someone new emerges as a suspect – a different shopkeeper each time. It seems probable that anyone could have been the murderer. That is where detective Kaga's skills come into play: he gently disentangles each thread in this complicated plot until his usual penchant for studying the histories of the characters involved pays off. Secrets from the victim's past and her activities in the last few days preceding her death lead the reader, hand-held by Kaga, to the murderer.

Science and logic

If *Newcomer* is an uncommon favourite, *The Devotion of Suspect X* is a popular one. This one is led by the enigmatic detective Galileo, a nickname given to him by the police. He is actually Manabu Yukawa, a physicist and friend of detective Kusanagi of the Tokyo police force, who turns to

him for assistance. The physicist then pits his science against a mathematician who has helped the perpetrators conceal the evidence for the murder. Even after it becomes clear to Yukawa who might have been responsible for the murder, he still needs to provide proof that it was an accidental killing that was later covered up. How he does it is a simply riveting read. No wonder the book was adapted into several television series and films, while also inspiring other tales.

Higashino's hallmark is to subvert the regular whodunit structure, which means the reader often learns of the crime early. So, where does the tension in the text come from? It comes from the slow unraveling of motive and cover-up, and the exploration of guilt, loyalty, and, very often, the psychological cost of deception and how it weighs an individual down. Only an author who is a student of the human condition can describe that kind of insight in such great detail – it takes more effort to connect a crime with social relationships, linking up neighbours and co-workers, studying family dynamics, and unearthing old resentments.

In *A Death in Tokyo, Malice, and The Final Curtain*, Higashino drags us through the alleyways of the past, sometimes going back years or even generations to find motive in an old injury, an insult, or patterns that make sense in the present, to wind up his investigation.

Beyond the whodunit

If a standalone novel is your poison, then pick up a copy of *Journey Under the*

Midnight Sun. It is not a typical procedural, but it is an epic exploration of the toll that an unsolved crime can take on the lives of the people involved. The book, which covers over two decades, tracks the lives of two children who grow into adulthood and explores the dark shadow of a secret hanging over them. Even though it is not a mind-bender like his other books, *Journey...* is a master class in writing about the human mind and its infinite potential to deceive, manipulate, and confound, and even stoop to murder. The moral ambiguity that accompanies crime, an essential human predicament, gets maximum play in Higashino's work.

Since Higashino is not just a mystery writer, we get a sense of Japan through his works. Through his novels, he allows us to explore the prefectures, food, shops, shrines and customs of his motherland, while capturing how a younger generation is negotiating change in an ageing society steeped in rituals and tradition.

It is safe to say that, apart from all the reels that flood social media, Higashino too has a role to play in increasing interest around the world in Japan as a tourist destination.

As his fans across the world mourn his demise, Higashino still has one last gift. His final, posthumous novel, *Eternal Memory*, was released on August 5. It is the 11th instalment in the detective Galileo series. One more tango with Yukawa's powerful intellect, and who is to complain, even if it is the last we get?



FROM THE ARCHIVES

Know your English

S. Upendran

"What is the meaning of "sting operation"? (B. Premananda Bhat, Manipal)

A sting operation is a well-planned scheme used by law enforcement agencies to entrap a criminal. It usually involves a lot of undercover work. Often the term is reduced to "sting". Here are a few examples.

It was a well-planned sting operation. The stings, as expected, went off without a hitch.

The word "sting" has another meaning as well. It is often used in informal contexts to mean "to cheat or overcharge someone".

(Remember the Robert Redford and Paul Newman movie called "The Sting"? Here are a few examples.

The fruit vendor tried to sting me. The supermarket next to my house makes it a point to sting its customers.

What is the difference between "while" and "whilst"? (S. Anand, New Delhi)

As far as meaning is concerned, there is no difference between the two words; they can be used interchangeably.

"Whilst" is considered by some people to be rather old-fashioned. It is mainly used in British English; Americans seldom use it. I understand that even within Britain, "whilst" is more common in the north than in the south. As far as the pronunciation is concerned, the final 'st' of 'whilst' is pronounced. Here are some examples.

The Police entered the former Chief Minister's house while/whilst he was sleeping.

Shakunthala called up while/whilst I was having dinner.

Who is a "psephologist"? (Murali Krishnan, Ernakulam)

First, let's deal with the pronunciation. The first 'p' is silent. The 'se' in the first syllable sounds like the 'se' in 'set', 'sent', and 'sell'. The 'ph' is pronounced like the 'f' in 'fit', 'feet', and 'food'. The vowel 'o' is like the 'o' in 'got', 'not', and 'lot'. The 'o' in the third syllable sounds like the 'a' in 'China' and the following 'g' is like the 'j' in 'jam'. You can probably guess how the final 'ist' is pronounced. It is the second syllable which has the main stress. Psephology is the scientific study of the way in which people vote in elections.

A 'psephologist' therefore is someone who studies how people vote – he comes up with the statistics, the trends, etc. These are the people you see on TV during elections telling us about the 'swing factor', etc.

Several psephologists were interviewed a day before the elections.

My cousin Mohan wants to be a psephologist when he grows up.

What is the meaning and origin of the expression "to hit the sack"? (A.J. Venkatasubramayam, Bangalore)

This is an informal expression meaning to 'go to bed'.

Ranjani hit the sack early last night. The expression became popular during World War II when American soldiers began referring to the sleeping bag/blanket that they were carrying as "sack". Later, the word "sack" began to be used for anything that one could sleep on – a bed, a table, a bench, etc. The earlier expression that was commonly used was "to hit the hay". Published in *The Hindu* on July 10, 2001

THE DAILY QUIZ

A quiz on the tragic atomic bomb attacks on Hiroshima and Nagasaki that took place on August 6 and 9, 81 years ago

V.V. Ramanan

QUESTION 1

What were the nicknames of the bombs dropped on the two Japanese cities?

QUESTION 2

What were the core nuclear materials used in the two bombs?

QUESTION 3

Apart from the two unfortunate cities that bore the brunt of the dastardly attack, which other three cities were in the initial list?

QUESTION 4

Name the two intended

aim points in both the cities that were not hit because of weather conditions.

QUESTION 5

Which flower became the official flower of Hiroshima because it was the first plant to bloom on the scorched earth following the atomic bombing?

QUESTION 6

Which legendary scientist remarked, "Had I known that the Germans would not succeed in developing an atomic bomb, I would have done nothing for the bomb?"



Visual Question:

This is Tsutomu Yamaguchi, a 'hibakusha'. What is his unique claim to fame as regards the survivors? AP

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

- In which year was she awarded the Nobel Prize in Literature? **Ans: 1993**
 - In 1968, Morrison won the Pulitzer Prize for which of her works? **Ans: Beloved**
 - Morrison became the first Black female editor for fiction at which publishing house in New York? **Ans: Random House**
 - In her capacity as an editor, she published two groundbreaking works. One was of a boxing champion, titled 'The Greatest: My Own Story'; and the other of a little-known novelist and poet who in 1968 had been shot to death by a transit officer in the New York City Subway. Name both the figures. **Ans: Muhammad Ali, Henry Dumas**
 - Which writer, upon Morrison's death, said, "Morrison rejected the very concept of the narrow door and claimed for herself the wide world. All readers and writers are indebted to her for the space she created"? **Ans: Zadie Smith**
- Visual: Identify this boy on whom Toni Morrison wrote her first play. The boy was abducted and lynched in Mississippi in 1955. **Ans: Emmett Till**
- Early Birds: Tamal Biswas | Sunil Madhavan | Siddhartha Viswanathan | Sudhir Thapa | Piyali Tuli

Word of the day

Axiomatic:

evident without proof or argument

Synonyms: obvious, unmistakable, apparent

Usage: It is axiomatic that clean water is essential for life.

Pronunciation: newsth.live/axiomatic

International Phonetic Alphabet: /æksɪəˈmæɪtɪk/

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

The Indian EXPRESS

FOUNDED BY
RAMNATH GOENKA

IN 1932
BECAUSE THE TRUTH INVOLVES ALL

RBI must keep steady hand amid uncertainty

IN LINE with expectations, the RBI's monetary policy committee voted unanimously in its August meeting to keep interest rates unchanged. The repo rate stands at 5.25 per cent. Alongside, the committee chose to stay with its neutral stance. The rationale is straightforward. The uptick in inflation in recent months — CPI had risen to 4.38 per cent in June, from 3.93 per cent in May — is driven largely by food and fuel prices. Core inflation, excluding precious metals, remains subdued at around 2.3-2.5 per cent. This suggests that price pressures are not broad-based in the economy.

The central bank also believes that inflation will peak in the October-December quarter of this year and then trend lower — CPI is projected to fall from 5.9 per cent in the third quarter to 5.5 per cent in the fourth quarter and then to 5.3 per cent in the first quarter of the next financial year. However, there is considerable uncertainty over the monsoon and El Niño. This could have implications for both kharif as well as rabi crops. Oil prices also remain volatile — India's crude oil basket is currently around \$85.19 per barrel. "Global oil prices have remained volatile with sharp two-way movements triggered by geopolitical developments, blurring the near-term outlook," the MPC noted. Growth, though, appears to be holding up, with high-frequency indicators suggesting that the economy is growing healthily. The RBI has noted that in the first quarter the economy performed better than expected. Private consumption is "robust" and investment remains "resilient". The central bank has also marginally upped its growth forecast to 6.7 per cent for the year. This is in line with assessments of most economists.

Globally, central banks are being cautious. Last week both the US Federal Reserve and the Bank of England chose to keep interest rates unchanged even as inflation remains elevated. Earlier, the European Central Bank had also held steady, even as other central banks like the Bank of Korea and Japan raised interest rates. The RBI is likely to persist with its wait and watch approach. Generalised inflation pressures remain "modest". However, as it also notes, "the risks of second-round impact of higher food, fuel and other input prices translating to broad-based inflation persist". Policy action will be contingent on greater clarity emerging over the inflation trajectory.

SC safeguards for live-in partners are overdue

THE SUPREME COURT'S decision to extend the protection against domestic cruelty to women in live-in relationships that are "in the nature of marriage" is a welcome attempt to bring criminal law in step with evolving social realities. By holding that Section 494A of the erstwhile Indian Penal Code — and its equivalent, Section 85 of the Bharatiya Nyaya Sanhita — can apply where the relationship is founded on a genuine intent to marry, the SC has adopted an expansive reading of the law. It acknowledges that domestic abuse derives its force from unequal power and coercion, that it does not become less devastating because a relationship lacks formal solemnisation. While women in live-in relationships already have recourse to civil remedies under the Protection of Women from Domestic Violence Act, 2005, the judgment makes clear that the absence of a formally solemnised marriage cannot, by itself, deny them the protection of criminal law. In doing so, the Court reinforces the principle that legal protection must respond to the substance of intimate relationships rather than their form.

Violence in intimate relationships remains one of India's most pervasive yet under-reported crimes. The recent NFHS found that over 22 per cent of ever-married women have experienced physical, sexual or emotional violence at the hands of their partners. Yet, financial and social compulsions mean that only a small minority seek redressal. Women in live-in relationships often face additional legal, procedural and social burdens. In the present case, for instance, the accused sought to quash criminal proceedings initiated by his partner, arguing that because he was already married, their relationship could not amount to a valid marriage and therefore could not attract the offence of cruelty.

In cases such as *D Velumyany D Pataichimal* (2010) and *Indira Sarma v KV Sarma* (2013), the SC had laid out the factors, including whether the couple has lived together for a considerable period, and whether the relationship possesses the requisite permanence and commitment, to be considered in case of live-in relationships in the nature of marriage. By adding further guardrails — the judgment has mandated the safeguards in *Arush Kumar vs Bihari* to be followed in such cases — the Court has struck a careful and necessary balance.

Remo leaves the stage larger than he found it

WHEN A R RAHMANN'S 'Humma humma' in Mani Ratnam's *Bombay* (1995) exploded onto radio and television over 30 years ago, it came with an irreplaceable sense of joy, even though the film carried the weight of dark communal history. With swagger in its rhythm and an infectious energy in Remo Fernandes' unmistakable guitar lilt, the track refused to be boxed into the neat boundaries of Hindi film music. It was gloriously raw, with Remo's carefree ad-libs making it feel more freewheeling than a playback performance. On Tuesday, the 73-year-old performed the classic track, seated on a chair, one final time at Cranford Community College Grounds in London as part of Goa Day. As Remo bid farewell to the stage due to health reasons — a stroke, a fall and surgery that diminished his guitar and flute playing ability — it was a reminder of this timeless catalyst for joy to his listeners.

Born and raised in Goa, Luis Remo de Maria Bernardo Fernandes started with the mouth organ at four and was obsessed with his father's eclectic record collection of brass bands, Western classical symphonies, bossa nova and samba. Konkani folk, Elvis Presley, The Beatles and The Rolling Stones would then shape his musical imagination. Remo taught himself the guitar and studied architecture at Sir J School while performing with bands in Mumbai. Part of the joyous abandon of 'Humma humma' came from the fact that Remo was an independent musician when being in was not fashionable. He released *Puck That Smack* (1986), followed by *Bombay City* and was once the country's highest-selling English rock musician.

While film songs gave him great popularity, generations of musicians still talk of Remo as one of India's pioneering rock musicians. He leaves the stage larger than he found it, one that now offers more room for independent sounds.

Gen Z's parents have to answer for their politics which created this crisis

THE GEN Z protest shattered the government's illusions of invincibility. But the protests, which continue in a different form amongst students in Jharkhand, are not just a protest against a political dispensation or Narendra Modi. They are a protest against society itself, its current architecture and institutions, and all of us who have, in different ways, become complicit in them.

This might seem like a surprising claim. The core demands of the students are hardly radical. Most of them are not here to tear down capitalism. This is not 1968. The demands are ordinary: Institutional accountability, fairness in exams, quality of education, jobs. Under the surface, there are profound issues of unequal access, but these are not going to take the form of radical casts. Some students have, rightly, understood that their demands are even less likely to be met under conditions of creeping authoritarianism and communalism. They speak a resolutely constitutional language. The remedies they demand still reflect a faith in institutional process: Better appointments to UPSC, resignations of ministers. Why do these protests then feel like a more radical rebellion against society itself?

These protests are radical in different ways. The first is more psychological: It is a refusal to accept fear as a social norm. Some of that fear has been induced by the exacerbating authoritarianism of the Modi government. But behind it was a deeper social norm internalised in the generation of the students' parents. This was the idea of survival or flourishing required accommodation.

The generation shaped by economic liberalisation developed its own anti-protest

sensibility. The memory of student mobilisation and street politics in the Seventies was often one of violence, dogmatism, and political instrumentalism, rather than any deep democratic renewal. A lot of that politics destroyed the very universities which we so yearn for.

Post-liberalisation, politics became privatised in a double sense: Some idealists invested their hope in technical work and policy reform rather than mass mobilisation. A more symbiotic relationship between civil society and the state would make this possible. Others came to regard a refusal of social movement as itself a progressive stance. Genuine change would come about by advancing to positions of power across a range of institutions, not by collective public action.

In cultural terms, the left-right distinction was not so much about the content of ideologies or demands; it was about the modality of political action. The fear of the imagined "Left" was not the actual influence of its ideas, but its perceived encouragement to movement politics. So "activism" always got designated as "Left." Prudent individual advancement would itself add up to social change over the long run. Millions of Indians concentrating on their careers would be a better recipe for India's progress than thousands on the streets. The cumulative effect would be greater.

The Gen Z revolt has shattered this illusion. It is hard to make a prudential argument for concentrating on your career when even the constitutive norms that made fair access to those careers possible have been eroded. The failing exam system is just that. But the



PRATAP BHANU MEHTA

underlying promise that there would be enough careers to be made has never been redeemed. The politics of accommodation is becoming unsustainable. Materially, it no longer offers a credible path to security or advancement to most. Morally, the complicity involved in acquiescing to the current system is growing. The acquiescence seems too suffocating. The Gen Z revolt is radical not because of its demands. It is radical because it is stating a blunt truth: The politics of accommodation is not an option, even on its own terms.

But a revolt against the politics of accommodation is the most intimate form of revolt, against the moral world of one's parents. The accommodation of the parents was not just out of cowardice. It has a tragic cast to it. They genuinely believed that avoiding entanglements in movements was a surer path to dignity and opportunity; they had seen enough ideological conflict. And curiously, the parents, in their opting for accommodation, were also victims of a melancholic realism: The only thing we could do was individually navigate the world, not remake it. But what they were supposed to assure us is that the minimum conditions for individual navigation would exist.

This is where the failure of the parents' generation runs deepest. By understandably directing their anger at the Modi government, the protestors are, in a sense, giving their parents a dignified way out. Politics undoubtedly shapes the architecture of society. But institutions are not hollowed out by governments alone. They decay because thousands of people, across hundreds

of professions, cease to uphold the standards that give institutions their integrity.

The post-liberalisation generation believed that social change would come less through movements than through dispersed career choices. We would become professors, civil servants, judges, lawyers, accountants, IPS officers, journalists, entrepreneurs, economists, policy experts, media owners, and business leaders. These careers were imagined not merely as vehicles for private advancement but as bridges between private success and public obligation. The aspiration was not heroism. It was professionalism. If each profession faithfully discharged its ordinary responsibilities, society would gradually improve without the disruptions of collective political action.

This promise now lies in ruins. Politicians are the easiest targets. But the quieter question that echoes through the Gen Z protests is this: What became of the professions? Universities, courts, public service commissions, regulatory bodies, newsrooms, corporations, and the civil services were not hollowed out in a single moment or by a single party. They were weakened through innumerable small accommodations, evasions, compromises, and silences, the very ethic of accommodation that is posed as a counterpoint to revolt. Careerism shaded into complicity too quickly. These were accommodations made by the parents. Politics alone will not fix them. The parents identify with their children. But deep down they know they also have to answer for the politics of accommodation that created this crisis in the first place.

The writer is contributing editor, The Indian Express

The impunity of being Brij Bhushan Singh



BRINDA KARAT

THE ACQUITTAL of BJP leader and former MP Brij Bhushan Singh on charges of sexual harassment brought by India's most celebrated female wrestlers is disturbing. It is the culmination of an unequal battle in which power, influence and caste equations, enabled by the highest echelons of the ruling regime, ensured impunity at every level.

The complaints the women made to the authorities were systematically ignored. It was only when they sat on dharna in January 2023, gaining wide support from their sporting fraternity, that the government appointed an oversight committee to inquire into the allegations. The women withdrew their protest in good faith. But the committee's report was a whitewash — kept secret, never even shared with the complainants. The women resumed their struggle and demanded an FIR. Their written complaints to the police ranged from groping, touching the breast and navel, to stalking, intimidation and demands for sexual favours in return for professional benefits. Brij Bhushan was, at the time, a Member of Parliament and the powerful head of the Wrestling Federation of India (WFI). Any party with a minimum sense of morality would have at least suspended him.

Not the BJP — which had already brazened out the case of its UP leader and MLA Kuldeep Singh Sengar, later convicted of raping a minor, whom it protected and expelled only two years after the case was reported. In Brij Bhushan's case, the Delhi Police, under the jurisdiction of Home Minister Amit Shah, simply refused to file an FIR. He retained his post at the WFI.

The achievements of the wrestlers, the glory they had brought India, counted for nothing. They were, after all, only women; it was the leader who had to be protected. The women were forced to appeal to the Supreme Court just to get an FIR registered. When accused sexual predators enjoy the government's public protection to the point the complainants are beaten and dragged by the police in full view of the cameras while marching

to Parliament — and, on that very day, the accused himself is shown sitting smugly in his seat, applauding the Prime Minister — the message could not be clearer. Even after the FIR was filed, the man was never arrested. It becomes easy, after that, to influence the course of investigation, to pressure complainants into withdrawing and witnesses into turning hostile.

The full judgement is yet to be made public, but the court's official reporting is plain enough: The prosecution, it is said, failed to prove guilt "beyond reasonable doubt". In cases of sexual harassment where the time and place are of the predator's choosing, there are rarely witnesses; the statements of the victims themselves are the evidence. If this is not proof enough for courts, then there is little hope of improving the low conviction rate of less than one third in such cases. The delay in filing the complaint is also cited as a reason. How long will it take us to understand the basic realities of power that silence victims, and the force that comes down on them if they dare to speak?

Despite a specific law, we have utterly failed to make workplaces and public spaces safe enough for women to report harassment without fear of reprisal or stigma. India has its own Jeffrey Epstein, protected by layers of power.

The judgment comes at a moment when India is also witnessing a toxic, misogynistic backlash against the young women who were so active in the historic Jantar Mantar student struggle led by the Cockroach Janta Party. They are being doxxed, stalked and threatened with rape — anything to silence and punish them. When the Prime Minister calls it a "culture shock" to hear young women use cuss words, he stamps his approval on sexist abuses, so long as it is men doing the abusing — because, in this telling, men will be men.

Vinesh Phogat, the courageous voice of the women complainants, has said they will appeal the judgment. They will have the support of all those who believe that justice cannot be held hostage to power and influence.

The writer is a senior CPI(M) leader

Are India-US trade talks an exercise in futility?



MANOJ PANT

AN EDITORIAL (Ahead of the big deal, strike a careful balance', IE, July 17) in this newspaper has argued that a deal with the US "will go a long way in reducing uncertainty... while expanding trade." But trade negotiations appear to be an exercise in futility. At one stage, Donald Trump insisted that India acknowledge a decisive US role in ending the Indo-Pak conflict, reportedly because such recognition would bolster his Nobel Peace Prize aspirations. A 50 per cent tariff was briefly imposed before being withdrawn, but not before employment-intensive sectors such as textiles and sports goods suffered heavy losses in the US market in 2025-26. More recently, Trump announced tariffs of 100 per cent on India's pharmaceutical exports from 2028, rising to 200 per cent the following year unless production shifts to the US. Such a move is unlikely to succeed because affordable Indian generics underpin healthcare for millions of Americans' consumers.

If tariffs are so unilateral, what remains to be negotiated? Look at Canada. Under Section 338 of the US Tariff Act of 1930, Trump has announced 50 per cent tariffs on some Canadian imports. While this may impact only about \$20 billion of imports, there's no knowing what he will announce next. In a recent press conference, he felt tariffs were a cost Canada should pay for the smoke from the recent wildfire in Central Canada, which sent the AQI soaring in some central US cities for a few days. This is in addition to the 12.5 per cent tariffs for "unfair trade practices" like use of forced labour and the already existing 25 per cent tariff under Section 232. Then what is the relevance of the USMCA that Trump himself re-negotiated? Under the three laws and their sections (301, 232 and 338), all US imports are now covered. The Trump strategy on tariffs has changed, but the main message is the same: Tariffs will be a revenue-raising device with the long-term objective of encouraging manufacturing to shift to the US. Irrespective of what Congress feels, these three allow Trump to arbitrarily impose duties irrespective of any trade negotiation signed. Canada and the USMCA are a case in point. Only domestic inflation affects Trump's trade policy, not any agreement.

There is not much for India to do but go ahead with the pretence that the negotiation is based on each country's "comparative advantage". For Trump, this has no meaning. Recently the US said that India's UPI system, backed by the government, constitutes an "unfair advantage" to other payment systems. Who knows when this brings a 25 per cent tariff (like the Pix payment system did for Brazil). A negotiated agreement will mean nothing. Like Canada, India will have to bring in legislation (like in the case of forced labour) to show "sincerity of purpose". But there's no knowing when this stops, as other red flags like imports of Russian oil will spring up. Indian negotiators should proceed in good faith but expect little from a long-term point of view. Far better to concentrate on other trade agreements like with the UK, EU and other countries. Trade policy must focus on diversifying commodity trade away from the US. China has done so. India remains in the saddle as far as trade in services is concerned. Fortunately, this is not yet affected by Trump's "trade policy".

The writer is visiting professor, Shiv Nadar University

40 YEARS AGO

August 6, 1986



Tougher sanctions

THE SEVEN-NATION Commonwealth summit concluded late, with India and five other nations deciding to impose fresh economic sanctions against South Africa but Britain refusing to go along with them. While Britain refused to budge from its stand, the six nations adopted sanctions harsher than those endorsed by the Nassau Commonwealth summit in October.

UK not a leader any more: PM

THE PRIME MINISTER, Rajiv Gandhi, said it was not the Commonwealth but Britain that had lost at the mini-summit here. "Britain is

not a leader any more", Gandhi said, addressing a press conference. Traditionally, Gandhi said, Britain had stood for certain principles and values. "We see now that Britain is compromising on these basic principles."

Lok Sabha clears Mizo Bills

THE LOK SABHA passed the Constitution (53rd) Amendment Bill and the State of Mizoram Bill, sending them to effect the Mizoram accord reached between the Central Government and the MNF leader, Lal Lengpa. The State of Mizoram Bill provides for the grant of statehood to the Union Territory of Mizoram, thus making it the 23rd

state of the Union. The Constitution Amendment Bill was passed by a majority of 308 to two.

Rajasthan town tense again

Tension arose again in Sojat town of Pali district following clashes between a crowd of sadhus and students and the police. About 25 persons, including 10 policemen, were injured. The crowd damaged the sub-divisional officer's office and 22 shops. It pulled out the belongings in shops and set them on fire. The police resorted to lathi-charge and fired tear gas shells to control the situation. For nearly four hours, the students remained furious.

The Ideas Page

New FCRA bill is about control, not transparency. It must be opposed



THAROORTHINK
BY SHASHI THAROOR

THE FOREIGN Contribution (Regulation) Amendment Bill, 2026, reintroduced in the Lok Sabha for adoption during the Monsoon Session following its sudden withdrawal in April, marks a dangerous escalation in the centralisation of executive power in India. In the name of enhanced transparency and regulatory oversight, the proposed legislation fundamentally rewrites the relationship between the Indian state and civil society. Driven by its majoritarian ideology and allergy to independent voices, the current government has increasingly reframed non-profit charities, think tanks and human rights groups not as development partners, but as sources of subversion and foreign manipulation. To neutralise these voices, the state has targeted their primary vulnerability: Dependence on international philanthropy.

Through aggressive enforcement and sweeping amendments to the FCRA, the government has already imposed complex compliance burdens, such as banning sub-granting to grassroots organisations, slashing allowable administrative outlays, and mandating a single bank branch in New Delhi for all foreign inflows. The resulting regulatory squeeze has triggered an 87 per cent drop in foreign funding, forcing thousands of secular and community-based organisations to shut down, while an impending legislative push to allow the state seizure of cancelled NGO assets threatens to permanently cripple the sector. For the nation's welfare network, and particularly for the long-standing Christian institutions that form the backbone of healthcare, higher education, and social care across states like Kerala, the provisions of this Bill do not merely represent administrative hurdles; they present an existential threat to institutional autonomy, property rights, and constitutional freedoms.

The Amendment introduces an unprecedented mechanism of control that by

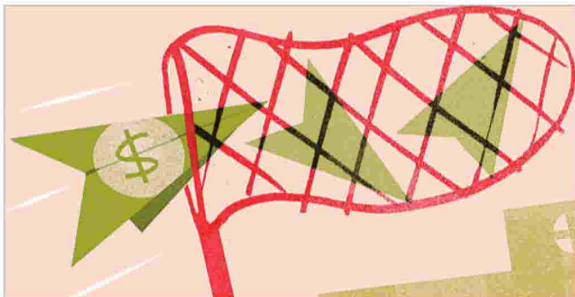


ILLUSTRATION: C. SAKSHI

passes traditional legal protections. The Bill establishes a central, bureaucratically appointed Designated Authority, empowered to take control of an organisation's foreign funds and physical properties. If an entity's FCRA license is suspended, cancelled, or denied renewal, its assets provisionally vest in this authority, granting the government the statutory right to seize, manage, and ultimately sell these properties while crediting the proceeds directly into the Consolidated Fund of India, even if an asset was only partly funded through foreign contributions. Furthermore, under newly proposed mechanisms of "deemed cessation", if an organisation fails to submit its renewal application on time or if its renewal is rejected by the Home Ministry, its registration automatically ceases, immediately terminating its right to operate, utilise tied assets, or access remaining foreign funds. At the same time, the executive reserves the authority to dictate rigid timelines for the receipt and disbursement of funds, stripping charities of the financial flexibility required to manage long-term infrastructure projects, disaster response, or endowments.

To understand the human toll of these provisions, just examine their impact on regions with deeply-rooted institutional networks. As a Kerala MP, I have seen Christian-run charitable trusts, schools, hospitals and diagnostic centres, medical colleges, and welfare NGOs serving marginalised

It is a profound injustice to subject institutions that have devoted generations to India's development, education, and healthcare to such punitive statutory mechanisms

populations, regardless of caste or creed, for well over a century. These facilities rely on a mix of local contributions, domestic fees, and foreign grants to maintain world-class medical equipment, sponsor affordable care, and fund educational scholarships. By linking an administrative decision on an FCRA license directly to the physical confiscation of land and buildings, the Bill creates an environment of extreme instability. A single administrative delay or an adverse ruling by the Ministry of Home Affairs could instantaneously convert a functioning 500-bed charitable hospital into state property, disrupting essential public services and placing community assets under government control. The victims are the ordinary Indians who are the beneficiaries of these facilities.

If an institution's FCRA license is suspended or withdrawn under this proposed framework, its legal recourse is severely restricted, forcing non-profits into protracted and costly litigation through writ petitions under Article 226 in high courts or Article 32 in the Supreme Court. Constitutional challenges could rest on Article 300A regarding the right to property, as taking over legacy assets (created partly through foreign and partly through domestic funds) without fair compensation or stringent judicial safeguards constitutes arbitrary deprivation of property. Challenges may also arise under Article 14, given that the Bill mandates that law enforcement agencies must seek cen-

tral government clearance prior to initiating investigations, risking selective enforcement that shields favoured entities while applying draconian measures against minority-run organisations. Furthermore, by choking the financial lifelines of these institutions, the administration circumvents core constitutional protections, specifically the rights to freely practice and propagate religion (Article 25) and acquire and manage denominational property (Article 26), without formally repealing them.

In practical terms, if a hospital's license is suspended, the trust must immediately seek an emergency stay order from the high court against physical eviction by the Designated Authority while simultaneously defending its registration before the Ministry of Home Affairs, a process that drains charitable resources away from patient care and education. It is a profound injustice to subject institutions that have devoted generations to India's development, education, and healthcare, to such punitive statutory mechanisms. The contributions of the Church and affiliated charitable organisations in India are documented in millions of lives uplifted, educated, and healed. To treat these developmental partners with institutional suspicion, and subject their physical assets to executive expropriation, undermines the principles of a constitutional democracy. This selective enforcement fundamentally violates the foundational liberal tenet that a democratic state must remain a neutral arbiter rather than an instrument of political engineering. The ruling party uses the cover of regulatory legality to assault liberal policies, transforming our humane, constitutional democracy into a rigid state structure of majoritarian control.

This Bill must therefore be resisted through every legal and democratic channel available, beginning on the floor of Parliament. When it comes up for discussion in the Lok Sabha, the Opposition must stand united in its resistance, demanding an absolute minimum that the Bill be referred to a Select Committee for rigorous, clause-by-clause consideration, public consultation, and input from civil society stakeholders. India's democratic integrity and the survival of its independent social sector depend on ensuring that state regulation does not turn into executive overreach.

The writer is a fourth-term Congress MP from Thiruvananthapuram

Why the saffron parivar couldn't hear the young



AAKASH JOSHI

SOME POLITICAL facts remain unchanged in the aftermath of the protest that began at Jantar Mantar in Delhi, spread to other cities and resulted in the resignation of Dharmendra Pradhan as Union education minister on July 25. The BJP remains the single-largest party in the parliament of the world's largest democracy. Seventeen states have BJP chief ministers and four more are from partners in the National Democratic Alliance. This electoral dominance, however, is only part of a broader political success story. Unlike Congress and other mass parties, the BJP has been, since its inception, the political vehicle for a larger ideological goal and just one section of a massive *parivar*. From the fountainhead of the RSS emerge several organisations which, together, have an imprint in practically every aspect of social, cultural and political life. A trade union, farmers' organisation, educational institutions, a student union and a youth wing are just some examples. Then there are think tanks, academics, NGOs, ideological fellow travellers and, after 12 years of state power, hangers-on, that form the many nodes of a vast "ecosystem".

Arguably, it is this all-of-society approach, and the broad sense of "cultural nationalism" that animates it, that has helped the BJP gain and maintain its pole position. Why, then, was this huge *parivar* unable to gauge the level of disaffection among the youth, and many other sections of society? For over a month, there was not a single credible interlocutor that could simply walk to Jantar Mantar and have a conversation with the agitators. It would be perhaps naïve, ill-advised and unpresidential for senior cabinet members to go to the protest site. But what about the "young" that support the government or are part of it? Not Delhi BJP Minister Rekha Gupta, barely heard or seen as the city centre became the epicentre of the national conversation, who came up in student politics in the ABVP. Not MP Tejasi Surya, national president of the BJP youth wing. Not the host of professors, teachers and young leaders who for the better part of a decade have championed double-engine *sarkars*, New India and all but said that centuries of "slavery" ended in 2014. The answer to the lack of credibility of those connected to the ruling dispensation with the protesters can be traced to the general entropy that accompanies being in power and the very particular nature in which the Modi-Shah BJP has exercised it.

First, after 12 years as a ruling party, the BJP's most valuable asset has eroded. A cadre-based party relies on two-way communication between the *karyakuta* and the leadership, with the former delivering the party's message to the people and the feedback from the public to the leadership. As the cadre becomes part of the state machinery, its ability to gauge the public mood diminishes. And a centralised high command that directs the political message without enough consultation — and criticism — means too many messengers worry they will get shot. An extension of the first factor is the flattening of power within the Sangh Parivar itself. For long, the PM's popularity meant that there were no major alternate power centres within the party or the broader Hindutva fold. Leaders like Shivraj Singh Chouhan, for example, were kicked upstairs — in essence, success was punished. Many of the people in party and parivar enjoy only a derived credibility that lives and dies with the PM. Third, polarisation and the demonisation of vast swathes of people cuts both ways. Minorities, students, farmers, dissenters of every stripe have been branded everything from "anti-national" to "urban Naxals". Sharpening divides may have yielded — and perhaps may continue to — electoral results. But they have also shrunk the middle ground that enables a good faith conversation.

Then there is, to use an Americanism, the danger of "drinking your own Kool-Aid". For years, the current dispensation has framed 2014 not as a change in government but a Second Coming of the Republic. Crisis in education and employment, structural inequalities of caste, tribe and religion — the problems of a large and still poor country where a plurality receive free ration — were barely acknowledged. Instead, there was a focus on centralisation (One Nation, One "fill in the blank"), hagiographies of a leader and fantastical claims of being a *vishwaguru*. Propaganda has its place in politics. The propagandist, though, should not believe it.

Finally, the usual system of checks and balances is breaking and often broken. The Opposition is a shadow of itself — the 2024 general election result was a fillip, though — partly because it has failed to adapt to BJP dominance but also as a result of the pressures from agencies, parties being broken, "washing machine" politics, etc. Statutory bodies like the Election Commission appear increasingly partisan. In such a situation, the street becomes among the few available arenas for democratic expression.

There is a temptation for the Opposition to view this moment as the "turning of the tide", as the Battle of Iden's Deep in *The Lord of the Rings*. That would be premature. One thing, however, is clear: Even if the government continues to believe in its invincibility, there are enough people who don't. That's a disjunction the "parivar" might not like.

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LETTERS TO THE EDITOR

Justice for wrestlers

INSTITUTIONS MUST respond promptly, fairly and without prejudice ("In struggle for justice, a story of impunity", IE, August 5). Faster investigations, victim protection, legal assistance and time-bound trials are necessary to restore public confidence. Workplace should also establish effective grievance redressal mechanisms and ensure strict compliance with laws against harassment. Justice should not depend on persistence alone but on institutions that act with sensitivity and accountability.

Aabharna Barathi, Chennai

TVK-DMK showdown

POLITICAL DISAGREEMENTS should be addressed through democratic debate rather than through actions that create avoidable controversy ("Udhayanidhi's arrest is TVK's own goal", IE, August 5). Public attention should remain focused on governance, employment, education and public welfare instead of political spectacle. Leaders across parties must exercise restraint and communicate responsibly. At the same time, speeches containing double meanings, obscenity or language that lowers the standards of public discourse should not be tolerated, irrespective of who makes them.

Arun Kumar, Tiruchengode

AI romance

AI MAY offer companionship, but it cannot replace genuine human relationships built on trust, empathy and shared experiences ("Love me like AI does", IE, August 5). As AI becomes more accessible, users should be encouraged to understand its limitations. Families, schools and communities must promote healthy social interaction and digital literacy. Technology should support emotional well-being, not become a substitute for meaningful human connection or personal responsibility.

Prafesh Paramasivam, Neelembur



VINAY SAHASRABUDDHE

THOMAS FRIEDMAN once said that "the world is flat". Globalisation has indeed created a level playing field for trade and industry. However, when forces try to make the world socially and culturally flat, it amounts to making it less beautiful. The globalisation of philanthropy illustrates this danger. As Parliament prepares to debate amendments to the Foreign Contribution (Regulation) Act (FCRA), many civil society groups have criticised the proposed changes and levelled serious allegations against the government. But India's experience with foreign-funded activism, along with examples from other countries, offers enough reason to revisit the regulatory framework.

Over time, genuine voluntarism has given way to professionalised activism. Organisations once known for commitment, sacrifice and grassroots engagement increasingly adopted the NGO model, with access to large donor funding reshaping priorities. Some evolved into influential actors that sought to shape public policy, at times reflecting donor agendas more than local needs. The rapid expansion of foreign funding encouraged this shift.

The experience of other countries is instructive. In 1997, scholar James Petras, writing on Latin America, argued that foreign-

India's experience with foreign-funded activism, along with examples from other countries, offers enough reason to revisit the regulatory framework

Look closely at source and purpose of foreign funding

funded NGOs had become adept at designing donor-driven projects while promoting the rhetoric of identity and globalism. He said that this fostered dependence on external funding, aligned organisations with neoliberal priorities, and weakened genuinely autonomous grassroots movements.

Researchers in Africa have also pointed out that aid flows have created a vicious cycle of dependency that is proving hard to dismantle. There is also research in India showing that foreign aid does not have a significant impact on poverty alleviation. This is not to point fingers at every funder. There is no need to ban foreign funding. Tighter scrutiny is essential in the interest of the community, donors as well as recipients. Seen this way, the FCRA amendments are aimed at increasing the framework's transparency and making it risk-ready. They seek to bring administrative clarity, improve monitoring of the use of foreign contribution, enable the identification of inactive associations, fix accountability and ensure that foreign contribution is used only for the purpose it was provided.

These amendments will not ensure that foreign money does not shape domestic political, social or ideological outcomes in ways that compromise national security and sovereignty. A Supreme Court judgment, in fact, upholds the

State's invocation of sovereignty and national security to regulate foreign contribution. The relevant question is not the cost of compliance to an individual organisation but the source and purpose of foreign funding of activity within India. Besides, the regulatory framework proposed is as per international norms — sovereign states maintain comparable, and frequently stricter, controls over foreign funding of domestic non-governmental activity.

The proposed FCRA amendments are both faith-neutral and sector-neutral. They make no distinction between religious and secular organisations or among different faiths. While some groups have opposed the changes, most voluntary organisations — including hospitals, universities, research institutions and service bodies — have not objected. For organisations that use foreign funds transparently and for declared purposes, greater accountability poses no threat. Had the amendments genuinely endangered the voluntary sector, resistance would have been far broader. Beyond FCRA, the government should also address the excessive professionalisation of the sector. It needs to revive India's tradition of autonomous, community-driven voluntarism rooted in civilisational values.

The writer is president, The Asiatic Society of Mumbai and NEC member of the BJP



ROUHIN DEB AND ROUPIKHA DUTTA

THE EXCHANGE rate has been the most discussed macroeconomic variable in India amid the current global crisis. The lopsided dependence on crude (a key input) is the predominant cause for the rupee depreciating vis-à-vis the dollar. However, the recent steps by the RBI and the finance ministry to liberalise foreign investment and fortify the rupee seem to strike the right balance to ensure a more stable currency.

The RBI has temporarily relaxed interest rate restrictions on fresh Foreign Currency Non-Resident (Bank) [FCNR(B)] and Non-Resident External (NRE) deposits until Sep-

RBI has a playbook for a stronger rupee

tember. This could attract up to \$10 billion in additional inflows by enabling banks to mobilise foreign currency and rupee deposits from overseas investors. It complements a series of RBI measures to attract overseas capital and strengthen India's external finances. By allowing banks to offer more competitive returns, alongside a concessional foreign swap facility for these deposits and External Commercial Borrowings (ECBs), the RBI is leveraging global interest rate differentials to mobilise nearly \$20 billion in dollar funding. For foreign investors and the diaspora, this presents an immediate arbitrage opportunity. For India, reports suggest that these measures could attract \$60-70 billion in foreign capital. The decision to double the individual investment limit for Persons Resident Outside India (PROIs) in equities from 5 per cent to 10 per cent and to

increase the collective investment limit from 10 per cent to 24 per cent reduces compliance friction, drawing stable foreign capital directly into the corporate sector. Another significant reform is the structural overhaul of the government securities (G-Sec) market. By exempting foreign institutional investors (FIIs) from income tax on interest and capital gains from G-Secs, effective April 1, the government has removed a

The RBI has temporarily relaxed interest rate restrictions on fresh Foreign Currency Non-Resident (Bank) [FCNR(B)] and Non-Resident External (NRE) deposits until September

longstanding withholding tax that discouraged overseas participation while helping reduce borrowing costs. With commercial banks, insurers and the RBI holding nearly 75 per cent of outstanding government securities, India's bond market has long lacked global depth. Eliminating this tax friction makes Indian sovereign debt more competitive with US Treasuries and Japanese government bonds, placing it on a stronger global footing. The reform strengthens India's case for inclusion in major global bond indices, ensuring sustained institutional inflows. Extending similar tax parity to the Bank for International Settlements further enhances India's credibility with central banks and sovereign wealth funds.

India is witnessing a surge in domestic investment, with private sector capital expenditure rising 67 per cent year-on-year in

September 2025 and commercial credit expanding by 15 per cent. Sustaining this momentum without crowding out private investment requires a deep and liquid sovereign debt market. A broader global investor base improves price discovery, enhances competition and lowers the government's borrowing costs by compressing term premia. Lower sovereign yields also establish more efficient benchmark rates, reducing the cost of corporate borrowing. Together, these reforms strengthen the rupee's medium-term prospects by attracting stable foreign capital and reinforcing India's long-term growth and macroeconomic stability.

Deb is chief economist, Chief Minister's Secretariat, Government of Assam. Dutta is Mukherjee Fellow, Policy Politics and Governance Foundation

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LEGAL

How SC's gender guide differs from the 2023 version

Vineet Bhatta
New Delhi, August 5

TRIAL COURT JUDGES must actively prevent the secondary victimisation of sexual assault survivors, control aggressive cross-examinations and develop an "Emotional Quotient" to handle cases involving crimes against women. These are among the key recommendations laid out in a new Supreme Court report published Monday, aimed at bringing gender sensitivity to the Indian judiciary.

The report, Judgments and Gender: Sensitivity and Compassion in Writing Judgments, has been drafted by an expert panel headed by retired Supreme Court Justice Aniruddha Bose. This marks a shift from a 2023 handbook the top court had published, which focused on helping judges identify and avoid patriarchal language.

'Compassionate court practices'

The new report addresses the trauma that a victim faces in the criminal justice system. It notes that judges require an "Emotional Quotient" to supplement their "Intelligence Quotient" when discharging judicial functions. The report highlights how survivors are routinely met with insensitive remarks from police and authorities. Such remarks, it notes, traumatise them and deter them from seeking justice.

To combat this, the report recommends "compassionate court practices." It urges judges to use the Bharatiya Sakshya Adhinyam's provisions that bar defence lawyers from asking irrelevant or annoying questions. This is particularly relevant to questions about a survivor's sexual history, which the report reiterates is immaterial to a rape trial.

The report advocates treating witnesses as "guests" invited to help the court, rather than going through "long waits and poor treatment in court." It also recommends pre-trial counselling for victims to alleviate anxiety and that trials for sexual offences be held in private, closed-door proceedings to protect the survivor's privacy.

Shift in language

Both the new report and the 2023 handbook contain glossaries of terms to avoid, but their focus areas are different. While the 2023 handbook, issued under then Chief Justice of India (CJI) D.Y. Chandrachud, was designed to replace colloquial or archaic words with neutral legal terms, the 2026 report targets the moralistic terms recurring in trial court judgments. After analysing 125 trial court verdicts, the Justice Bose-led committee curated a list of problematic phrases to avoid.

Why a new report

The arc of the new report can be traced back to a March 2025 judgment of the Allahabad High Court, in which the court ruled that acts such as grabbing a woman's breasts and loosening her pyjama string constituted only a "preparation" to commit rape, rather than an "attempt" to rape. The Supreme Court took suo motu cognisance, setting it aside in February 2026. During the hearings, CJI Surya Kant scrutinised the 2023 handbook's utility, calling it "too Harvard-oriented", suggesting it was too elite or theoretical for the Indian context. The court had directed the National Judicial Academy, where Justice Bose served as director, to form a committee of domain experts to frame practical training guidelines.

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Delhi	17 अगस्त शुक्र 11:30 बजे	24 अगु 11:30 AM
Indore	18 अगु शुक्र 11:30 बजे	19 अगु 11:30 AM
Lucknow	20 अगु शुक्र 11:30 बजे	30 अगु 11:30 AM
Prayagraj	18 अगु शुक्र 11:30 बजे	24 अगु 11:30 AM
Ranchi	12 अगु शुक्र 11:30 बजे	19 अगु 11:30 AM
Patna	18 अगु शुक्र 11:30 बजे	30 अगु 11:30 AM
Jaipur	18 अगु शुक्र 11:30 बजे	11 अगु 11:30 AM

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ECONOMICS

As Vijay gov't presents first budget, TN's key challenge: Mounting debt burden

udit Misra
New Delhi, August 5

TAMIL NADU Finance Minister N Marie Wilson on Wednesday presented the first budget under the new government led by Chief Minister C. Joseph Vijay.

The minister committed to push the size of Tamil Nadu's economy to the \$1.5-trillion mark by 2036. As of now, the gross state domestic product (GSDP) of the state ranges between \$350 billion to \$400 billion depending on the exchange rate. In other words, the government aims to more than double the size of the economy over the next 10 years.

Tamil Nadu, along with states such as Maharashtra, Gujarat and Karnataka, has long been among India's fastest growing states. It is second in terms of overall economic output among all Indian states, with only Maharashtra ahead of it. But while Tamil Nadu's headline economic growth has been fairly robust over the past few years, its financial health has worsened.

The main challenge

In his budget speech, Wilson made it clear that past Tamil Nadu governments have been spending far in excess of what they earned and, as a result, borrowed far more than what they were capable of repaying in a sustainable manner.

The two charts alongside provide a glimpse of the fiscal challenge facing Tamil Nadu. Chart 1 maps the state's debt as a percentage of the GSDP (or the state's annual economic output) for Tamil Nadu and some of the comparable states. While this figure has not really shot up, what is noteworthy is that it is much higher than states with comparably sized economies.

The reason is that Tamil Nadu has borrowed more and more each year just to plug the gap between its expenditure and revenues. The consequence of having high levels of debt is that, over time, the interest burden itself keeps going up, especially if the state doesn't enhance its ability to raise more revenues. This is what Chart 2 cap-

TECH

Cut, copy: Why books are being destroyed to feed AI



IN RECENT weeks, booksellers in Australia and Europe have raised concerns about unusual, bulk purchases of books amid reports that artificial intelligence (AI) companies are acquiring physical copies to train their datasets.

It is the manner of such training, however, that has caused alarm: unsealed documents in a copyright lawsuit against Anthropic revealed that the company was resorting to "destructive scanning", a process in which books are destroyed after their contents are scanned.

The Guardian reported recently that Australian booksellers had received requests for books ranging from rare and obscure titles to cheap paperback through intermediaries. Fortune reported a similar incident involving a Dutch bookseller.

In many cases, intermediaries source books in bulk from sellers before sending them for digitisation, making it difficult for sellers to know who the eventual buyer is.

The reports build on earlier findings about Anthropic's Project Panama. In January, The Washington Post reported that the company had bought millions of physical books, removed their bindings and scanned them to build a massive collection of high-quality training data for its models. The new reports suggest that a practice once visible mainly through court filings and investigative reporting is now becoming visible further up the supply chain, with booksellers noticing unusual demand.

Why books?

The terms AI and generative AI usually refer to a subset of artificial intelligence called large language models (LLMs). LLMs learn statistical patterns from enormous volumes of content and generate output based on the quality of data fed into them.

While the AI competition in recent times has largely centred on the race for computing power through chips, the push for physical books reflects a growing demand for another critical resource: high-quality training data.

For years, frontier AI companies have relied heavily on text scraped from the public internet. But as AI-generated content

UNDER THE SCANNER: THE TWO WAYS TO DIGITISE BOOKS

Non-destructive scanning

- Digitises a book without physically altering it, using a V-crack (see pic) to protect spine.
- An overhead scanner photographs each page while the book remains fully intact.
- Ideal for rare or valuable books that must be preserved.

Destructive scanning

- Digitises a book by cutting off the spine and separating the pages.
- Loose sheets are scanned rapidly using automated scanners, producing high-quality images.
- The process is irreversible, making it suitable only for replaceable books that do not need physical preservation.



The 'Scribe' scanner used by Internet Archive. The non-profit digital library says it uses non-destructive digitisation.

has proliferated online and copyright disputes have made large-scale web scraping increasingly contentious, companies have begun looking elsewhere for reliable, human-written material. Books offer long-form, edited text across a wide range of subjects, much of which is either unavailable or difficult to obtain in digital form.

ISBNdb, which markets book-sourcing services to AI companies, has argued that books published before the AI boom are particularly valuable because they are free of AI-generated content. As AI-generated text proliferates online, older books are increasingly seen as a source of cleaner training data.

Janis Lennarz, Visiting Professor at Humboldt-Universität zu Berlin, argues in an essay titled *AI is Eating the Book World* that the current debate over book digitisation began with Google Books. Google's effort to digitise millions of library books in the 2000s. The project sparked years of litigation over copyright and mass digitisation.

Lennarz argues that the current digitisation efforts by AI companies resemble Google Books in technique but differ in purpose. Instead of making books searchable or accessible online, the goal is to convert them into machine-readable training data for AI systems.

Destructive scanning

Many books are unavailable as clean digital files, while publishers often control access to commercial ebooks. Physical copies therefore remain one of the simplest ways to obtain large volumes of text for digitisation.

What Indian copyright law says

The legal position under Indian copyright law remains unsettled.

Section 52 of the Copyright Act, 1957, outlines the fair dealing exception, which allows the limited use of protected material without the owner's permission for specific purposes.

The present controversy extends beyond the acquisition of books to what happens to them during digitisation. Once acquired, the books must be converted into machine-readable text before they can be used for training. Many AI companies have turned to destructive book scanning, a process that permanently disassembles physical books for their high-speed digitisation. In the process, they cut the spines of books and feed the loose sheets to the automated document scanners, choosing to recycle or shred the remaining pages. The scanned images are then converted into text using optical character recognition, allowing AI models to ingest them during training.

Destructive scanning has long been used in some mass-digitisation projects because it is faster and produces flat, high-quality images for optical character recognition. However, preservation projects often favour non-destructive scanning to avoid damaging physical books.

The Internet Archive, a digital library best known for preserving web pages and digitising books, has long maintained that it uses non-destructive digitisation, photographing books without dismantling them to preserve the original copy.

In an email reply to *The Indian Express*, Chris Freeland, Director of Library Services at Internet Archive, said the organisation's 2021 explanation of its scanning process "continues to be the best description of its digitisation process today".

In that post, the Internet Archive said its testing of commercial book scanners, which

feature a vacuum-powered page-turning arm, threatened the integrity of brittle books, rare volumes and other special collections that its library partners wanted digitised.

The legal questions

The acquisition and digitisation of physical books for AI training also raises a fresh set of copyright questions, even if the books themselves were lawfully purchased. Arul George Scaria, professor at the National Law School of India University, argues that buying physical books and digitising them for AI training represents a middle ground between negotiating licences with publishers and relying on shadow libraries. "Buying physical copies and getting them digitised for training appears to be the middle path taken by many AI developers now, as many presume that this is fairer to the authors and publishers," he told *The Indian Express*.

The legal position under Indian copyright law remains unsettled. "Whether this is permissible under copyright law may depend on different factors including the question of whether digitisation is done solely for the purpose of AI training or whether the firms had stored it for other purposes also," Scaria said. "If it is done solely for the purpose of training, it should fall under the fair dealing exception under the copyright law," he added, citing the recent *OpenAI vs ANI* decision.

The fair dealing exception, outlined in Section 52 of the Copyright Act of 1957, is a copyright provision allowing the limited use of protected material without the owner's permission for specific purposes such as private study, research, criticism, review, and news reporting.

Scaria made the case for training uses, saying that as non-expressive uses, which are not prohibited under copyright law, they could help advance research and innovation. "Any copyright-related anxieties that copyright owners have could be addressed by making AI developers liable when there is substantial similarities in outputs. This may force AI developers to opt for licence agreements with copyright holders," he said.

Scaria, however, argued that copyright law alone may not resolve the concerns of authors and publishers. "Many copyright holders have anxieties and concerns about the use of their works," he said, adding that "we need alternative solutions outside copyright law," including mandatory labelling of AI-generated content and funds to support authors and artists affected by large-scale AI adoption.

CLIMATE

Silt in rivers to urbanisation: Behind Kerala's worsening floods

Shaju Philip
Thiruvananthapuram, August 5

AN UNEXPECTED spell of extremely heavy rainfall in early August has triggered flooding in several parts of Kerala, with Kottayam, Pathanamthitta and Alappuzha districts among the worst affected.

Twenty-six people were killed and four others were missing in monsoon-related incidents, while more than 27,000 were sheltered in around 460 relief camps as of Wednesday, said Chief Minister V.D. Sarathesan.

So how have these flash floods so rapidly submerged a chain of urban settlements in the state? The answer lies in a range of mostly human-made factors.

Carrying capacity of rivers

Studies conducted by Kerala's Irrigation department have found that sedimentation in rivers and water bodies contributed to the intensity of the crisis. The water-holding capacity of rivers has significantly declined owing to the accumulation of silt and sand over the last decade.

The 2018 floods, which had deposited huge amounts of sediment into the rivers,

aggravated the situation. Landslides in hilly and forest areas deposited huge volumes of soil and sand in river beds.

Sediment accumulation has also resulted in formation of deltas, which obstruct the flow of floodwater.

Sedimented reservoirs

The extremely heavy rains have increased the water level in all dams, run by both the state's electricity board and the irrigation department.

A CAG report in 2021 had found a significant fall in storage capacity of dams due to sedimentation. It said the Kallarkudy dam had lost 47% of gross storage in 45 years while the figure for Anayirankal dam was 30.92% in 33 years.

Disappearance of wetlands

Rapid urbanisation, coupled with change in land use patterns, has shrunk the state's paddy fields, marshlands and wetlands, which would have absorbed a huge volume of rainfall.

According to data from the statistics department, Kerala had 793 lakh hectares of paddy land in 1979-80. This fell to 2.05 lakh



A collapsed bank along the swollen Chaliyar river in Malappuram district.

hectares in 2020-21 and 1.80 lakh hectares in 2023-24. The marshland area, which had been 974 hectares in 2005-06, fell to 974 hectares in 2015-16, before going down to a mere 11 hectares in 2019-20. Wetlands, which had covered 5,950 hectares in 2005-06, fell to 2,937 hectares in 2023-24.

Altered natural hydrology

Kerala's dense network of concrete roads, tarred lanes and paved surfaces

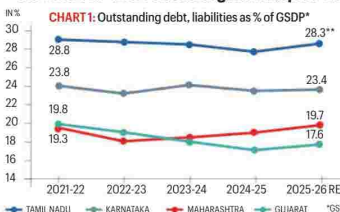
across both rural and urban areas has significantly altered the state's natural hydrology. During heavy rains, these impervious surfaces channel stormwater rapidly into nearby rivers and streams, causing water levels to rise within hours. This rapid runoff has become a defining feature of the state's landscape, where tarred roads and concrete pavements extending from the hills and other high-lying areas effectively function as channels for stormwater.

What the government plans

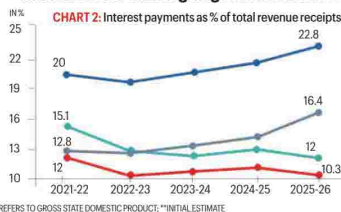
The state government is planning to desilt rivers and reservoirs to ensure that they have enough room to hold water. Chief Minister Sarathesan said on Wednesday: "There is no room for water to flow... To lower the threat of floods, the sedimentation in rivers and dams will be removed urgently. An asset register will be prepared for rivers, streams and lakes and land auditing will be conducted to prevent encroachment of rivers."

Mining of sand from rivers and reservoirs can also act as a source of income. Till a decade back, sand mining in rivers had been widespread but was banned following environmental concerns.

TN's debt-to-GSDP ratio is higher than peers...



...and more revenue is going towards interest



a reason to borrow further because the state must finance the interest payment from somewhere, and if revenue receipts are insufficient, additional borrowing fills the gap. This is the debt-interest spiral, and Tamil Nadu is now entering its early stages."

What the budget says

Given the stark challenge facing its finances, the Tamil Nadu government would have to, at the same time, reduce its borrowings by cutting expenditure as well as find ways to increase its revenues.

"...this government has already taken action towards mobilisation of nearly Rs 15,000 crore... and has constituted a high level Revenue Augmentation Committee under the chairmanship of the renowned economist... Montek Singh Ahluwalia," stated the Finance Minister in his speech.

Wilson also promised that the debt-to-GSDP ratio — which was at 28% as of 2025-26 — will be brought down to 26.57% in 2027-28 and 26.10% in 2029-29.

MALHOTRA FLAGS RISING ENERGY PRICES & TRADE POLICY UNCERTAINTIES AS UPSIDE RISKS TO CURRENT ACCOUNT DEFICIT

Outlook hazy, need clarity before taking any policy action: RBI Gov

George Mathew
Mumbai, August 5

RESERVE BANK OF INDIA (RBI) Governor Sanjay Malhotra on Wednesday signalled that the central bank is in no hurry to alter its policy course as it weighs a more challenging growth-inflation mix.

"The outlook, however, is hazy because of the uncertainties regarding south-west monsoon, El Niño, geopolitics and global trade policy. There is a need for greater clarity to emerge, especially regarding inflation, its path and composition before taking any policy action," he said while unveiling the monetary policy.

"Any such action (on the interest rate front) would also have to consider the need for recalibration of policy rates in line with the evolving growth-inflation dynamics, especially the normalisation of the underlying inflation from its foreign levels seen hitherto," Malhotra said. The RBI's policy panel on Wednesday kept the policy repo rate unchanged at 5.25%. The US Federal Reserve also kept the federal fund target range unchanged at 3.50-3.75% on July 29 amid growing concern about inflation.

He said growth, albeit resilient, is expected to be lower in 2026-27. The supply-side pressures caused by the West Asia conflict have eased somewhat since June 2026, leading to withdrawal of temporary measures undertaken by the government and normalisation of key input supplies.

However, the reescalation of the conflict since the first week of July has amplified volatility in energy prices and renewed uncertainty about supply chains, he said.

"The MPC underscored that it will maintain a close vigil and remain resolute in its commitment to align inflation with the



Even though headline inflation is projected to increase, it is primarily on account of supply side pressures caused by food and fuel, Governor Sanjay Malhotra said. REUTERS

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prices translating to broad-based inflation persist.

After considering all factors, CPI inflation for 2026-27 is projected to be 5.0% with Q2 at 4.7%, Q3 at 5.9%, and Q4 at 5.5%. Inflation for the first quarter of 2027-28 is projected at 5.3% with risks being evenly balanced.

Core inflation is projected at 4.3% for 2026-27. Core inflation excluding precious metals is projected to be lower, though it is likely to align with core inflation from Q4.

Growth projection for FY27 lowered

The RBI lowered its real GDP growth projection for 2026-27 to 6.7%, while emphasising that the recent uptick in inflation is largely being driven by food and fuel supply shocks rather than broad-based demand pressures.

Stressing that core inflation remains benign, the governor said the central bank would closely monitor whether these supply-side shocks spill over

into underlying inflation before taking any policy action.

"Even though headline inflation is projected to increase, it is primarily on account of supply side pressures caused by food and fuel; it is not getting broad-based; core inflation remains moderate and is expected to decline after peaking in Q3. Growth, albeit resilient, is expected to be lower in 2026-27," Governor Malhotra said.

On the external front, he said, "Going forward, moderation in global trade growth, surge in energy prices and persistent trade policy uncertainties pose upside risks to India's current account deficit in 2026-27." "As for the exchange rate, we will continue with our policy of it being determined by market forces, while curbing excessive volatility, checking speculative behaviour and preventing disorderly movements to ensure that it is not out of sync with fundamentals and disruptive of economic activity," he said.

'No proposal to prematurely end FCNRR(B) scheme'

Mumbai: RBI Governor Sanjay Malhotra has said that banks are receiving robust inflows under the Foreign Currency Non-Resident (Bank) — FCNRR(B) — deposit scheme, and that there was no proposal to discontinue the scheme prematurely.

"We have got robust flows. We don't have a target in mind, but expect healthy flows going forward," Malhotra said. "There is no proposal under consideration to close the scheme prematurely. As now, the deposits have ticked all boxes. We don't have the geographical split. We had mentioned that we had a very strong external position even before these measures. This further fortifies our external position," he said. ENS

RBI to streamline loan interest rate framework

Mumbai: The Reserve Bank of India has proposed a comprehensive overhaul of the regulatory framework governing interest rates across all regulated entities (REs), marking a significant step towards improving transparency, consistency and consumer protection in the country's lending ecosystem.

The central bank announced that the proposed changes would establish a principle-based regulatory framework aimed at harmonising interest rate guidelines while addressing operational challenges in existing system. ENS

RBI set to launch 'plastic' notes at start of 2027-28

Akash Mandal
Mumbai, August 5

THE RESERVE BANK OF INDIA (RBI) plans to launch polymer banknotes at the beginning of next financial year (FY28), and people will initially get hold of lower denomination "plastic" notes, that of Rs 10 and Rs 20.

"Polymer notes have two purposes. One, it enhances the durability. This is relevant especially for the lower denomination notes with higher velocity. These notes have been in circulation for more than 30 years in various countries, and one finds that the life is much more, around 2-4 times the life of the paper currency," Malhotra said at the central bank's post monetary policy press conference.

"The second purpose is to expand our capacity as the needs of the economy increase," he said. The new notes will be checked for durability and adaptability to Indian conditions before the RBI clears it for circulation. "We will test and check on how they perform in the Indian climate, conditions, and other infrastructure that we have put in place," Mal-



The project will start with the lower denomination notes of Rs 10 and Rs 20, that are prone to more wear and tear. REUTERS

hotra said. "We are targeting that circulation, if everything goes to plan, it starts from the beginning of the next financial year," he said.

The project will begin with the lower denomination notes of Rs 10 and Rs 20 which have "higher velocity" to change hands, and thus are prone to more wear and tear.

The RBI's trial of plastic notes will see 100 crore pieces of Rs 10 and Rs 20 notes each being introduced, totalling Rs 3,000 crore. The RBI's subsidiary Bharatiya Reserve Bank Note Mudran Private Limited had last month floated a global

tender for 3.4 crore polymer sheets for the same purpose. The tender had deemed the sheets an "immediate requirement" and once field trials were successful, "we intend to go for procurement of larger quantities of substrate across different denominations". This would be the central bank's second attempt at introducing plastic notes, having attempted to procure 100 crore banknotes of Rs 10 each. These were to be tried across cities in various climates like Kochi and Shimla. However, the trial was not successful due to "certain technical infirmities".

Zero tolerance for unethical practices: HDFC Bank Chairman

George Mathew
Mumbai, August 5

HDFC BANK Part-time Chairman Rajiv Kumar on Wednesday said the bank's Board will ensure that control functions remain fully empowered to have "zero tolerance towards any unethical practice", which will be "dealt with speed and firmness on a case-to-case basis". "There are no governance related concerns at the systemic level," Kumar said

while addressing the AGM of the bank.

The Board is committed to ensure that HDFC Bank operates from the pedestal of high levels of corporate governance and remain anchored in integrity, transparency, accountability, and prudent stewardship, he said. He said large institutions like HDFC Bank, may encounter some issues from time to time. "It is important that these issues are addressed in a timely and trans-

parent manner," Kumar said. He took charge as Chairman in July this year. The bank has demonstrated that it has control systems/guard rails in place to identify deviations, if any and the oversight at committee levels are strong, Kumar said. "Let me reiterate, on my behalf and on behalf of the Board, that the bank is fundamentally strong, with a pristine balance sheet," he said. FULL REPORT ON WWW.INDIANEXPRESS.COM

New NBFC-UL list soon, but Tata Sons listing question remains open

Akash Mandal & George Mathew
Mumbai, August 5

THE QUESTION of whether Tata Sons will pursue a stock market listing remains unresolved, with RBI Governor Sanjay Malhotra saying that the Non-Banking Financial Company—Upper Layer (NBFC-UL) list will be determined under the central bank's newly introduced principle-based classification framework.

The RBI's thinking indicates that the revised identification methodology does not alter the Tata Group holding company's existing regulatory standing.

Addressing queries during the post-monetary policy press conference on Wednesday, RBI Governor Sanjay Malhotra said, "It (the upper list) is now more principle-based. The list will come out very soon. But everyone knows which NBFC is in the upper layer, which is in the middle, and which is in the base." "All those that meet the

criteria will remain in the list," he said. On being asked if Tata Sons will remain in the list, "as we said, it is principle based, and that will continue. Let's not ask questions related to a specific entity." While Tata Trusts Chairman Noel Tata and some former Tata Sons directors are against listing the company, two trustees of Tata trusts — Venu Srinivasan and Vijay Singh — have argued for listing of Tata Sons.

The RBI replaced the previous methodology to determine NBFC-UL with a simple criterion that only NBFCs with assets of Rs 1 lakh crore or more will be classified as NBFC-UL. While this is a major policy shift, it is not clear whether Tata Sons will qualify as an NBFC-UL. The RBI had recently reinstated a key definition on public funds in its revised guidelines for core investment companies (CICs) and upper layer NBFCs.

FULL REPORT ON WWW.INDIANEXPRESS.COM

Govt, Indian Statistical Institute faculty spar over new Bill, autonomy

Siddharth Upasani
New Delhi, August 5

DAYS AFTER The Indian Statistical Institute Bill, 2026, was introduced in Lok Sabha, the government and faculty members are at each other.

While members of the teaching staff said the new bill would lead to the loss of autonomy over academics and governance, government officials accused them of wanting to cling on to power like "local satraps".

Addressing reporters in Delhi, faculty members from Indian Institute of Statistics, Kolkata said on Wednesday that the new bill's proposal to replace the existing 33-member Governing Council to an 11-member Board of Governors, a change in the structure from a society to a body corporate, and the government's expansion plans risked sending the institute into a limbo for the next five years, and the Centre exerting complete control over it's future.

Opposition party members including Saugata Roy, John Brittas, Praveen Chakravarty,

and Pratima Mondal — also present at the briefing — called for the Bill to be referred to the Standing Committee on Finance, with Roy saying the Bill was a "bureaucratic conspiracy".

Renowned economist Prabhakar Patnaik said the Bill was an "insult to IC Mahalanobis", referring to the famed statistician who founded ISI in 1931.

Tabled in Parliament on Monday, almost one year after a draft version was made public for feedback and drew intense criticism, the new Bill would lead to the repeal of the 1959 legislation that governs India's premier statistical institute.

According to government officials who spoke on the condition of anonymity, the new Bill is needed to bring about necessary changes that are currently being blocked or taking too long to be implemented: an increase in the number of students, autonomy for Delhi, Bengaluru, and other centres, greater accountability, and expansion of teaching programmes, among others. "It's not in our interest to kill the institute," said a senior

government official. "The new Bill says the Board of Governors can overrule the Academic Council where it needs to. And that's fair."

"They don't want to give up any autonomy because that's what they are comfortable with," the official added, referring to members of ISI faculty.

ISI faculty pointed out that the composition of the proposed Board of Governors — which will replace the Governing Council as the main decision-making body — was also problematic as it excludes the Dean of Academic Affairs.

Declared as an institute of national importance in 1959, the Kolkata-headquartered ISI operates under the administrative jurisdiction of the Ministry of Statistics and Programme Implementation (MoSPI).

It is involved in research, teaching, and application of statistics, natural sciences and social sciences and has contributed heavily to India's official statistics.

FULL REPORT ON WWW.INDIANEXPRESS.COM

Centre raises Rs 31,552 cr via LIC share sale

Mumbai: The government has raised Rs 31,552 crore through an offer for sale (OFS) in Life Insurance Corporation of India (LIC) which closed "with an overwhelming response" from both retail and institutional investors.

"The issue was oversubscribed on both days and the government exercised its entire green shoe option. With this the public ownership of LIC has increased to 10% and it has achieved this critical milestone ahead of schedule."

A total of 82.23 crore shares have been allocated for an amount of Rs. 31,552 crore, making it India's largest public offering ever," Department of Investment and Public Asset Management (DIPAM) said in a post on social media platform X.

The government offered to divest 2.5% stake in LIC with an additional 4% as the green shoe option. The proceeds will go to the central government. ENS

FULL REPORT ON WWW.INDIANEXPRESS.COM

• BRIEFLY

SIAM withdraws letter flagging E20 fuel quality

New Delhi: Auto industry body Society of Indian Automobile Manufacturers has withdrawn a letter written to the Ministry of Petroleum and Natural Gas that had flagged concerns over contamination of E20 fuel that caused problems with vehicles furthering the need for further authentication. SIAM said the "communication in question" was part of routine and ongoing technical deliberations. PTI

India's forex reserves hit 3-month high

Mumbai: India's foreign exchange reserves rose to a near three-month high of \$692.9 billion as of July 31, data from the RBI showed on Wednesday. Reserves surged nearly \$10.5 billion compared to previous week, in their biggest surge since the week ended January 30. A larger pile of foreign exchange reserves gives the central bank greater capacity to defend rupee, hit by oil price volatility. REUTERS

• MARKETS

Sensex	NIFTY	Gold	US Dollar
78,581.00	24,624.65	₹1,45,626	\$95.13
152.05	9.75	Silver	₹85.19
0.19%	0.04%	\$2,24,562	

NOTE: GOLD, SILVER RATES AS PER INDIA BULLION AND JEWELLERS ASSOCIATION GOLD PER 10G, SILVER PER 1KG; CRUDE OIL (INDIAN BASKET) AS OF AUGUST 4, 2026

• INDIA HAD PROHIBITED IMPORTS, DIRECT OR INDIRECT, FROM PAKISTAN FOLLOWING PAHALGAM ATTACK LAST YEAR

DRI seizes Pakistan-origin dry dates imports worth Rs 3 cr misdeclared from UAE

Aanchal Magazine
New Delhi, August 5

ENFORCING The prohibition on imports from Pakistan, the Directorate of Revenue Intelligence (DRI) has seized 364-tonne dry dates worth Rs 3 crore that were misdeclared as having originated from the UAE.

Terming it as a "significant crackdown on attempts to circumvent India's prohibition on imports originating from Pakistan", the Ministry of Finance in a release on Wednesday said the DRI intercepted the 13-container consignment, imported at Kandla Port, for clandestine routing and misdeclaration of

Pakistan-origin goods through third countries.

DRI is India's apex anti-smuggling intelligence and investigation agency.

It is responsible for detecting and curbing the smuggling of contraband, combating commercial fraud related to international trade, and preventing customs duty evasion.

"In an intelligence led operation, officers of DRI intercepted 13 containers carrying 364 MT (metric tonne) of dry dates, valued at approximately Rs 3 crore, imported at Kandla Port. Investigation revealed that the goods, though declared as originating from the UAE, were in fact of Pakistan origin.

The enquiries established that the goods were first transported from Pakistan to Dubai and subsequently shifted to another set of containers before being exported to India," the release said. "The importers allegedly suppressed material facts and mis-declared the country of origin in an attempt to evade the prohibition on import of Pakistan-origin goods, the release said. "Accordingly, the entire consignment has been seized under the relevant provisions of the Customs Act, 1962," it said.

In the wake of the terror attack in Pahalgam, Kashmir on April 22, 2025, which had killed 26 people, India had



Last week, the officers of DRI uncovered an attempt to import around 14 metric tonnes of Pakistan-origin Guggul resin. (PI)

announced termination of direct trade with Pakistan, marked by the closure of the Integrated Check Post (ICP) at

Attari on April 24 last year. However, imports of Pakistani goods via third countries were still possible. To plug this loop-

hole and eliminate any possibility of Pakistani goods entering its territory, India had then imposed an immediate ban on "the direct or indirect import or transit of all goods originating in, or exported from, Pakistan" in May 2025.

India used to primarily export items such as soybean, poultry feed, vegetables, red chillies, plastic granules and plastic yarn to Pakistan, while importing dry fruits, dates, gypsum, cement, glass, rock salt and herbs from Pakistan.

Pakistani dates used to arrive at Indian ports through transshipment hubs — particularly via the UAE, which has a free trade agreement with

India. Bilateral trade between India and the UAE was \$101.24 billion in the last financial year. Tensions between the two countries — particularly after the 2019 Pulwama attack that had resulted in revocation of Most Favoured Nation status of Pakistan by India — had reduced total trade from \$2,411.23 billion in 2018-19 to \$647.20 million in 2022-23, as per data by Ministry of Commerce and Industry. However, trade rebounded to \$1.19 billion in 2023-24, the highest during the past five years. During the last financial year, total trade has come down to barely \$258.22 million compared with \$558.24 million in 2024-25. As per the

World Bank, India-Pakistan has a trade potential of \$37 billion, the data showed. While India's overall goods trade stands at \$430 billion, the comparable number for Pakistan stands at roughly \$100 billion.

As per the estimates by Global Trade Research Initiative (GTRI) from last year, \$10 billion worth of Indian goods reach Pakistan via the transshipment hub routes. Last week, the officers of DRI uncovered an attempt to import around 14 metric tonnes of Pakistan-origin Guggul resin valued at approximately at Rs 1.4 crore through misdeclaration of description and country of origin at Tuticorin port.

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THURSDAY - AUGUST 6, 2026

Sanguine note

Surprising optimism from RBI on growth and inflation

The Monetary Policy Committee's decision to leave the policy repo rate and stance unchanged is unlikely to have surprised anyone. Events since the June meeting have weakened the case to embark on a new rate hiking cycle right away. Despite the continuing Iran standoff, global crude oil prices have cooled off from their peaks above \$100, although they continue to be volatile, as in July.



India has navigated the crisis caused by the closure of the Strait of Hormuz credibly — without rationing or panic-buying episodes. Graded fuel and gas price hikes have not triggered any disorderly spike in inflation readings. Consumer Price Index (CPI) inflation, which crept up from 3.48 per cent in April to 4.38 per cent in June, has remained within the RBI's 2-6 per cent band. Nor are there any signs that higher energy costs are impacting prices outside the food and fuel complex. Core inflation in May-June has been quite tame at 2.3-2.4 per cent, excluding gold prices. On the monsoon front, after a deficit of 35 per cent in all-India rainfall in June, a normal July has narrowed the deficit to 13 per cent, leading to a catch-up in kharif acreage. Growth impulses remain strong, with industry and services indicators growing at a brisk pace in the last two months.

The rupee, often the unstated factor behind policy actions, has been better-behaved too. The Reserve Bank of India's measures shielding banks from exchange risks have led to an FCNR (B) deposit influx of nearly \$40 billion so far. Foreign Direct Investment (FDI) flows, which led to a tight balance of payments situation at the end of the previous fiscal, have expanded by 15 per cent at the gross level and over 60 per cent at the net level in April-June 2026. So far this fiscal, foreign portfolio inflows in debt have more than made up for outflows on equities. These factors seem to have prompted the RBI to revise its FY27 GDP growth projections upwards to 6.7 per cent, from 6.6 per cent in June. The inflation forecast has been trimmed to 5 per cent from 5.1 per cent, with the Q2 estimate sharply cut from 5.1 per cent to 4.7 per cent.

Yet, the future is not without uncertainty. In that context, Governor Sanjay Malhotra's statement struck a rather sanguine note on growth and inflation prospects. With the Iran situation in a limbo, upside risks to inflation remain. Foreign portfolio flows should be seen as a fickle source of dollar inflows. A mere hint by the Federal Reserve that it is relooking at rate hikes, a spike in US treasury yields or global risk-off sentiment due to ongoing AI unwind trade, could dent portfolio inflows that have been shoring up the rupee. With El Nino still in the air and kharif sowing only halfway through, there's scope for surprise spirals in food prices, too. One hopes that RBI's optimism is no more than skin-deep — aimed at shoring up sentiment. Its vigil must remain keen as ever, as far as the economy and financial stability are concerned.

POCKET

RAVIKANTH



GANGA NARAYAN RATH

The Finance Ministry recently tabled a bill proposing to amend the Payment and Settlement Systems Act, 2007 empowering the government to levy MDR (Merchant Discount Rate) on "one or more electronic modes" of payment, including UPI.

The debate over subjecting UPI transactions to a service charge — MDR — was initiated in August 2022 by the RBI itself through a "Discussion Paper on Changes in Payment System." To promote UPI at that time, the Finance Ministry rightfully set aside the RBI paper, while continued advocacy kept the MDR debate alive. Since then, the stakeholders have kept the opinion poll in a permanent campaign mode, with news of sporadic wins and losses popping up now and then depending upon whether there is red or black ink on their balance sheets.

The debate took a favourable turn with the payment industry successfully convincing the Parliamentary Standing Committee early this year that the current zero-MDR regime puts pressure on government finances and limits the ecosystem's ability to invest in long-term infrastructure. On the back of the Standing Committee's report comes the proposed bill to give flexibility to the government to decide which digital payment modes should remain exempt from charges and which could attract MDR.

This has rekindled the interest of third-party application providers and payment processors who have long sought a sustainable revenue model.

UPI SCALING WITH SUPPORT As of early 2026, UPI's scale has reached considerable heights, with monthly volumes exceeding 21.7 billion transactions and value crossing ₹28.33 lakh crore. While the volumes endorse ease of making small payments, they also place a substantial financial burden on banks and payment service providers managing the servers, security systems, and fraud prevention infrastructure that keep the network running.

The government has been making budgetary allocations to incentivise digital payments since FY2021-22. Those allocations have followed an uneven path: ₹2,485 crore in FY24, falling to ₹1,146 crore in FY25, with ₹2,200 crore budgeted for FY26 and estimated ₹2,000 crore for FY27. The Department of Financial Services confirmed to the Parliamentary Committee that these incentives cover only around 11 per cent of actual industry costs and represent approximately 14 per cent of the MDR revenue the industry forgoes under the current policy. Industry estimates place

Service charge on UPI transactions makes sense

The current zero-MDR regime puts pressure on govt finances and limits the ecosystem's ability to invest in long-term infrastructure



actual operational costs closer to ₹20,000 crore annually, leaving a funding gap that the incentive scheme, in its present trajectory, cannot close.

NECESSARY TO KEEP IN STEP On the technical side, the MDR landscape is already moving towards a tiered model. While basic UPI remains free, RuPay Credit Card on UPI and PPI wallet transactions now carry an MDR of up to 2 per cent for transactions

exceeding ₹2,000. This targeted approach protects small kirana stores and low-ticket daily purchases, which account for over 80 per cent of total transaction volume, while asking larger merchants to contribute to the system's upkeep.

Proponents of the status quo argue that any friction, even a 0.1 per cent fee, could drive small vendors back to cash, reversing years of progress in formalising the economy. Proponents of a fee structure counter that a digital public infrastructure of UPI's scale requires a durable revenue model to fund future development — including 5G integration and cross border expansion — rather than indefinite reliance on taxpayer-funded subsidies.

DIRECTION IS CLEAR

The RBI Discussion Paper engaged directly with this tension: whether a payment service should recover costs from its users, or whether the presence

of a public good element justifies absorbing those costs as a state obligation. The paper acknowledged that "the government and regulators have an important role in ensuring wider acceptance of payment systems." It also recognised that full cost absorption by the state is not the only available model. In practice, governments routinely build infrastructure in partnership with the private sector and permit partial cost recovery from users. Roads built under the highway authority model are one example.

The toll structure is the mechanism through which commercial users contribute to the cost of infrastructure they could not have efficiently built alone. The more relevant domestic parallel, however, sits within the payments system itself.

NEFT and RTGS transactions recover charges from users, structured in bands of transaction value. Those charges have not suppressed adoption. Electronic fund transfer volumes have grown consistently because the opportunity cost of moving money efficiently is higher than the cost of the transfer. The same logic applies to high-value UPI transactions processed by large commercial entities. For a retail chain settling thousands of transactions daily, a nominal MDR is not friction. It is a cost of operating on infrastructure that makes that settlement possible.

A large share of UPI's user base remains in segments where any marginal cost could affect adoption. With India's financial inclusion index at 67 per cent, the case for exempting small-value transactions from MDR is well-founded. That exemption is not disputed. The question is, whether the same zero-cost logic extend even to large value transactions processed by organised commercial users who derive direct revenue from the network's reliability and reach. It should not.

The appropriate design mirrors what the payments system already does for NEFT and RTGS: band the MDR by transaction value, exempt low-value transactions entirely, and apply a nominal charge to high-value commercial processing. The Parliamentary Committee has pointed in this direction. The RBI's own 2022 Discussion Paper pointed in this direction. The data on the funding gap confirms the direction.

"...establishing a viable revenue mechanism is critical to ensuring the UPI ecosystem achieves financial sustainability without perpetually straining the government exchequer," stated the Parliamentary Standing Committee on Finance Report on Demands for Grants, Department of Financial Services. With the proposed Bill, the government intent is clear. Hopefully, the amendment gets enacted quickly translating it into implementation.

The writer is former chief general manager, Reserve Bank of India. Views are personal

MPC's latest forecasts reflect positive sentiment

It has raised GDP growth and pared CPI inflation projections. This reduces the likelihood of rate tightening in October policy

Aditi Nayar

The Monetary Policy Committee's (MPC's) decision to maintain status quo in the August meeting was a foregone conclusion. Limited evidence of generalisation of inflationary pressures, favourable impact of the measures to attract capital flows announced in June amid continued uncertainty around geopolitical tensions and monsoon outcomes reduced the urgency to hike rates. Overall, the tone of the policy document was relatively more benign, in contrast with the hawkish commentary in June.

Amidst the global uncertainty that has prevailed since March 2026, the MPC's latest forecasts exude a degree of confidence. The MPC expects GDP growth to be 6.7 per cent in FY27, 10 basis points (bps) higher than its previous forecast, with an upward revision in the forecasts for H1 FY27. High frequency indicators for the last few months continue to belie the uncertainty generated by the West Asia conflict, and the monsoon, which have taken a toll on both rural and urban consumer confidence. However, Q1 corporate results do reveal that margins have borne the brunt of commodity

price inflation and supply chain disruptions.

Simultaneously, the Committee has pared the CPI inflation projection for the fiscal by 10 bps to 5 per cent, led by a lower-than-expected print for Q1 and a cut in the forecast for Q2 FY27. We broadly concur with the Committee's growth and inflation forecasts and believe that these are appropriate for an average crude oil price of \$80-85/barrel and a mild YoY fall in kharif sowing.

EVENLY BALANCED

Besides, the MPC's assessment of risks around the growth and inflation forecasts for FY27 shifted to 'evenly balanced' from adverse in the June meeting, reducing the likelihood for an impending rate tightening in the upcoming October policy review. However, adverse geopolitical developments resulting in a sharp rise in crude oil and commodity prices, and unfavourable domestic monsoon outcomes remain a cause for concern. Thereafter, we believe that the December meeting would be live for policy action.

While inflation has only just crossed the 4 per cent mark, i.e., the mid-point of the Committee's medium term target range of 2-6 per cent, and trimmed core inflation remains surprisingly benign, an



MPC. Benign policy tone GETTY IMAGES

adverse base means that inflation prints are certainly set to harden appreciably in the next few months. In line with this, the MPC's CPI inflation projections from Q3 FY27 through Q1 FY28 remain anchored between 5 per cent and 6 per cent.

This suggests that the real policy rate would be inverted during that period, if kept unchanged, supporting the case for a rate hike in December or later. Further any confirmation around generalisation of inflationary pressures beyond the food and fuel basket in the near term, notwithstanding the adverse base effect in Q3 FY27, would strengthen the case for a rate hike.

In contrast, a favourable rainfall in the

remaining part of the Southwest Monsoon season, along with sustainable dip in crude oil prices to \$70-75/barrel, could lead to a delay in the onset of the rate hike cycle, even if these do not lead to material revisions in the near-term CPI inflation projections. This would augment the case for looking through a transient supply-led inflation spike, if inflation projections beyond Q1 FY28 dip below 5 per cent.

Mirroring the geopolitical volatility, as well as tempestuous FPI flows, bond yields have fluctuated over the last six months. After rising to 7.13 per cent on May 18, 2026, India's 10-year G-Sec yield cooled to 6.70 per cent in early-July, following softening in crude oil prices, favourable measures introduced by the RBI to attract capital flows, and the removal of capital gains and withholding taxes on G-Sec investments by FPIs. Thereafter, it has hovered around the 6.80 per cent mark, amid intermittent renewal of tensions in West Asia and consequent inflationary and fiscal risks. Yields were largely unchanged after the August 2026 status quo policy outcome. We expect the 10-year G-Sec yield to trade at 6.70-6.90 per cent in the near term, until a rate hike appears imminent.

The writer is Chief Economist, Head-Research & Outreach, ICRA

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Heat stress

Apropos, Rising temperature hurts labour productivity (August 5). Escalating temperatures constitute a profound challenge to both economic productivity and educational advancement. Prolonged heat exposure undermines labour efficiency by diminishing physical stamina, cognitive precision and decision-making capacity, thereby suppressing industrial output and escalating occupational risks. Simultaneously, excessive classroom heat and disrupted sleep impair

students' concentration, memory consolidation and analytical aptitude, compromising academic achievement. Governments must institutionalise heat-resilient infrastructure, climate-responsive urban planning, and robust occupational safeguards to preserve human capital and ensure sustainable socioeconomic progress.

N Sadhasiva Reddy

Bengaluru

Digital arrests

Apropos 'SC mandates SOPs to curb

digital arrests, ensure refunds' (August 5), the Supreme Court's direction to the RBI to frame an SOP is timely, as digital arrest scams continue to target vulnerable citizens. The RBI must crack down on mule and cyber fraud-linked accounts to curb the growing menace of digital fraud.

PV Prakash

Mumbai

LIC's investment

The news 'LIC's investment portfolio shifts decisively away from loans' (August 5), is a matter of

significance. Change is necessary for growth. But the total skipping of loans and the evident embracing of private unlisted equity is cause for concern. Reasonable growth with adequate liquidity, utmost safety and security of hard earned money are what people rely on for, in insurance. Unbridled courting of private/unlisted equity is no prescription for any of the above.

Jose Abraham

Vaikom, Kottayam

Soil health

When farmers choose crops solely

to maximise monetary returns, excessive use of chemical fertilizers becomes inevitable, with little attention paid to restoring soil humus, resulting in progressive soil degradation. Agricultural universities and Krishi Vigyan Kendras must be entrusted with promoting scientifically guided crop diversification under the supervision of planning bodies to ensure balanced crop production and prevent both overproduction and market gluts.

Rajiv Magal

Halekere Village, Karnataka

Natural farming impetus

It is a resilience imperative, requiring holistic push

PVS Suryakumar

The conflict in the Gulf has exposed the vulnerability of global energy and fertilizer markets. Further, the prospect of El Niño-induced climatic stress threatens agricultural production across many regions. These external shocks are likely to transmit into domestic economic vulnerability through rising input costs and supply disruptions.

The Prime Minister's recent appeal for greater resource consciousness, including a shift towards natural farming, was made against precisely such a backdrop of external vulnerability.

Natural farming has become a resilience imperative and not an ideological proposition. India's food systems remain heavily dependent on imported fertilizers, fossil fuels, groundwater extraction and other external inputs, even as climate change compounds these vulnerabilities. Resilience must therefore become a central agricultural objective.

Importantly, the political signalling already exists. The Centre has launched the National Mission on Natural Farming, while PM-PRANAM was conceived to encourage States to reduce their dependence on chemical fertilizers. Several States — from Himachal Pradesh and Gujarat to Kerala and parts of the North-East — have announced NE/Agroecology/Organic-transition policies.

Yet the uncomfortable truth is that policy declarations have outpaced institutional preparation.

Andhra Pradesh's pioneering natural farming programme has demonstrated both the possibilities and complexities of such transitions. Its recent recognition through the Food Planet Prize 2026, one of the world's largest food-system awards, has drawn international attention to the effort. Yet its experience underlines a simple lesson: natural farming requires long-term institution building, sustained handholding and robust support systems before it can be realised at landscape scale.

The Green Revolution succeeded because the state painstakingly built a complete ecosystem around it — seeds, irrigation, fertilizers, extension services, agricultural universities, procurement systems, MSP support, rural credit and markets.



NATURAL FARMING. Sri Lanka's experience is misunderstood

BUILDING ECOSYSTEMS

Natural farming today has no comparable architecture. That is why the debate must move beyond declarations and acreage targets.

The FAO's agroecology framework already provides a few institutional templates. Its principles — diversity, recycling, resilience, local knowledge, farmer participation, circular economies and supportive institutions — underline that sustainable agriculture cannot emerge through isolated interventions alone. States now have to adapt these principles to local conditions and institutionalise them through mission-mode programmes with dedicated staffing, research, extension and market support systems.

A more practical approach would be for each State to identify a few contiguous clusters — a block or perhaps 20-30 villages — and saturate them with institutional support. These "living landscapes" should include trained field facilitators, bio-input resource centres, FPOs, soil-health monitoring, demonstration plots, transition finance and market linkages.

ICAR, SAUs, and KVKs must engage seriously with the science of transition. The food-security objection must also be addressed honestly. Sri Lanka's failed overnight fertilizer ban is often cited as proof that ecological transition itself is flawed. It proves no such thing. The real lesson is that abrupt decree without preparation, sequencing and institutional support can damage agriculture. India needs carefully designed transition pathways. Markets will be as important as agronomy. Farmers cannot be expected to embrace natural farming, if market signals favour input-intensive production systems.

The writer is former Deputy Managing Director, NABARD. Views are personal



**KARTIKEYA BATRA
AVANTIKA PRABHAKAR
NEERAJ PRASAD**

At rare, defining moments, Indian politics is seized by an issue that cuts across vote banks and overwhelms the incumbent's electoral arithmetic. For instance, the anti-corruption movement in 2011 disrupted the UPA's coalition; the backlash against the Emergency led to a similar disruption in the 1977 election.

The recently concluded agitation against paper leaks launched by the Crookshank Janata Party (CJP), sparked by the NEET and CBSE examination controversies, and supported by Opposition parties (primarily the INDIA bloc), is the latest such moment.

The historic significance of such events lies in their ability to transcend everyday electoral politics. They pose a danger for the incumbent, an opening for the Opposition.

WINNING RIVALRY VOTERS

Entrenched parties rely heavily on stable electoral coalitions, i.e., vote banks. One strategy for consolidating these coalitions is to focus solely on issues that resonate with the party's core base. This can be effective under certain conditions. First, consolidation can be sufficient for victory when a party enjoys an unassailable lead because of the relative size of its vote bank.

Second, in systems with low turnout, emphasising issues that resonate with the base can mobilise a party's voters more effectively. Tribal rights in Jharkhand are a textbook example — an issue that helps the JMM shore up its support among tribal communities, even as it makes no dent among urban voters or non-tribal communities.

However, as Indian politics becomes increasingly bipolar, parties must tackle issues that transcend their traditional base. Focussing solely on tribal rights in Jharkhand as a core political issue, for instance, is now unlikely to ensure a victory for the JMM. An alternative strategy is to attract voters from rival parties. However, this is neither straightforward nor without risk, especially if courting the opponent's voters comes at the price of destabilising one's own voter coalition.

In 2009, the Samajwadi Party inducted Kalyan Singh, a former BJP leader and an alleged architect of the Babri Masjid demolition, hoping to attract this caste group's votes. The move ended up alienating the party's traditional Muslim voters instead. The rarest and most valuable political issues are the kind that sidestep this risky trade-off: genuinely cross-cutting issues, which can attract the other side's voters while posing minimal risk to one's own coalition. Disruptions in examinations conducted by the government appear to be one such issue.

In most Indian States, electoral blocs are organised around social identity —



CRUCIAL WIN. Jan Suraj Party (JSP) founder Prashant Kishor celebrating his victory in the Bankipur assembly bypoll in Bihar

Can Opposition benefit from NEET movement?

POLL BUGLE. With Assembly elections happening in 2027, it is hard to say now whether the angst over education can lead to a vote swing in the Opposition's favour

reunion in Gujarat and Madhya Pradesh, caste in Bihar and Haryana, and tribe in Jharkhand and Manipur. More recently, gender-based issues have emerged as a new dimension of contestation that cuts across these cleavages, as observed in States such as Madhya Pradesh, Jharkhand, Bihar and West Bengal. The youth, however, have not been mobilised as a voting bloc in a long time.

In a country as young as India, this is a striking omission. Young voters seeking good-quality education and well-paying jobs exist across caste, religion and regional identities. In a survey we conducted during the 2025 Bihar Assembly election, respondents rated the promise of local jobs that would allow Bihar's youth to find gainful employment without leaving the State as one of the strongest policy positions a party could take. This view drew voters from every caste and religious bloc while antagonising virtually none.

A CVoter survey conducted in May 2026 (N=1,346, margin of error ±5 percentage points) found that in addition to 72 per cent of respondents who voted for the INDIA bloc in 2024, nearly 60 per cent of respondents who voted for the NDA in 2024 believe that the Education Minister should resign in

the wake of the NEET and CBSE controversies. This is clear evidence that the issue cuts across party lines. Just as importantly, the Opposition risks nothing by championing this cause: its own voters are overwhelmingly behind it.

Compare this with CVoter's Mood of the Nation survey of June 2025, where 72 per cent of NDA voters but only 50 per cent of Opposition voters agreed that the Modi government had promoted social harmony — the classic sign of a polarising issue. On paper, that partisan wedge disappears: safe ground for the Opposition, a minefield for the government.

THE WAY FORWARD

In light of the above facts, it seemed rational for the government to show the door to the now former Education Minister Dharmendra Pradhan (in addition to conceding to two other demands of the CJP). Of course, by doing so, they risked the perception of them not being in total control, and being susceptible to public pressure when it comes to protecting their own ministers. It is safe to say that the potency of this cross-cutting issue was much higher than the potential damage caused by the impression that the Narendra Modi-led NDA government, now in its third consecutive term, is starting to look weak.

So, what does this mean for the Opposition parties? It will be naive to believe that discrepancies in NEET is the only cross-cutting, youth-centric issue that the Opposition can capitalise upon. If at all, this episode should give hope to the Opposition parties that if the right issues championed by fresh

leadership are combined with smart communication and mobilisation strategies, there are enough people willing to support mass movements. And yet, the Opposition parties, which work very differently from an organisation like the CJP, will face their own share of challenges going forward.

First, no elections are scheduled in India until early 2027. The parties that will face the mighty BJP directly in the upcoming Assembly elections, especially the Congress and the Samajwadi Party, will have to build on their existing vote base by focusing on similar issues, while adopting smart communication and mobilisation strategies. Of course, this will be a challenging task.

Second, the Indian voter carries a very demanding cognitive burden. The vote is the primary instrument through which an Indian citizen can express satisfaction or dissatisfaction with an incumbent. With so many grievances competing for attention, the voter must decide which one should shape their choice. It is, therefore, far from certain that large numbers of otherwise pro-BJP voters will swing the other way because of such issues only.

Third, getting behind an issue and offering an alternative are two different things. Until the Opposition lays out a blueprint on how it would handle pressing issues that impact large sections of society across social identities, swing voters currently committed to the BJP will have little reason to switch their preferences.

Batra is Assistant Professor, Azim Premji University; Prabhakar is Assistant Professor, Ashoka University; and Prasad is Associate Professor, University of Amsterdam

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TWENTY YEARS AGO TODAY.

August 6, 2006

Govt may extend ban on pvt carriers flying to Gulf

The ban on private sector Indian carriers flying to the Gulf region could be extended by another two years, that is, till 2010. Official sources told Business Line that there was a thinking in sections of the Government that Indian and Air India and their subsidiaries should be the only designated carriers from India to operate to the Gulf region for some more time.

PLR hike: Banks in a fix

Public sector banks have run in to a problem with the latest missive from the Finance Ministry advising them to seek board consultation before hiking their lending rates. Speaking to Business Line on condition of anonymity, leading bankers said they were getting contradictory cues from the Reserve Bank and the Finance Ministry with the former indicating hardening interest rates to curb liquidity while the Ministry was for a benign interest regime to encourage economic growth.

US imposes sanctions on 2 Indian firms

The US has imposed sanctions against seven foreign companies, including two from India, for allegedly passing on technology to Iran that could be used for developing weapons of mass destruction or missile systems, a formal notification said.

RK Raghavan

We live in an era of everyday conflict. Illegal migration has compelled nations to maintain constant vigilance on their societies. Added to this is the youth discontent fuelled by lack of good education and job opportunities. The state's inability to provide decent education and jobs sparks protests that often turn violent putting pressure on the police.

In this context police methods of crowd control comes under scrutiny. But any assessment of police behaviour must also keep this combustible context in mind.

Recent happenings in Jantar Mantar, New Delhi can no longer be seen as an

aberration. The youth will continue to hit the streets to espouse their cause, whether or not they have the resources to fight the powerful state apparatus. In such a setting the executive does not always provide a clear direction that the police need, giving way to police excesses. Weak political leadership is fertile ground for police excesses. But an objective framework is necessary to judge police action. The apex court's intervention in the recent CJP protests will provide a balm to hurt sentiments.

But any instance of peaceful demonstrators being targeted by police needs to be reviewed.

The police also sometimes finds it hard to follow standard operating procedure (SOP), in letter and spirit, when



POLICE ACTION. Tough questions

confronted with a violent mob.

Modern technology has given us a few tools such as facial recognition to deal with mobs indulging in violence. But these are post facto tools rather than

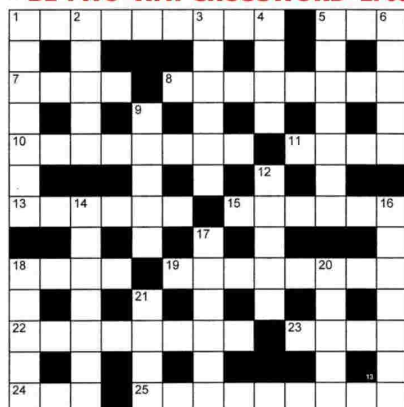
one of prevention. It is for political parties to arrive at a consensus on how to discipline their congregations from resorting to wanton violence. But this is easier said than done.

The frequency of mob attacks on the police heightens the need for sharpening police responses. There are existing programmes at training institutions in this area. Police can use the recent CJP protests to learn important lessons on crowd control, especially in police training institutions.

Transparency is the need of the hour. Sweeping important issues under the carpet will cause great harm to police credibility.

The writer is a former CBI Director

BL TWO-WAY CROSSWORD 2708



EASY

ACROSS

1. An angel of the highest order (9)
5. Body of salt water (3)
7. A species of crow (4)
8. Mechanism for transport of materials (8)
10. Having been spread (bread) (8)
11. Pack away (4)
13. Ecclesiastical craft (6)
15. Young of vixen (3-3)
18. Artifice, stratagem (4)
19. Body's defence against infection (8)
22. Becoming in demeanour, affable (8)
23. Bank, post office money order (4)
24. Owing (3)
25. Most common, widespread (9)

DOWN

2. Tumbler, rope-dancer (7)
3. To cuff (5)
4. Producer of crops (6)
6. Subst. get a living (4)
9. Checking bleeding, astringent (7)
12. Leaf (two pages) of book (5)
14. Cost of stamps (7)
16. Refuse to deal with, handle in trade (7)
17. To tolerate, bear (6)
20. Oil tree (5)
21. Flaccid (4)

NOT SO EASY

ACROSS

1. One such as Gabriel, found in a Russian port (9)
5. It's a tallness pinned, in the main (3)
7. How to fleece one for a castle (4)
8. It can transport cone, very awkwardly (8)
10. Was flattered to find one's toast had been spread (8)
11. Put it away, or he'll get away without having bought a ticket (4)
13. Gratuity given to a favourite for a fur cape (6)
15. When small Reynard might box and endlessly cuff him (3-3)
18. A right to employ a piece of trickery (4)
19. Being against one's frame, it will fight infection (8)
22. Affable way cigars are handed out around the Open University (8)
23. Money order that will disappear when one is right inside (4)
24. It is expected to be what one is owed (3)
25. Plant, ever-changing, is widespread (9)

DOWN

2. Tumbler from the bar, and coat provided for one (7)
4. A nail that's not to be cast till May is out (5)
6. He produces plants in a long row ergonomically (6)
9. It is vivid, not being recorded (4)
12. Checking bleeding in City street, using phosphorus (7)
16. It points the way coming from Bow perhaps (5)
19. Control of the pound always follows it (5)
21. One might fool with a large-format book (5)
24. What it costs to mail a postal order gets complicated (7)
26. Refuse to deal with a land agent in Ireland (7)
27. Put up with the rude topless men who move around (6)
28. I'd followed the well-boring plant without bending (5)
29. Oil one used when in love maybe (5)
30. Drag leg out of the meal I'm preparing (4)

SOLUTION: BL TWO-WAY CROSSWORD 2707

ACROSS 1. Invade 4. CROCUS 9. Cartoon 10. Lodge 11. Iris 12. Sing 13. Rod 15. Neon 16. Stop 19. Arc 21. Vane 22. Belt 24. Oriol 25. Collude 26. Yelled 27. Cares

DOWN 1. Incriminatory 2. Version 3. Drop 5. Relegate 6. Cider 7. Steadfastness 8. Snail 14. Convulse 17. Presume 18. Snack 20. Chill 23. Flea

Economy

THURSDAY, AUGUST 6, 2026

IN THE NEWS

NITI CALLS FOR REFORMS IN CARE ECONOMY



CALLING FOR A sweeping overhaul of India's caregiving ecosystem, the Niti Aayog on Wednesday recommended a national report, a dedicated regulatory body, standardised training, stronger social security and technology-enabled services to meet rising domestic care needs and position the country as a global hub for skilled caregivers. In a report, the think tank estimated Indian care services market at \$29.62 billion in 2023 and projected it to reach \$72.31 billion by 2030.

FE BUREAU

Ajit Kumar Panda takes charge as CONCOR CMD

AJIT KUMAR PANDA has taken charge as chairman and MD of Container Corporation of India. A 1990-batch IRISME officer, Panda's experience spans across railway operations, infrastructure, and logistics.

NHPC seeks nod to up borrowing limit to ₹70K cr

NHPC SAID IT will seek shareholders' approval to raise its borrowing limit from ₹60,000 crore to ₹70,000 crore at its AGM scheduled on August 28.

—AGENCIES

CPI INFLATION MAY HIT 19-MONTH HIGH OF 4.5%

Core inflation seen around 4% in July

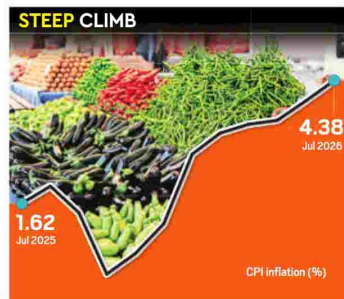
SHUBHAM RANA
New Delhi, August 5

INDIA'S CPI INFLATION is likely to have inched up to a 19-month high of 4.5% in July, according to the median of an FE poll of 11 economists. At 4.5%, the July inflation print would only be marginally higher than 4.38% in June, but sharply higher than 1.62% in July 2025.

The rise in headline inflation is likely to be led by higher food inflation, while core inflation is seen staying steady, economists said. If the forecast holds true, July would be the ninth consecutive month to register a rise in CPI inflation. Estimates in the poll ranged from 4.3% and 4.9%.

The Ministry of Statistics and Programme Implementation is scheduled to release CPI data for July on August 12.

CPI food and beverage inflation is seen rising to 5.44% in July from 5.05% in June, economists at Nirmal Bang Equities said. Steeper prices for vegetables, particularly onions, cereals, oil and fats, and pulses are seen pushing up food inflation in July. Food inflation has risen in



recent months due to higher temperatures and lower-than-normal rainfall.

Core inflation, which excludes fuel and food items, is seen around 3.9-4.1% in July, against 4.1% in June, economists said.

"International gold prices have softened further by (-) 3.7% on a month-on-month basis, hence, personal care and effects within core inflation are likely to derive some relief," said Dipanwita Mazumdar, an economist at Bank of Baroda. "Core excluding precious metals is also likely to be muted for now. However, going forward, some upside pressure may be visible as transcripts of major companies hint at passing through higher input costs, given that demand conditions have broadly remained buoyant." Reserve Bank of India (RBI)

Governor Sanjay Malhotra said on Wednesday that headline inflation is expected to rise further in the near term primarily due to food and fuel, before moderating thereafter.

The RBI lowered its CPI inflation projection for the current financial year by 10 basis points to 5%, cutting the July-September forecast by 40 basis points to 4.7%.

"Going forward, El Niño's impact on temporal and spatial rainfall distribution continues to remain a major risk, although proactive supply management and adequate stock of foodgrains should provide comfort," the RBI governor said. "Although generalised inflation pressures continue to remain modest so far, the risks of a second-round impact of higher food, fuel and other input prices translating to broad-based inflation persist."

Govt notifies e-commerce export policy with strict oversight rules

FDI-backed entities can build inventory only against confirmed export orders

FE BUREAU
New Delhi, August 5

E-COMMERCE COMPANIES WITH foreign direct investment must create separate legal entities if they wish to participate in the new E-commerce Export Framework that allows them to hold inventory in India for overseas sales directly to consumers.

The framework operationalised on Wednesday by the Directorate General of Foreign Trade (DGFT) brings into effect a change in FDI policy announced on July 23, allowing e-commerce companies with foreign equity holding to hold inventory for export. Major beneficiaries of the move are seen to be global giants like Amazon and Walmart-owned Flipkart. Local manufacturers including a cross section of micro, small, and medium

TIGHTER NORMS

Export inventory must be distinctly identified and maintained through a digital repository

Export inventory cannot be diverted for sale in the domestic market



Exporters must pay Indian sellers within seven days

Move seen benefiting global giants like Amazon and Flipkart as well as support MSMEs

Exporter should utilise notified E-commerce Export Hubs for operations

curbed by the exporter from the seller against a confirmed export order. Speculative inventory build-up for export purposes is not permitted.

According to the framework, the export inventory must be distinctly identified, segregated and maintained through a digital repository to ensure complete traceability. Further, export inventory cannot be diverted for sale in the domestic market even if the exported goods are returned by the buyers outside India.

To further strengthen transparency and enforcement, the framework mandates annual compliance certification and maintenance of digital records. Exporters will be required to submit a compliance certificate to DGFT within 90 days of the end of a financial year.

The exporter should, to the extent practicable, utilise notified E-commerce Export Hubs (ECHs) for operations under this framework. Currently, five ECHs are operating as pilots in Delhi, Bengaluru and Mumbai.

The framework also states that the exporter must pay the Indian seller within seven days of accepting the goods.

enterprises (MSMEs) are expected to witness an increase in orders and business stability because of the move, including those located in Tier-II and Tier-III cities, thanks to the supply-chain integration the move might facilitate.

Prior to the policy change, e-commerce entities with FDI were not allowed to own inventory of goods and services. The restriction regarding the inventory-based model for domestic sales still stands. Some experts fear that the move could create pressure to

extend the inventory-based model to domestic sales, which they feel could harm local traders.

For inventory-based cross-border e-commerce, the company would have to register as Exporter-on-Record (EoR) and procure goods produced in India from the Seller-on-Record (SoR). At the time of registration, the entity will have to disclose the shareholding pattern and the nature of its ownership or control relationship with the e-commerce entity. Goods would have to be pro-

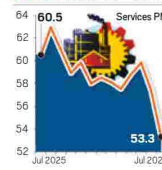
July services PMI falls to 53.3, weakest in 4.5 yrs

FE BUREAU
New Delhi, August 5

INDIA'S SERVICES SECTOR activity slowed to a 53-month low in July, with output and sales growing at their weakest pace since early 2022, according to an HSBC survey released on Wednesday.

The seasonally adjusted HSBC India Services PMI Business Activity Index — based on a single question comparing business activity with the previous month — remained above the neutral 50 mark, signalling continued expansion in output. However, the index fell to 53.3 in July from 57.4 in June, marking the weakest pace of growth in nearly four-and-a-half years. New business inflows also expanded at their slowest

SLOW ACTIVITY



Note: Reading below 50 suggests contraction and above it indicates expansion. Source: PMI by S&P Global

pace since February 2022.

India's manufacturing activity for the month had slowed to a near five-year low in July due to weaker domestic demand, falling to 53.5 from 54.2 in June. The HSBC India Composite PMI Output Index fell to 54.3 from 57.1

in June, indicating the weakest pace of expansion since March 2022.

"India's services sector continued to expand in July, albeit at a slightly slower pace, as new business growth eased in both domestic and export markets after several months of strong performance," Pranjal Bhandari, chief India economist, HSBC, said. "Hiring showed a moderate rebound, while profit margins improved as input costs softened and firms increased their selling prices."

Survey respondents attributed the slowdown to intense competition, weakening demand, softer market conditions, and order postponements. Of the four broad services sectors tracked, only Finance & Insurance recorded faster growth in both output and sales.

Cabinet Secy Somanathan's term extended

THE APPOINTMENTS COMMITTEE of the Cabinet (ACC), led by Prime Minister Narendra Modi, on Wednesday approved the extension in service of Cabinet Secretary TV Somanathan by one year, beyond August 30, 2026, said an order issued by the personnel ministry.

Somanathan was appointed to the post for two years in August 2024.

The ACC has also approved a one-year extension in the service of Home Secretary Govind Mohan beyond August 22, 2026, the order said. PTI

Pvt investment to boost rail wheel output; India may turn net exporter

MANU KAUSHIK
New Delhi, August 5

LARGE PRIVATE SECTOR investments are set to reshape India's railway wheel manufacturing industry, long dominated by public sector manufacturers. New projects by Jupiter Wagons and the Titagarh Rail Systems-Ramkrishna Forgings joint venture (JV) are expected to boost domestic manufacturing over the next 2-3 years, which could not only help break the public sector's near-monopoly in a segment but may also make India a net exporter of these goods.

At present, public sector rail wheel production is led by Indian Railways' Rail Wheel Factory (RWF), which produced a record 210,000 wheels and 120,000 wheelsets in FY26. Rail Wheel Plant (RWP), Bela had an installed capacity of 100,000 cast steel rail wheels while SAIL's Durgapur Steel Plant manufactures forged wheels and axles, though its current installed capacity is not publicly disclosed.

In addition, Jupiter Wagons currently machines and assembles around 2,000 wheelsets every month at its Chhatrapati Shivaji Maharaj facility, making it the only private player to supply wheelsets.

According to industry sources, India imported more than 50,000 wheelsets from China alone last year. Passenger wheels for Vande Bharat trains, metro coaches and

SCALING UP

PSUs dominate rail wheel production with RWF making 210,000 wheels and 120,000 wheelsets in FY26

Rail wheel imports remain high despite expanding domestic manufacturing ambition

India imported over 50,000 wheelsets from China alone last year



Private players Jupiter Wagons and Titagarh Rail Systems to significantly expand capacity

Annual wheelset demand may top 400,000 units by 2030

manufacturing facility is scheduled to be fully operational by the third quarter of next financial year.

Similarly, Titagarh Rail Systems and Ramkrishna Forgings have set up a forged rail wheel manufacturing facility at Chennai. The ₹2,000-crore JV has a planned annual production capacity of 228,000 forged wheels with Indian Railways committed to procuring 80,000 wheels annually while the balance is expected to be targeted at export markets.

Vivek Lohia, managing director of Jupiter, said timing is significant because the economics of the business are finally turning favourable. He said rail wheel manufacturing is a capital-intensive business that requires large-scale facilities to remain commercially viable.

Railways uses 39% of FY27 capex budget in April-July

MANU KAUSHIK
New Delhi, August 5

INDIAN RAILWAYS INVESTED nearly ₹1.15 lakh crore in the first four months of FY27, which is 39% of the record ₹2.93 lakh crore capital expenditure (capex) allocated in the Union Budget as the national transporter continues to step up investments in areas like safety, capacity expansion and network modernisation.

In a statement on Wednesday, the railway ministry said a significant portion of the investment has gone towards safety-related works. The ministry said expenditure on safety has increased steadily over the years, contributing to a sharp decline in railway accidents.

One of the key initiatives has been the rollout of the indigenous Kavach automatic train protection (ATP) system. So far, Kavach 4.0 has been commissioned over 2,633 route kilometres, including 1,423 route km on the Delhi-Mumbai corridor and 1,210 route km on the Delhi-Howrah corridor.

The Railways has utilised ₹3,875 crore on Kavach works up to June 2026.

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TED SARANDOS
Co-CEO, NETFLIX

in conversation with
Anant Goenka
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SCREEN

Opinion

THURSDAY, AUGUST 6, 2026

Waiting it out

The RBI is justified in not hiking rates as inflation is not yet broad-based

WHILE THE MONETARY Policy Committee (MPC) was widely expected to leave the policy rate and stance unchanged, its distinctly dovish tone was unanticipated. Nor had the bond market pencilled in a 10-basis-point (bps) reduction in the Reserve Bank of India's (RBI) inflation forecast for FY27, to 5%. The 10-bps increase in its GDP growth forecast, to 6.7%, had been more widely anticipated. Although the central bank's projections show headline inflation remaining above 5% from September through June 2027, its reluctance to raise rates appears to rest on the assessment that the pressure is being driven largely by food, fuel, and other supply-side factors. There are few signs yet that price pressures are becoming broad-based, allowing the RBI, for the moment, to look through the increase. Headline inflation averaged 3.9% in the June quarter, 30 bps below the RBI's forecast. It is projected to peak at 5.9% in the third quarter before tapering off.

Governor Sanjay Malhotra emphasised that core inflation remained benign; its FY27 forecast has been lowered by 40 bps. He also observed that while the objective was to bring inflation down to 4%, this was a medium-term goal. The RBI, therefore, appears unwilling to disrupt the growth momentum in a year when El Niño could hurt agricultural output. After all, even at the revised forecast of 6.7%, GDP growth is expected to decelerate this year and could do with policy support. There is also little merit in driving up bond yields, which have settled in the 6.7-6.8% range. Lower yields benefit all borrowers, including the government; the benchmark yield eased to 6.77% on Wednesday.

The RBI is, therefore, justified in sounding somewhat less cautious than expected. Its neutral stance gives it sufficient flexibility to respond in either direction as the inflation-growth balance evolves, without committing it prematurely to a rate increase. It also leaves the central bank room to act if crude oil prices surge again, domestic pump prices are raised, or food inflation proves more persistent than projected. Meanwhile, the strong response to the foreign currency non-resident (bank) [FCNR(B)] scheme, which has attracted around \$36 billion so far, has eased pressure on the rupee and reduced the immediate need for a rate hike. The governor's expectation of a balance-of-payments surplus this financial year also signals confidence in capital flows. The chances of a rate hike in October, therefore, appear limited unless adverse domestic or global developments force the MPC's hand. The central bank will watch the US Federal Reserve's guidance for clues about the India-US interest-rate differential, as well as the rupee's movement after the FCNR(B) window closes on September 30.

Economists now expect a rate increase either in December or early next year. By then, the second-order effects of higher input costs may have begun to show. Corporate commentary suggests that companies have raised prices to pass on higher costs, but a complete pass-through is yet to happen. The impact of El Niño on agricultural output and food prices should also be clearer. The current consensus is for cumulative tightening of about 50 bps. Importantly, Malhotra observed that while liquidity could improve in the near term, a large surplus should not be expected beyond September. Given its evident concern about growth, however, the RBI is likely to ensure that liquidity remains adequate even as it keeps the option of a future rate increase open.

What's wrong with FIFA? Look beyond Infantino

GIANNI INFANTINO'S RECENT capitulation looks like a textbook case of overreach by a leader unaccustomed to restraints on their power. The FIFA president's plan to sell a stake in a \$20-billion commercial vehicle to private investors unravelled in four days as a global backlash mounted and even close colleagues disowned the project. His own position is now in question. Anyone hoping that replacing the head will bring an end to recurring scandals is likely to be disappointed: What world football's governing body needs above all is structural change.

We will restore the image of FIFA and the respect of FIFA, and everyone in the world will applaud us," Infantino said in 2016 after winning the presidency. He went on to promise a new, transparent era for FIFA. The statement hasn't aged well. For many followers of the sport, what is most striking about Infantino's tenure is how little it has differed in style from that of his predecessor Sepp Blatter, who resigned and was subsequently banned after US authorities arrested seven FIFA officials on racketeering, wire fraud, and money laundering charges. There have been no comparable criminal scandals under Infantino's leadership, but his presidency has been characterised by the same imperial manner and the persistence of ethical and governance concerns.

Like Blatter and Joao Havelange before him, Infantino has increasingly behaved as if he is the personification of football. The most visible example of that is the extraordinary 15-page message he posted on Instagram after the World Cup. He gloated over the success of the tournament and repeatedly thanked those he called "haters," advising detractors who "missed all that joy and togetherness" to "watch a football match. It doesn't seem to have occurred to Infantino that people could see and enjoy the games while simultaneously disapproving of him and his organisation — not that, rather than hatred, critics might be motivated by their love of the beautiful game.

Intolerance of adverse reporting — even over such obvious public-interest issues such as denial of visas or the bending of disciplinary rules to suit Donald Trump — are hallmarks of the autocrat, along with an inability to distinguish the interests of self from those of nation (the football nation, in this case). These signs of a bubble mentality explain how it was possible for Infantino to hatch a clandestine plan to sell a \$4.2-billion stake in FIFA's commercial interests to investors led by a family connection of Trump without foreseeing the resulting tsunami of global outrage. Infantino didn't even involve his closest adviser. Those who live in echo chambers and reject the legitimacy of outside scrutiny aren't well placed to judge the mood beyond their comfort zone.

What is about FIFA that causes its top officials to tend towards this mode of leadership? This hasn't been a sudden conversion for Infantino. By mid-2017, FIFA had ousted the heads of its ethics and governance committees; a year earlier, the chairman of the audit committee had quit in protest at the executive giving its council the power to appoint and dismiss these supposedly independent watchdogs.

The root issue is a political structure that gives equal weight to each of FIFA's 211 constituent associations under a one-member, one-vote system. This may seem democratic; indeed, Infantino described his proposal, under which the proceeds of the state sale would be distributed equally to all associations, as the "democratisation" of football. From the perspective of many smaller and less developed footballing nations, this is fair. The trouble from a governance point of view is that this structure encourages the development and maintenance of patronage networks. FIFA's head can entrench support by directing money to the large number of small and underdeveloped associations. The leading football powers are too big to be bought; they are also grossly underrepresented in FIFA relative to their economic size and population.

The incentives embedded in this clientelist system have overwhelmed past efforts to reform and insulate leaders who've wound up behaving like quasi-sovereign dictators. It needs to be changed. This need not mean ditching the one-association, one-vote structure, although weighted voting rights are worth considering. What is critical is to curtail the patronage system. This can be done via objective and independently scrutinised funding formulas, and by bringing underrepresented constituencies into the FIFA power structure — such as from the women's game, players' unions, and clubs.



MATTHEW BROOKER
Bloomberg

● MPC REVIEW

RBI ACTION AND INTENT ARE LIKE AN OSMOSIS THAT BALANCES COMPETING FORCES AND RESOURCES OPTIMALLY

Raising the bar for a rate hike

SOUMYA KANTI GHOSH

Member, 14th Finance Commission, member, Economic Advisory Council to the PM, and Group Chief Economic Advisor, SBI



System liquidity is likely to remain in a comfortable state and rise disproportionately if major proceeds of the foreign currency non-resident (bank) [FCNR(B)] hit the street. That should also have a cascading effect on various policy and market-linked lending rates, smoothing the curves and reducing the pressure on resource mobilisation by lenders. Consequently, the transmission of rates for both lending as well as deposits may be seen along some products/buckets, apart from softening benchmark yields. Credit growth has remained strong at 17-18%, above the anticipated targets, indicating demand from various quarters even as capital markets strive to normalise and meet the growing needs of India Inc.

The rupee has of late responded positively to policy-regulatory measures and can benefit if crude oil prices crash, apart from a wide arsenal kept in readiness and a regulatory vigil without any control or confrontation of its trajectory and level. The FCNR(B) euphoria has been sustained, the leverage mechanism and the benefits of swaps finding some willing foreign banks to come aboard despite initial hesitation, while domestic banks have been championing the cause in spite of constraints galore.

On the external front, the current account deficit has remained in modest

surplus anchored by services exports and unwavering remittances flow. However, the widening merchandise trade deficit is worrisome in volume terms. Solace comes from a rebound in FPI activities that seem to return to emerging markets like India (cumulative debt flow has been a solid \$7.3 billion in recent months). The catastrophic crash of AI champion markets like KOSPI should further fan this benign trend of revisiting allocation mid-year.

FDI, a moresold barometer of investor confidence, has been pretty good on both gross and net bases this fiscal year with an improvement in rank among host economies and greenfield FDI projects presenting a good omen.

The RBI took three measures for development and regulatory policy. It has initiated a review of the loan pricing practices by banks. Pricing of bank loans has along history of evolution keeping in mind transparency and monetary policy transmission imperatives. Until 2010, banks used the prime lending rate, followed by the base rate. After 2016, the banks have migrated to the marginal cost of funds-based lending rate. To further increase the transmission, the RBI permitted the external benchmark lending rate (EBLR) in 2019. Currently, 67.6% of bank loans are under the EBLR regime. The twin regimes need some standardisation to ensure uniformity and enhance trans-

Trifecta of resilient domestic activities, exogenous shocks, & weather-related disruptions should dictate the terms of reference for RBI

parency in loan pricing across entities.

The rise of a blended economy across rural and semi-urban pockets necessitates revisiting the co-operative framework (India has 1,457 urban cooperative banks or UCIs, 34 state co-operative banks, 351 district central co-operative banks, and one industrial co-operative bank of Tamil Nadu). Given the importance of UCIs in extending last-mile credit and supporting localised financial intermediation, the RBI has now introduced on-tap licensing to UCIs. This step not only harmonises the bank licensing policy but also opens ways to introduce fresh capital and innovation in this sector.

Further, given the narrow business base on the lending side, rural co-operatives continue to face the challenges of lending portfolio concentration (sector and geographic) compared to UCIs. The current measure addresses this aspect.

An interesting point in the policy statement is on exchange rates. The RBI has clearly emphasised that it will ensure no self-fulfilling prophecy is built into the foreign exchange market. The \$36.7-billion FCNR(B) inflows till July 31 have enabled foreign exchange recap of ~\$20.0 billion and vacating of outstanding forward position by \$13 billion in the short end (up to three months) till June end. Summing up, the trifecta of resilient domestic activities, exogenous shocks (mainly from West Asia), and weather-related disruptions (El Niño) should dictate the terms of reference for Mint Street even as it proactively and prudently engages in market-making activities and regulations that bode well for the system. That incidentally reminds us that its action and intent should be read like an osmosis, a diffusion that balances competing forces and resources optimally. Thus, the pause can be longer in future short-termism triumphs over sustainable measures.

Views are personal

The real lessons from HDFC

OP BHATT

The writer is former Chairman, SBI, and serves on the boards of leading Indian and global companies



AS A FORMER chairman of State Bank of India, India's largest bank, it was my fiduciary duty to act for the bank's welfare; as a retired well-wisher, it remains my belief that a sound banking sector is a direct condition for the economic welfare of our economy.

India's banking sector has produced institutions of remarkable scale. Today, SBI, HDFC Bank, and ICICI Bank dominate Indian banking not simply because they became large, but because over decades, they built capabilities that were deep, relevant, and scalable.

The next challenge for these institutions is not merely to become bigger. It is to develop specialised capabilities that can also operate at scale — from financing sustainable agriculture and supporting entrepreneurship to restructuring distressed businesses into viable enterprises.

Recent governance episodes have nevertheless prompted an important question. Have some of India's most successful financial institutions, and perhaps Indian business more broadly, become less disciplined about governance and institutional standards?

The examples are familiar. ICICI Bank experienced a governance crisis surrounding an improper loan that ultimately led to the departure of its CEO. HDFC Bank is facing a different and still evolving situation, but it has created persistent questions among investors regardless. Yet, both remind us that even outstanding institutions are not immune from governance challenges.

It is equally important to recognise the other side of the story. Both banks have demonstrated extraordinary institutional resilience over decades. Their cultures, systems, and risk-management frameworks remain among the strongest in Indian banking.

The larger question therefore is not whether governance occasionally fails. Every institution will face such moments. The more important question is what enables an institution to recover, renew itself, and continue creating value over generations.

The answer, I believe, lies in an apparently old-fashioned idea: core competency.

As banking becomes increasingly data-driven and AI-assisted, institutional competence becomes more — not less — important. Technology can improve analysis, accelerate decisions, and identify patterns invisible to human beings. What it cannot replace is deep sectoral knowledge, commercial judgement, ethical leadership, and the accumulated experience that allows bankers to distinguish between temporary setbacks and permanent risks.

Competence in banking remains rooted in understanding customers, industries, and economic cycles. A bank that develops expertise in financing start-ups, for example, learns far more than venture lending. It acquires specialised underwriting techniques, new approaches to monitoring risk, an understanding of evolving business models, and the ability to work with young, fast-moving management teams. Over time, these become genuine institutional capabilities rather than isolated transactions.

The same principle applies to agriculture. It continues to employ nearly half of India's workforce and contributes close to one-fifth of GDP. Yet, India still lacks a full-service commercial bank with the depth of agricultural expertise demonstrated by

India's leading banks have shown they can build scale. Their next test is building equally durable competence in governance, sectoral expertise, and leadership

Rabobank in the Netherlands or Crédit Agricole in France. Rabobank's decades of accumulated knowledge enabled it not merely to finance farmers, but to pioneer sustainable finance, maintain one of the strongest credit profiles in global banking, and export its specialised model internationally. That is what enduring institutional capability looks like.

India does not require every bank to excel in every sector. It does, however, require enough banks to become genuinely world-class in areas that matter most to India's development: agriculture, MSMEs, infrastructure, and emerging industries.

For that reason, the report card for India's leading banks should extend beyond traditional measures such as assets, deposits, market capitalisation, and branch networks. Those indicators capture scale. They reveal much less about capability.

Equally important questions might include: In which sectors has the bank developed world-class expertise? Which specialised capabilities differentiate it from competitors? Does it possess unique underwriting knowledge? Can it consistently support customers across economic cycles? Is it building intellectual capital that competitors cannot easily replicate?

Competency also provides a useful lens through which to think about governance. Boards discharge their responsibilities through audit, risk, nomination, remuneration, and technology committees. Yet committees alone do not create effective governance. Governance ultimately depends upon whether the board collectively possesses the capability to understand the business, anticipate

Boards should be assembled around relevant capability rather than prestige, convention, or familiarity

strategic challenges, engage constructively with regulators, and guide management through periods of uncertainty.

HDFC Bank's appointment of Rajiv Kumar as part-time chairman illustrates this principle. His experience as finance secretary exposed him to many of the issues central to India's financial system — from financial inclusion and agricultural finance to financial stability, public policy, and regulatory engagement. Whether this appointment proves successful remains to be seen. But the underlying principle is persuasive — boards should be assembled around relevant capability rather than prestige, convention, or familiarity.

The significance of such appointments is not that one professional background should become the preferred model. Different institutions require different strengths at different moments. A bank may vary various stages benefit most from a career banker, regulator, public servant, technologist, or sector specialist. This has implications well beyond individual banks.

India's ambitions in financial inclusion, agricultural transformation, MSME development, employment generation, and responsible credit expansion cannot be achieved through balance-sheet growth alone. They require institutions led by people with the knowledge, judgement, and experience to translate national priorities into commercially sustainable banking relationships.

India's leading banks have already demonstrated that they can build scale. Their next test is whether they can build equally durable competence — in governance, sectoral expertise, and leadership.

Institutions that combine both will define the next phase of Indian banking. Those that rely on scale alone may ultimately discover that size is no substitute for capability.

LETTERS TO THE EDITOR

Practical value of AI models

Professors of "Substance over scale" (A, August 5), the editorial rightly shifts attention from headline-grabbing artificial intelligence models to practical value. India should not

judge progress by the size of language models alone. What matters is whether technology improves classrooms, hospitals, courts, and small businesses at an affordable cost. Public funding should encourage efficient models that work well in Indian languages and on modest

computing resources. Universities, startups, and industry must collaborate to build solutions for local needs instead of chasing global trends. At the same time, digital skills should become a part of mainstream education so that people can use these tools productively. A balanced

approach that rewards usefulness, reliability, and accessibility will strengthen innovation far more than a race for ever-larger models with limited public benefit.

—A Mylami, Coimbatore

Write to us at letters@expressindia.com

OUR VIEW



Closing auction sessions should not be so volatile

Sebi's attempt to improve India's stock market functioning by altering how closing prices are determined has led to some bursts of volatility. Wasn't this shift tested out in advance?

Stock markets globally have multiple layers of stakeholders, all of them invested in signals transmitted by trading patterns. The constituents directly concerned with price movements of individual stocks and their impact on various indices are actual investors—both institutional and retail—as well as the two-layered regulatory structure comprising exchange management and the jurisdiction's market regulator. A recent move by the Securities and Exchange Board of India (Sebi) to improve how the Indian market functions has resulted in avoidable volatility; this week's spasms may be short-lived, but could extract long-term costs. A Sebi-directed change in how each day's closing prices of cash-market stocks are calculated—from the earlier method of volume-weighted average prices of trades done in the last 30 minutes of trading to a 'closing auction session'—has unwittingly sparked a confrontation between two key segments. While foreign portfolio investors (FPIs) welcomed the switch, saying it aligns with global best practices, domestic institutions have opposed it on the argument that India's market lacks the deep liquidity needed for an auction to determine prices. This was evident at the close of Tuesday's trading. Retail investors, unfortunately, have been caught in the crossfire.

This focuses attention on Sebi's layered mandate: to protect the interests of investors in securities, promote the development of markets for these assets, and, of course, to regulate them. Ever since the Sebi Act was first legislated in 1992, the regulator has worked hard on a regulatory framework designed primarily to secure retail investors from volatility and market malpractices. Sebi has also spent considerable

energy on market development. However, in the case of its new closing-price formula, retail investors find themselves shut out of the action, effectively, by its complexity. Many who have neither the time nor resources to study specific stocks or mutual funds (MFs) tend to opt for exchange-traded or index funds. Technically, day-end auctions could help improve price discovery, which would then reflect in better MF net asset values (and bigger retail holdings). Plus, the new system is expected to overcome suspicions that the legacy set-up had nurtured price manipulation, especially closer to expiry dates for futures and options. Whether these outcomes eventually come to pass, however, is a question for later.

Ambiguity exists because the auction system seems to have been launched in some haste. Even though Sebi had announced system migration through a circular on 16 January, the shift seems marked by a lack of due preparation. Sebi's senior brass should have anticipated some of the problems encountered over the past few days. Volatility that arose from apparent friction between the market's new micro-structure and lack of operational ease for arbitrage funds, for example, could have been held in check by prior stakeholder consultation. The regulator had presciently introduced a sandbox facility, but it's unclear whether it used that infrastructure to test the new system. Trial runs would have helped eliminate much of the uncertainty around closing auction sessions. The change seems aimed at aligning Indian market trading with practices followed in developed countries, thus making it more familiar to FPIs that operate across the world. This is a laudable ambition, but its pursuit should not discomfit retail investors.

THEIR VIEW

RBI's rate policy panel has failed to read what's written on the wall

A focus on core inflation goes against its inflation-targeting mandate and is likely to cost us dearly



MYTHILI BHUSHNURMATH
is a senior journalist and a former central banker.

Non-event, is how a more outspoken observer of the Reserve Bank of India (RBI) described the 62nd meet of its Monetary Policy Committee (MPC), in the run-up to the just-concluded meet. Others, more diplomatic, or, perhaps, wary of displeasing the central bank, chose their words more carefully. But the broad consensus was that the MPC would stand pat; on rates for sure and, in all probability, on stance (neutral) as well.

So, the unstated question after RBI Governor Sanjay Malhotra read out the MPC Statement at the conclusion of the MPC's meeting on Wednesday was whether it was a non-event. A careful reading of the statement shows it was anything but, with the MPC striking a far more dovish note than expected (warranted?). Central banks in many major emerging markets have already hiked their rates. Agreed, each central bank takes decisions based on its own assessment of domestic growth-inflation trade-offs. But at a time when the biggest uncertainty stems from the external sector, if our MPC, alone, opts for a radically different course of action from its peers, it must have some very convincing reasons.

Unfortunately, try as one might, these are absent in the statement. The reality is the current growth-inflation trade-off does not warrant soft peddling on inflation. Consider: At the MPC's April 2026

meeting, growth for 2026-27 was projected at 6.9%, and inflation at 4.6% (more than double the previous year's 2.1%). Since then, the pace of inflation has quickened. At the June meeting, real GDP growth for 2026-27 was projected marginally lower at 6.6%. But inflation was projected significantly higher at 5.1%. In August, the growth estimate for this fiscal year has been upped, yes upped, to 6.7% while the inflation estimate has been lowered a tad, from 5.1% to 5%.

What does this translate into? Apart from the fact that the MPC's estimates need to be taken with a huge pinch of salt, given heightened external risks, a repo rate of 5.25% implies a negative real rate of interest for the next three quarters. With the concomitant demand pressures that this will bring. At a time when bank credit growth is already way ahead of deposit growth and the savings rate in the economy has fallen sharply, this is hardly good policy. Add to this the narrow rate differential between US interest rates and ours, and the MPC's refusal to read the writing on the wall and at least begin the process of tightening defies understanding. The market has long been signalling upward pressure on rates. The 10-year benchmark government bond yield, considered the floor for corporates borrowing in the bond market, is up (6.81% on Tuesday) as against 6.60% at the start of the year, despite RBI's attempts to groom the market and keep liquidity in surplus.

Despite this, for the MPC it seems to be a case of *Plus ça change, plus c'est la même chose* (the more things change, the more they remain the same), in the words of 19th century French critic Jean-Baptiste Alphonse Karr. Part of the reason might be the MPC's apparent belief that core inflation matters more than headline. The term 'core inflation' (excluding food and fuel inflation) has been mentioned eight times in Governor Malhotra's Statement; as against just once in the December 2024 state-

ment of previous governor Shaktikanta Das. Remember, RBI's mandate of 'price stability, keeping in mind the objective of growth' defines 'inflation' as headline, not core, inflation. Given the decision to retain the definition of 'inflation' as 'headline' (and not 'core'), at the March 2026 review of the inflation targeting regime, this is inexplicable. More so in a country like India, where food and fuel constitute more than half the consumption basket, and core is of no relevance to a majority of people.

Ironically, as recently as May 2026, Poonam Gupta, Deputy Governor in charge of monetary policy, speaking at the National Council of Applied Economic Research, New Delhi, pointed out how the international experience in inflation targeting favours the choice of headline over core inflation. "Of the 48 countries that currently operate under an inflation targeting framework, 47 target headline inflation. Several countries that initially adopted core inflation as their target, including Thailand and Norway, subsequently transitioned to headline CPI," she added. RBI and MPC's sudden fascination with core inflation is, therefore, hard to understand.

It might be too late to correct Wednesday's policy mistakes. Former Fed chair Ben Bernanke liked to say, "Monetary policy may be 98% talk and only 2% action but the cost of sending the wrong message can be high." So before the October meet, the MPC might do well to mull over the advice given by former PM and former RBI governor Manmohan Singh to then RBI governor D. Subbarao, also a technocrat and bureaucrat like Governor Sanjay Malhotra. "The RBI is a different institution," cautioned Singh. "When you go there, you get immersed in numbers: money supply, credit growth, repo rate, interest rate, inflation rate. You forget that there are real people behind that. Remember, whatever you do, there are people behind who will get affected."

10 YEARS AGO



JUST A THOUGHT

Domestic inflation reflects domestic monetary policy.

MARTIN FELDSTEIN

MY VIEW | OTHER SPHERE

Joyful learning: an idea that must not be taken too far

ANURAG BEHAR



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In the past weeks, I have written about two school-education insights that ended up as orthodoxies—"constructivism" and the 'whole language' approach to reading and writing. Both followed the same arc: a useful partial explanation was declared as the whole and sole truth, with children bearing the brunt of the consequent misguided approach to education. Beneath these two arcs lay a substratum on which both rested and from which both drew their moral authority. This was the dogma of 'joyful learning'—of learning without burden.

Let me first state emphatically and without qualification what is true. School education in India became—and in most places remains—a burden on children. The grind of it is joyless: the crushing school bag, fear of examinations, drone of dictated notes and overstuffing of curriculums, apart from the fear of knuckle raps. The Yash Pal Committee's report of 1993 was titled 'Learning Without Burden' and it was a timely rallying cry. Much of the joy that learning could give

had been drained out of our schools. To make learning as joyful as possible is a worthy goal and this column does not deny it.

Yet, we can observe a familiar slide. What began as a goal and principle became an all-encompassing foundation—the substratum of what I will call the progressive consensus in education. I use the phrase carefully and without sneer, for we are all progressives in one sense: we all want education to progress, to be more humane, effective and just. The consensus I mean is narrower—the settled cluster of ideas that came to define 'enlightened opinion' about schooling, within which subsidiary doctrines found shelter.

The dominance of constructivism and whole language over our curriculum frameworks and teacher education was not on account of its efficacy, but their alignment with the substratum: any method that promised joy and lightness was presumed to be good, and any that involved instruction, practice, memorization or effort was presumed to be part of an old oppressive regime. The dogma of joy was the filter through which everything else was seen, and it gave the other dogmas their glow.

The trouble is that the substratum itself is a part-truth about learning. That learning must be engaging is not in question; engage-

ment is close to a precondition for learning and the teacher who cannot interest her class in the subject at hand is not effective. But engagement is not the same as effortlessness and joy is not the same as endless pleasantness. Anyone who has actually learnt anything worth learning—a language,

a concept, use of an instrument or a craft—knows what the process entails: effort, fatigue, confusion, failure, a plateau where nothing seems to move, frustration that precedes the light of understanding. None of this is some kind of regrettable residue of bad teaching. It is the nature of learning itself, because learning is the reconstruction of one's mind and minds do not reconstruct themselves without strain.

The deepest joys of learning lie on the other side of this strain—the joy of having climbed, which is unavailable to those who were never allowed a hill. An educational approach that treats every moment of difficulty as a symptom of oppression only makes it that much harder for children to learn,

without liberating them from any burden.

John Dewey, whose views form the fountainhead of all colours of progressive education, saw this being done in his name and protested. In *Experience and Education*, he rebuked his followers for setting up a new dogmatism against the old, for believing that

a rejection of external imposition meant rejecting all structure, guidance and demands. The rebuke went unheard in America. So too in India, though years later. The slogan had escaped the insight. And slogans once let loose do things that the core insight cannot control. 'Joyful' and 'burden-free learning' seeped into everything—curricular design, teacher education, training modules, long-term planning, the mark of an enlightened educator, and more. No longer as goals to be pursued with judgement but as tests of purity that everything in education was put to.

In too many schools and key components of the system, this gave a licence to the unstructured, unguided and near-chaotic,

all of it wearing the virtuous badge of progressive education. We ended up with a weird toxic mix—the dogma of joy fuelling the approach and principles of education combined with the reality of education's burden held in place by cultural inertia. The worst of both worlds.

Children paid for all this, most of all the disadvantaged. The child of educated parents experiences education as something that demands effort and assessments of learning, irrespective of what the school does. These homes also have social and educational resources to support the child. In contrast, children in or near poverty have only the school to rely on. When policy and curriculum withhold the demand for effort in the name of joy, it blocks the only path she has to education. This is not virtuous.

The goal is what Yash Pal said it was to lift the burden that crushes students, while demanding all effort for learning—because these are not the same thing. The wisdom of teaching and education lies in telling them apart. Joy in learning is real, no doubt, and it is precious precisely because it is earned. But a joy that must be guaranteed in advance, at every moment and to every child, is not joy. It is merely entertainment, and the country's children deserve better.



| GUEST VIEW

MINT CURATOR

Indian cities need to be rescued before they crumble around us

Empowering city governments is the only durable solution to India's urban crisis. One way or another, this must be achieved



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In 1961, census commissioner Asok Mitra wrote down the definition of a town: its population should be above 5,000, its density above 400 persons per square kilometre, and three-fourths of its male working population must be engaged in fields of work other than agriculture. That definition still largely stands, but India's towns and cities are falling apart. Traffic, waste management, law and order, water, sewage—the farther we go from the capital of the country or a state, the worse these get.

Many see overcrowding as the problem, but this is simply not so. Even small Indian towns with low densities of population are badly run, while Tokyo, with many more people than our largest cities, has none of the problems that afflict urban India. This was true even when Japan was at the income-per-head level that we are today. What explains this? Some commonly cited reasons can be struck off. Poor civic sense can't be blamed, as Indians adapt just fine to rules and norms once they move overseas. Lack of funds cannot be an explanation either, given how large Indian public budgets have grown. We have spent huge amounts on infrastructure, including some vanity metro rail projects that, barring a few very well-used routes, do not justify the expenditure. Nor is lack of state capacity the drawback. Roads keep getting relaid with tar mac over and over.

The real reason is that Indian cities are run from the state level, with almost no incentive for any electorally accountable administration to run them well. State governments depend on votes from a widely dispersed base and the state of urban spaces is rarely an election issue. This also means that little information on civic dysfunction reaches state administrations.

Take the case of Bengaluru. Home to 20% of Karnataka's population, it generates about 60% of the state's revenues. For any chief minister of this state, the rational thing to do is use this money to please rural voters ahead of urban ones. Similarly, residents of Gurugram in Haryana cannot rely on a virtuous cycle of service delivery and accountability at the city level, since it is the state government based in Chandigarh that holds the power to make a noticeable difference. When it comes to smaller cities, this problem of sketchy information and weak incentives worsens.

An administration can do a good job when it has a strong and functional loop of responsibility for specific functions, the authority to perform them and accountability for outcomes. Unfortunately, city administrations in India lack this loop.

The 73rd and 74th constitutional amendments of 1992 tried to devolve power to rural and urban local bodies, but left it up to state governments. It is little surprise that more than three decades later, the country's Comptroller and Auditor General



found that only four functions—control of crematoriums, stray animals, street lighting and slaughterhouses—had been devolved with full autonomy, while 14 others, like roads, water, civic planning, etc., remained in the hands of state governments. Nobody likes to give up power.

So, in Indian cities, a state-appointed municipal commissioner, usually an IAS officer, holds the executive, financial and administrative power for most city infrastructure and operating functions. Police powers also lie with the state-appointed police commissioner. Schools are run by the state education department. State-run entities like water boards and development authorities manage other important aspects of local governance. Finances are rarely devolved and state finance commissions are typically not even appointed, let alone their recommended allocations being followed. City mayors, if they exist, are rarely elected regularly. Few urban residents know of this post. And our towns and cities keep falling further into disrepair.

What is the solution? A top-down approach would be another constitutional amendment to fix the 73rd and 74th. It would make the principle of subsidiarity mandatory. This demands that a function sits at the lowest level capable of evaluating costs and benefits. Sanitation, for instance, would go to the city level, while highways would be under

the state administration.

We must let funds and accountability follow functions. This calls for properly devolved tax revenues based on a transparent formula for tax sharing, routine elections of city governments and expanded space for the latter to levy local taxes within well-defined bounds. This would fix the system across the country, but it may be a political challenge to get such a far-reaching constitutional amendment passed.

A more viable approach may be to accomplish all of the above at the state level instead of through a national bill. This way, success in one state could strengthen the idea's appeal among others and the political establishment across the country may notice the benefits of devolving responsibility, authority and accountability.

An important argument here is that no chief minister holds power forever, but local strongholds are common. If politicians get greater autonomy to develop their local areas, reversals of fortune at the state level need not spell doom for them. They would have an opportunity to demonstrate excellence in governance and administrative skills in urban spaces. If chief ministers with their own urban bastions begin to view devolution as an insurance policy, rather than dilution of their power, they might push for what urban India needs and find other state leaders following suit.

China in denial over trade may deprive it of EU market access

Beijing's defence of its trade practices is unlikely to soften Brussels



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Any hope that China and the European Union (EU) might amicably resolve their widening trade imbalance is rapidly fading. A policy document published last week shows Beijing leaving little scope for compromise, giving Brussels few options but protectionist measures.

Beijing's defiance is wrongheaded. Instead of picking a fight with a major trade partner, China should work with the bloc to preserve market access—especially when it is struggling to boost consumer spending and reduce reliance on exports, which has given it a 'dual-speed' economy. Unlike the US, which launched a trade war last year while the rest of the world watched in disbelief, China's retaliation, the EU has long been preparing for a potential conflict.

Long-simmering tensions have come to a head. Europe's trade deficit with China, now exceeding \$1 billion a day, is a source of alarm. More troubling is the risk of losing 500 manufacturing jobs daily because of Chinese competition that threatens to hollow out the bloc's industrial base.

The Chinese commerce ministry refused to acknowledge any of that in the position paper it released amid US probes of its manufacturing sector and Brussels' October deadline to address trade gaps. Instead, in a strong defence of its industrial policy, Beijing dismissed concerns that the production capacity of Chinese producers far exceeds domestic demand, which leads them to seek growth through export markets.

This argument is inconsistent with its record. Overcapacity causes what China calls 'involution,' a broad concept that refers to intense competition marked by price wars—which Beijing has spent the past two years trying to curb. The results have been mixed. One unintended consequence has been to push companies further into new markets overseas.

While Chinese exporters have struck success in many countries, that has not consistently translated into healthy corporate earnings. The Chinese automotive industry's total profits dropped nearly 20% in the first half of the year even as overseas sales hit a record high, suggesting foreign demand is not a cure-all.

Beijing should be more honest about the problems it has exported. Instead, the paper was an attempt to create a rival narrative that portrays China as a defender of free and fair trade. It framed surging exports as an opportunity for the world. Of course, consumers benefit in the short run because it gives them access to cheaper products. But countries with established industries, or ambitions to develop their own, will see



Beijing should consider a goodwill gesture to China-shocked Europe. ISTOCKPHOTO

them as a threat to jobs and development.

The commentary also ignored the fact that China's household consumption is very low relative to its economy's size. Personal spending increased dramatically in the decade before the pandemic, creating a healthy give-and-take with trade partners eager to access the economy even as exports expanded. But growth has fallen after the collapse of the property sector and youth unemployment has risen.

EU policy makers have been identifying areas in which China still relies on the bloc, hoping to pinpoint sources of leverage. They are also considering a broader set of defensive measures: restricting Chinese companies' access to public procurement, requiring their investment in the electric vehicle supply chain to include technology transfers and pushing European firms to reduce their dependence on China-based suppliers.

Investigations of alleged Chinese subsidies and dumping in specific product categories are gaining momentum. Europe is weighing whether to extend that approach through broader 'safeguard' mechanisms that would comply with World Trade Organization rules.

Instead of publishing papers that are sure to raise hackles at a critical time in negotiations, Beijing should consider a goodwill gesture. From 2021, it began to phase out tax rebates of up to 13% that had supported export-led growth since the 1980s. Tax concessions are being dropped for industries suffering overcapacity, price competition and trade friction. Batteries will lose refunds entirely by 2027, following earlier tax shifts for steel, aluminium, copper and solar products. China could also scale back rebates for clean-energy cars, a major bone of contention with the EU. Such a move would not eliminate China's industrial surplus or satisfy everyone. But it would show that Beijing is starting to recognize the damage it has been causing. It could also give Brussels a reason to delay wider restrictions.

China has more to lose from a relationship breakdown than its rhetoric suggests. The EU remains its largest and wealthiest customer for high-tech goods, now that the US has erected import barriers. Beijing can make modest concessions now or keep insisting there is no problem until Europe closes the door. **©BLOOMBERG**

| THEIR VIEW

Stop fighting exam leaks: fight an outdated monopoly

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India has declared war on examination fraud. Paper leaks will invite harsher prison terms. Organized cheating syndicates will face tougher penalties. Probes will be faster. Special courts will deliver swifter justice. Parliament has concluded that if examinations resemble a crime-thriller, perhaps criminal law should play a larger role.

What if paper leaks aren't the disease? What if the examination itself is?

Every year, millions of students devote their adolescence to preparing for an exam that lasts a few hours but determines their career trajectory of the next 40 years. With childhood spent at coaching centres and sleepless nights as optional, curiosity ends up as collateral damage. Then we act surprised if a question paper gets leaked. High-stakes systems tend to create high-stakes crime.

India's coaching industry thrives on career anxiety and it exists because of our admission system. Its annual revenues are estimated at \$60,000 crore and expected to keep growing. Families spend over \$50,000

per month on coaching and some of them take loans for what is essentially a lottery.

Artificial intelligence (AI) now gives India space to undertake its most radical educational reforms since 1947 by revisiting the country's examination philosophy.

The first idea is simple. The panel headed by Infosys chairman Nandan Nilekani should begin by recommending that candidates be given multiple shots at every competitive exam. Students seeking admission to institutes of specialization should be able to take secure computer-based exams every month, with their best score automatically taken for ranking. AI-driven proctoring, encrypted question banks and adaptive test protocols make it feasible. Multiple attempts reduce incentives for paper leaks because no single exam is the be-all and end-all.

Second, abolish identical question papers. Every candidate should receive uniquely AI-randomized questions drawn from a validated and hack-proof question bank, calibrated to identical difficulty levels. If every paper is different, buying a leaked paper is roughly as useful as stealing a lottery ticket after the winning number has changed.

Third, stop pretending memory equals intelligence. Large language models can already outperform humans on countless

knowledge tests. Our exams should evolve accordingly. Instead of asking students to memorize formulas available on every smartphone, test how they solve unfamiliar problems, evaluate AI-generated answers, detect hallucinations, interpret data and collaborate responsibly with intelligent systems. Tomorrow's engineers will operate in a world of AI and must be able to discern where and how it goes wrong.

Fourth, create an 'academic credit passport.' Students would accumulate scores across multiple exams, projects, internships, hackathons, research work, community service and practical assessments over a certain time span. Universities would then evaluate a student's portfolio rather than performance on one dramatic Sunday morning.

Fifth, ask AI to detect talent, not just cheating. Examination systems can generate behavioural data. How students approach difficult questions, how quickly they recover from errors and whether they consistently

improve, for example. Critically, how they reason. If used ethically and transparently, AI could identify resilience, creativity and learning ability, which are what matter.

Sixth, and finally, let the coaching industry, grant universities greater autonomy. Why should every engineering college

need identical admission criteria? Some institutions could emphasize innovation, others entrepreneurship, research potential or practical aptitude. With every institution using the same entrance exam, preparing for it requires fitting into a common mould. While this conformity suits the manufacturing of, say, screws, it doesn't foster the differentiation of human talent, which is likely to grow in importance. If these reforms gradually demolish the Kota business model of coaching, it would be an outcome that favours India's economy.

If exams could be taken round the year, every question set is unique, admissions go by broader criteria, reasoning is evaluated over memorization and universities seek

diverse strengths, coaching centres would have to perform an extraordinary transformation. Instead of teaching examination tricks, they might actually have to teach.

This disruption has another advantage: mental health. An exam that goes wrong turns a candidate's whole family anxious, but with multiple attempts available, failure serves as feedback. Families would stop treating rankings like readings of blood pressure, while the youth would rediscover hobbies and pursuits that make them well-rounded individuals. Teachers would also recover the freedom to educate instead of rehearsing expected questions.

India's amendments that strengthen anti-cheating laws are necessary because organized paper leaks threaten public trust and deserve severe punishment. But policing yesterday's examination system will not solve tomorrow's education challenge. Catching cheaters and cracking down on the leaked-paper market is less important than designing an exam system that would make cheating commercially pointless, coaching monopolies obsolete and curiosity more valuable than memory.

It's time for India to set up an admission system that is intelligent enough to survive the age of AI.

The Statesman

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First Crack

For years, Bihar's politics has revolved around familiar players, familiar alliances and familiar calculations. Bankipur suggests that the script may finally be changing. A single by-poll cannot foretell the outcome of a state election, but some contests carry significance beyond the seat at stake. This is one of them.

The result is remarkable not merely because Prashant Kishor has entered the Bihar Assembly in his first electoral contest. It is remarkable because he has done so by capturing a constituency that had become synonymous with the BJP's organisational strength.

Bankipur was not simply another urban seat. It was represented by BJP national president Nitin Nabin before his elevation to the Rajya Sabha and had remained firmly in the party's grasp for three decades. Defeats in political fortresses are rarely dismissed as routine.

Timing makes the verdict even more consequential. This was the BJP's first electoral test after the student protests that shook Bihar's political establishment. While it would be premature to claim that the agitation alone determined the outcome, voters have delivered a result that will inevitably be read through the prism of those events. Governments often underestimate the cumulative effect of public discontent. Elections are where such grievances find measurable expression.

Equally important is what this means for Jan Suraj. Until now, the party was viewed largely as an ambitious experiment built around a political strategist with an impressive record of helping others win elections but no personal electoral mandate. That distinction has now disappeared.

Kishor is no longer merely an adviser commenting from the sidelines. He is an elected legislator who has demonstrated that his organisational model can produce victory under electoral pressure.

This does not make Jan Suraj Bihar's principal alternative overnight. One by-poll cannot erase the organisational depth of the BJP, JD(U) or RJD, nor can it predict the outcome of the next Assembly election. But it does alter political calculations. Rivals can no longer dismiss Jan Suraj as an outfit that attracts attention without converting it into votes. The psychological barrier has been broken.

The larger lesson extends beyond one constituency. Democracies periodically produce moments when voters signal that established political equations are open to revision. Such moments do not guarantee sweeping change, but they compel every party to reassess assumptions about voter loyalty, campaign strategy and leadership.

Bankipur is therefore more than an electoral debut or a by-poll upset. It is an early indication that Bihar's political landscape may be entering a more competitive phase, where reputation alone is insufficient and every party must once again earn the confidence of the electorate.

Whether this becomes the beginning of a broader realignment or remains an isolated upset will be decided in the contests to come. For now, the state's political certainties have become noticeably less certain.

Before Birth

For decades, modern medicine has largely accepted a simple sequence: diagnose a congenital defect before birth, deliver the baby safely, and then begin the long process of surgical correction and recovery. That sequence is now beginning to change. A new generation of fetal surgery is moving treatment from the neonatal intensive care unit into the womb itself, raising the possibility that some birth defects may be corrected before they have the chance to inflict irreversible damage.

The significance of this shift extends well beyond a single successful operation. It reflects a broader transformation in medical thinking. Instead of merely preparing parents for difficult outcomes, clinicians are increasingly attempting to alter those outcomes before birth. That distinction is profound. It changes prenatal medicine from observation to intervention.

The implications are especially important for conditions where damage worsens with every passing week in the womb. If surgeons can safely restore normal development before birth, they are not simply shortening hospital stays. They may be preserving organ function, reducing lifelong disability and sparing children years of repeated operations and dependence on intensive medical care. For families, the difference is measured not only in survival but also in quality of life.

Yet medical breakthroughs must never be mistaken for miracle cures. Fetal surgery remains among the most technically demanding procedures in medicine, involving grave risks to both mother and unborn child. Every intervention must balance the potential benefits against the possibility of premature labour, maternal complications and uncertain long-term outcomes. Responsible innovation demands rigorous clinical trials, transparent reporting and careful patient selection rather than enthusiasm alone.

The institutional lessons are equally striking. Such advances depend on highly specialised centres that combine expertise in obstetrics, paediatric surgery, anaesthesia, imaging and neonatal care.

International collaboration has become a defining feature of cutting-edge medicine, with knowledge, technology and clinical experience crossing borders far more readily than patients once could. No single hospital or country is likely to dominate this field in isolation.

The challenge now lies in ensuring that these innovations do not become the preserve of a privileged few. Sophisticated fetal surgery requires enormous investment, highly trained teams and advanced healthcare infrastructure. If only wealthy countries or affluent patients can benefit, the technology risks widening existing inequalities in maternal and child healthcare.

Public health systems, insurers and governments will eventually have to decide how such procedures should be evaluated, funded and integrated into routine care once sufficient evidence emerges.

History shows that many medical revolutions begin with a handful of carefully documented successes before becoming established practice. Open-heart surgery, organ transplantation and minimally invasive surgery all followed that trajectory. Fetal surgery may now be embarking on a similar journey. If science continues to validate its promise, the operating theatre of the future may increasingly begin not after birth, but well before a child takes a first breath.

The Lost Generation

Outside the charmed circle of medical colleges/IITs/IIMs, a Gen Z student of ordinary means faces a cruel dilemma. After completing his school education, he has little capital, skill, or experience to strike out on his own. If he goes to a second-grade college in India, he can only hope that he will get some small-time employment - after wasting his parent's money, and several years of his own life. The obvious solution is to link education to jobs

Visuals of the recent happenings in the heart of Delhi left people hopeful, disgusted and bemused, in equal measure. On the one hand, we saw young men and women in their teens and twenties facing up to lathi-wielding policemen, making their point firmly and politely, a sure sign that Gen Z had come of age; on the other hand, we saw smartly-dressed young girls berating the PM and other such dignitaries in vile words which would make a deckhand blush. The fact that the movement ultimately succeeded, and still the leaders did not try to mint political capital, but confined themselves to their original issues, gives hope that education will receive the priority it deserves. From all political parties, Social media, which was used to mobilise youth from India and even abroad, gave minute-to-minute accounts of the protest, thwarting all attempts at misinformation, and unquestionably, emerged as the real hero of the protest. Except for some few committed channels and newspapers, most media outlets gave a fair coverage to the agitators, which again is a cause of hope - the media is not as sold out, as it has been made out to be.

Policing reform may also follow; the public was left aghast by visuals of police hitting unarmed, peaceful protestors with lathis, and some police personnel firing pellet guns, and using electric shock batons, against them. One policeman, in Bihar, even let loose a volley of AK-47 bullets on protestors. Rightly has the Supreme Court stepped in, to curb the tendency of the police to use disproportionate force, against agitators. A notable failure, was of the usual counter-narrative of Government sympathisers, branding agitators and their supporters as anti-national, Chinese/Pakistani agents provocateurs, funded by CIA/Govt of Soros.

However, barring theatrics, the lasting impression was that of a deep sense of despair and frustration in the minds of the young. They, young women speaking profanities, and the young men who came to Jantar



Mantar from afar, sustaining themselves on peanuts and roasted gram, all wanted a platform to express their discontent. Listening to the many interviews of protestors aired on social media one gets the impression that the Education Minister was on the protestors' target, because he rode roughshod over the students' feelings; almost no one expected any basic change in the education system even after change of the incumbent.

In the words of the present Defence Minister, this was a Government in which no minister would ever resign, and in fact only one minister, MJ Akbar, had been forced to resign in the last twelve years. One should therefore thank Gen Z for making the present Government realise their accountability to the public. Yet before glorifying or condemning Gen Z, or the Zoomers - the youth born between 1997 and 2012 - we should realise that they had a consistently bad bargain. We, the Boomers, born between 1946 and 1964, were the luckiest generation ever; at the time of our birth, the Republic was young, cheerful and optimistic, corruption was not quite as rampant, new opportunities were blossoming, and paper leak was a term yet to be coined.

At the time of Independence, there were only 36 crore Indians - you did not have to go to the Himalayas in search of solitude. On the other hand, we had large families that stood by one another in thick and thin and mental issues in the young, were unheard of. The time of our youth was one of rising prosperity; there was no pandemic lurking in the background, free of anxiety we played real physical games, not ones on mobiles and Xboxes; we ate healthy and tasty food, and not the ultra-processed stuff, that now passes for nutrition. Have a ball on borrowed money was our motto, deficit budgets through the years have loaded the cost of our enjoyment on to Gen Z, and later generations. The costs of our conflicts and environmental degradation is a hidden charge - to be borne by unborn generations.

We received free university education, our investments, whether in shares or property, have appreciated manifold, and in retirement, we are receiving substantial

inflation-proof pensions. One can say that to be educated at that time was itself a privilege, and one would get educated. True, but with a caveat.

The Green Revolution of 1965 had put money in the hands of farmers, fragmentation of land holdings had not started, and the general price level had not yet zoomed, vis-a-vis prices of agricultural commodities. With a cap on company directors' salaries, and extortionate income tax supported by Wealth tax, Gift tax and

Estate Duty, in contrast to present times when a new billionaire emerges every other day, income disparity was much less.

The ball game is totally changed now; private universities charge a bomb, while the chance of landing a job with a conventional degree from a conventional college is almost zero. According to statistics, 60 per cent of the unemployed in India, are university graduates. On top of it, thanks to AI the number of entry-level jobs in all sectors are plummeting.

Many boomers envy Gen Z for their foreign holidays, the store of knowledge now available on the internet, the entertaining content available 24x7 on digital media, the state-of-art medical facilities, and lastly, the expected benefits from more scientific breakthroughs, particularly AI. Yet, this will be at a tremendous cost - AI will definitely lead to mass disruption of jobs and careers, for Gen Z. Today, outside the charmed circle of medical colleges/IITs/IIMs, a Gen Z student of ordinary means faces a cruel dilemma. After completing his school education, he has little capital, skill, or experience to strike out on his own. If he goes to a second-grade college in India, he can only hope that he will get some small-time employment - after wasting his parent's money, and several years of his own life. The obvious solution is to link education to jobs, which is not an untrod idea; one-half to nearly two-thirds of students pursue vocational education in Germany and

Switzerland. The National Education Policy (NEP) 2020 rightly aims to introduce vocational education at all levels by integrating vocational education into mainstream education, in all educational institutions by 2030. But implementation of NEP 2020 is far behind schedule; NEP had envisaged that by 2025, at least half of the students would have vocational exposure through school and higher education - in reality, the number of students receiving vocational education is negligible.

The problem in implementation of NEP appears to be of finance and resolve; the NEP document requires that 6 per cent of GDP be spent on education, while we are spending only half that. Further, changeover to NEP would require teacher re-education, new infrastructure and a complete overhaul of the education system - which is easier said than achieved. Probably, a small beginning can be made by developing courses that foster specialization in emerging fields like horticulture, child care, customer marketing etc. which offer higher-paying jobs.

At a more fundamental level, Government expenditure has to shift from creation of world class infrastructure and promotion of cutting-edge technology to agriculture, and other mundane sectors that have the potential to employ a large number of low-skilled youth. Alarmingly, a vote-catching culture of freebies has evolved, which reduces the incentive for honest work. Also, money for creating useful infrastructure like better Government schools, is increasingly getting diverted to freebies.

There is another NEET in India - standing for youth that are Not in Education, Employment or Training - who deserve immediate attention from the Government. The number of this NEET is rising steadily, because our education system produces qualifications, rather than working adults. With the Minister for Youth Affairs himself pushing fifty-five, apparently, little thought has been given to the problems and insecurities facing Gen Z.

The Greek philosopher Plato had said: "If a man neglects education, he walks lame to the end of his life." It is not hard to imagine the consequences for us if the entire nation neglects education.

CHINA DAILY

When sneakers, sunflower seeds are policed, 'rights' become a joke

An opinion article published in the All-Taiwan Saturday has hit a home-familiar ring to it. In the article, Sam Brownback, former US ambassador-at-large for international religious freedom, and former NBA player and activist Enes Kanter Freedom argue that NBA superstar Stephen Curry's commercial partnership with Chinese sportswear company Li-Ning is a moral failing. The article makes the so-called Xinjiang 'forced labor' issue, which is a subject for careful inquiry than a convenient stage prop in Washington's favorite geopolitical drama. Ever since Washington officially embraced its politicized 'allegations' surrounding the Xinjiang 'forced labor' issue in 2020, a growing chorus of politicians, advocacy groups and commentators have treated normal commercial interaction involving the Xinjiang Uyghur autonomous

region as an ethical litmus test. In the article, Brownback and Freedom write, "These are not careless accusations. They are specific charges documented by the US government and corroborated by international investigators."

But, documented by whom? The US Department of Labor's own report on the situation in Xinjiang is a principal foundation for the claims. Yet the report itself was produced by the US State Department's Bureau of International Labor Affairs. Its reference list is replete with mentions of US government agencies and congressional bodies, alongside German "anthropologist" Adrian Zenz and reports from Washington- and Taipei-sponsored think tanks. That does not automatically invalidate the report. But it does complicate

the confident image of broad, independent corroboration presented by Brownback and Freedom. When the same network of institutions quote one another to support the same conclusion, skepticism is only due diligence. The same scrutiny extends to Adrian Zenz, who has become perhaps the most frequently cited Western "researcher" on Xinjiang. But his institutional affiliations, advocacy commitments and methodology deserve far more examination than they typically receive in media coverage. His work is often treated less as a contribution to a contested academic debate than as settled scripture paid for directly or indirectly by Washington. Curiously, those who constantly urge others to "follow the evidence" seldom encourage readers to follow the footnotes. Meanwhile, the political economy behind the US/Xinjiang

sanctions receives remarkably little attention. On Friday, another 43 Chinese companies were added to the so-called 'Uyghur Forced Labor Prevention Act Entity List', bringing the total number of sanctioned Chinese entities to 187. Related restrictive measures take effect on Monday. The restrictions now extend well beyond cotton to industries ranging from metals and mining to electronics, agriculture and food products. Even Chinese sunflower seeds are regarded as a "concern" to US "national security." These measures are commonly framed as "human rights" enforcement. But they are in essence reshapers of markets. By excluding Chinese competitors from US supply chains, they inevitably create opportunities for US producers, alternative overseas suppliers and an expanding compliance industry built around supply-chain auditing, legal consulting and regulatory certification.

Letters To The Editor | ✉ editor@thestatesman.com

Be flexible

Sir, While the centre is absolutely justified (Central Election, 30 July) in bringing the Prevention of Insults to National Honour (Amendment) Bill to debate 'Vande Mataram' to the same status as the national anthem 'Jana Gana Mana', the use of criminal law to protect our national song from indignity calls for pragmatic implementation considering the plurality of our country and volatility of the present political situation. What is needed is cautious and gradual enforcement and not rigid adherence.

Admitting that liberty may turn into license sans any official supervision and that reservations about Vande Mataram do not give anyone the liberty to disrespect or disrupt it willfully, the administration should desist from branding those who are uncomfortable with the religious lyrics in the song's later stanza as anti-national and delivering harshest punishment.

Instead, the government would do well to heed the Supreme Court's observation

on the issue of national symbols that leaves no room for coercion, not to speak of imprisonment, for violating the guidelines. Put differently, the apex court wants the government to support the singing of the song mandatorily but not to enforce it without any top-down approach.

Moreover, as the dispute over the song stretches back many years, a sharp dichotomy is anticipated on the Bill between the government and the opposition. Neither the government nor the opposition should forget that apart from galvanizing the freedom struggle, the song flew effortlessly from the mighty pen of a writer in a moment of intense poetic and patriotic inspiration and any unnecessary dispute would only dilute its momentousness.

Yours, etc., Ardhendu Chatterjee, Durgapur, 31 July.

Empty promise

Sir, Every election in Assam brings back a familiar promise - illegal infiltrators who entered the state after 1971 will be identified

and sent back to Bangladesh. We have been hearing this since the days of the Assam agitation. Governments have changed, political parties have changed, and even student organisations have repeated the demand. But the ground reality has remained the same.

The uncomfortable truth is that deportation cannot happen simply because a leader announces it from a public stage. It requires Bangladesh to accept those declared to be its citizens. Has any government, in all these decades, signed an agreement with Bangladesh for such deportations? If not, why are people still being made to believe that the process is just around the corner?

The people of Assam are not asking for slogans anymore. They deserve honest answers. If there is a practical and diplomatic way to resolve the issue, let the government place it before the public. If there are legal and international hurdles, those should be explained instead of keeping the issue alive only during elections.

Yours, etc., Noopur Baruah, Tezpur, 31 July.

Washing coal

Sir, The Parliamentary Standing Committee report rightly highlights a critical flaw in our energy strategy: Coal India utilizes a mere 3.59 MT of its 18.35 MT annual washes coking coal capacity. Relying on legacy technology and obsolete washeries directly fuels our costly dependence on foreign coal for steel manufacturing.

Transitioning to modern, pithead-located beneficiation units offers a pragmatic way forward. Cleaning high-ash coal at the source drastically reduces freight weight, slashes transport emissions, and maximizes domestic asset utility.

Aligning washery upgrades with first-mile connectivity infrastructure will boost industrial productivity while shielding the national economy from import vulnerabilities.

Upgrading this legacy infrastructure is no longer just a technical idea, it is an economic and environmental imperative. Yours, etc., Dr. Vijaykumar H.K., Raichur, 30 July.

Red Sea challenge the world must confront

ADITYA MADAN

The Red Sea has once again emerged as a critical arena in the evolving regional confrontation involving Iran, its proxies and the United States. Recent Houthi attacks on Saudi oil tankers and threats to commercial shipping underscore how maritime chokepoints have become instruments of strategic coercion.

Beyond the immediate security implications, such attacks expose the vulnerability of global energy supply chains, as the Red Sea carries around 15 per cent of global seaborne crude oil and natural gas trade through the Bab el-Mandeb Strait, while the Strait of Hormuz accounts for nearly 20 per cent of global oil supplies. Any sustained disruption to these routes has implications extending far beyond West Asia, affecting global energy markets, shipping costs and economic stability.

The Bab el-Mandeb Strait is one of the world's most strategically significant maritime chokepoints, linking the Red Sea with the Gulf of Aden and the Indian Ocean and serving as the southern gateway to the Suez Canal. A substantial share of global trade, energy shipments and container traffic passes through this narrow waterway, making it indispensable to supply chains connecting Europe, Asia and the Middle East.

Any disruption caused by conflict, piracy or attacks on commercial shipping forces vessels to divert around the Cape of Good Hope, increasing transit time, freight costs and insurance premiums while disrupting global commerce.

Its location has consequently made the Strait a focal point of geopolitical competition, with both regional and extra-regional powers seeking to preserve freedom of navigation and protect their strategic and economic interests.

From the Saudi Arabia-Yemen maritime border to the Bab el-Mandeb Strait, Yemen's Red Sea coastline stretches for approximately 770 km. The Houthi control or exert influence over much of this coastline and have demonstrated the use of long-range anti-ship missiles, drones and other attack methods. As a result, the threat to commercial shipping is not confined to vessels operating close to shore.

Ships transiting much of the southern Red Sea, including the approaches to the Bab el-Mandeb, remain exposed to varying levels of risk depending on the prevailing security environment and the weapon systems employed.

Saudi Arabia and Yemen have long shared a troubled relationship shaped by border disputes, political rivalry and security concerns. Tensions ranged from the 1934 Saudi-Yemeni War to the eventual settlement of their border under the 2000 Jeddah Treaty. The rivalry intensified after the Houthi takeover of Sana'a in 2014-15, prompting the Saudi-led military intervention in 2015 to restore the internationally recognised government. Since then, the conflict has evolved into a wider regional power struggle with significant humanitarian and security consequences.

Iran capitalised on this rivalry by expanding support for the Houthis through political backing, military assistance, training, and missile and drone technology. This enabled Tehran to challenge Saudi influence, stretch Saudi military resources and extend its strategic reach to the Red Sea and the Bab el-Mandeb without engaging in direct military confrontations.

While the Houthis continue to pursue their own domestic political agenda, Iranian support has significantly enhanced their military capabilities and regional strategic importance. The result is that what began as a domestic conflict in Yemen has increasingly evolved into a broader



maritime security challenge with global economic consequences.

Disruptions along this route force vessels to divert around the Cape of Good Hope, adding thousands of kilometres to voyages, increasing fuel consumption, freight and insurance costs, and delaying the movement of energy supplies, manufactured goods and industrial inputs. The resulting disruptions ripple across global supply chains, contributing to higher shipping costs, inflationary pressures and greater uncertainty in international trade.

The Houthis are capable of significantly disrupting, though not completely blocking, the Bab el-Mandeb Strait. Through anti-ship missiles, armed drones, explosive uncrewed surface vessels and repeated attacks on commercial shipping, they have demonstrated the ability to raise transit risks, increase insurance premiums and compel shipping companies to reroute vessels around southern Africa.

Permanently closing the Strait, however, would require sustained control over a wide maritime area and the ability to prevent intervention by major naval powers, capabilities

that the Houthis do not possess. Their strategy is therefore one of creating persistent insecurity and imposing economic costs rather than physically sealing off the waterway.

The United States can reduce, but not entirely eliminate, Houthi disruption in the Red Sea. Naval deployments, coalition maritime operations, intelligence capabilities, missile interceptions and precision strikes against Houthi military infrastructure can degrade the group's operational capacity and improve the security of major sea lanes. Nevertheless, dispersed launch sites, asymmetric tactics and continued access to missiles and drones enable the Houthis to retain the ability to threaten commercial shipping despite sustained military pressure.

Consequently, while American action can substantially mitigate risks and preserve freedom of navigation, a lasting solution is unlikely without a broader political settlement in Yemen and a reduction in regional tensions.

For India, the implications of instability in the Red Sea extend far beyond higher freight costs. The Red Sea-Suez corridor is a vital maritime

artery for India's trade, carrying crude oil, fertilisers, coal, food commodities, industrial inputs and manufactured goods, while facilitating exports of refined petroleum products, pharmaceuticals, engineering goods, textiles, chemicals and automobiles to Europe and North Africa.

Disruptions along this route increase shipping and insurance costs, prolong transit times and strain global supply chains, with direct consequences for India's energy security and economic growth.

As a leading Indian Ocean power with expanding global interests, India has a vital stake in preserving freedom of navigation, safeguarding secure sea lines of communication and supporting a stable, rules-based maritime order. Protecting these interests will require sustained naval presence, closer maritime cooperation with regional and like-minded partners, and continued diplomatic engagement to ensure that strategic waterways remain open, secure and resilient against emerging threats.

The writer is a retired brigadier of the Indian Army and comments on strategic and international affairs.

100 Years Ago



Front page of The Statesman dated 06 Aug 1926

OCCASIONAL NOTE

THE Currency Commission recommends the re-introduction of the one-rupee note and a gradual abandonment of the rupee coinage. There is much to be said for and against this. After a bad beginning the opposition to the paper rupee diminished and the general public adapted itself to its use. But that was because there was no alternative. The silver rupees went to Mesopotamia and elsewhere and India had to do with what was left. When a choice is possible there is no doubt of the preference of the public. Silver is not only the traditional and familiar currency. It can survive vicissitudes which are disastrous to paper. It can be hoarded without detriment to the owner; it can be tied up in the corner of a man's dhoti or a woman's sari; it defies the rain from heaven and the moisture of the body. Paper is easily destroyed; the rupee note is a cause of anxiety to the villager who has nowhere to keep his money except on his person.

News Items

JOURNALIST'S DEATH

ASSISTANT EDITOR OF THE "RANGOON TIMES"

(FROM OUR CORRESPONDENT) RANGOON, AUG.

MR. W. B. Bussey, assistant editor of the Rangoon Times, died this morning after a brief illness. His wife is lying in a critical condition in the General Hospital suffering from dysentery.

Mr. Bussey held editorial positions on more than one newspaper, particularly in Rhodesia, and had been on the staff of the Rangoon Times about a year.

BETTING TAX

MEASURE TO PREVENT EVASION

(BRITISH OFFICIAL WIRELESS.)

RUGBY, AUG.

WHEN the new betting duty scheme was under consideration in the House of Commons the Chancellor of the Exchequer indicated his intention of introducing a safeguard against the evasion of the tax, and a Bill has now been introduced to prohibit the making with bookmakers of bets on events to be determined in Britain unless the bets are made in Britain.

It was originally sought by way of an amendment to guard against the possibility of bookmakers avoiding liability to pay duty by opening offices on the Continent for the reception of bets by British clients, but this amendment was ruled out of order, and the present Bill became necessary.

AIRSHIP PIONEER

PILOT'S PART IN DEFENCE OF LONDON

(BRITISH OFFICIAL WIRELESS.)

RUGBY, AUG.

FOUR people were killed in a balloon disaster at a garden fete in a village near Bedford yesterday, when the basket containing five passengers crashed from a height of 60 ft. The fifth passenger was seriously injured.

The pilot of the balloon, who was killed, was E. T. Willows, who was one of the airship pioneers of England, having flown since 1905 until the end of the war, taking a leading part in aeronautical developments, particularly in relation to kite balloons.

Indian policy must ensure seafarers' safety

UPASHA KUMARI

Globalisation is often quantified through economic indicators: trillions of dollars in global trade, resilient supply chains, expanding shipping networks, and the uninterrupted movement of energy and resources across continents. However, beneath these visible markers of economic interdependence lies an often overlooked human dimension. Every container transported, every tanker navigating international waters, and every supply chain sustained is made possible by the labour of millions of workers who operate far from public attention.

Among them are the world's seafarers, whose labour sustains global commerce while navigating some of the world's most dangerous maritime environments. The recent missile strike on commercial shipping in the Strait of Hormuz, which claimed the life of an Indian seafarer and injured several others, demonstrates how geopolitical conflicts increasingly spill beyond conventional theatres of warfare into the global commons.

The risks have only intensified. On 18 July, Iran's Islamic Revolutionary Guard Corps claimed that two oil tankers transiting the Strait of Hormuz struck mines and caught fire, while the United States disputed the account. Regardless of the competing narratives, the episode underscores the uncertainty confronting civilian shipping in one of the world's most strategically significant waterways.

India responded to the earlier attack by summoning Iran's Deputy Ambassador

and expressing deep concern, while calling for immediate de-escalation and the restoration of safe and unrestricted navigation in international waters. This diplomatic response reflects India's broader approach of balancing strategic interests with its responsibility to safeguard the lives of Indian citizens working overseas. At the same time, the United States has adopted a more assertive posture by proposing stronger maritime security arrangements around the Strait of Hormuz and a larger role in safeguarding commercial shipping.

These developments reflect growing concerns over the security of one of the world's most critical maritime chokepoints. However, debates over military deployments, freedom of navigation, and strategic competition often overshadow a more fundamental concern, namely the safety of the civilians whose livelihoods depend on these waters.

The global economy depends on maritime connectivity, with more than four-fifths of world trade by volume transported by sea. Yet discussions on maritime security overwhelmingly focus on ships, cargo, ports, and strategic chokepoints, while the seafarers who keep these networks functioning remain largely invisible.

India is among the world's largest suppliers of merchant seafarers, placing thousands of Indian citizens at the forefront of global maritime commerce. As India's engagement with international shipping continues to deepen, its workforce increasingly operates in regions characterised by political

instability, armed conflict, and strategic rivalry. Protecting these workers should therefore become an integral component of India's maritime and foreign policy rather than a reactive response to individual crises.

The Strait of Hormuz has long been viewed through the lens of energy security and geopolitical competition. Equally important, however, is recognising it as a workplace for thousands of civilian maritime professionals. For those who navigate these waters, rising tensions between states are not abstract strategic developments. They are immediate threats to life, livelihood, and survival.

This raises a broader question: Are civilian maritime workers becoming unintended victims of geopolitical rivalries? Maritime security must therefore be understood as more than the protection of trade routes and energy supplies. It also requires safeguarding the people who make global commerce possible. International maritime law and the principle of freedom of navigation depend upon recognising that civilian vessels and their crews must remain protected from conflict-driven disruptions.

For India, these developments reinforce the need to integrate the protection of its overseas maritime workforce into its evolving maritime strategy. The vision of SAGAR, or Security and Growth for All in the Region, emphasises a secure, stable, and inclusive maritime order. That vision must extend beyond strategic calculations to include the safety, welfare, and dignity of the



individuals who sustain maritime connectivity.

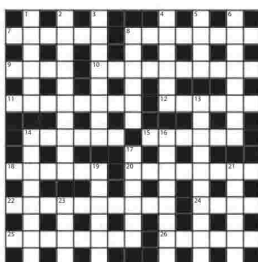
Diplomatic engagement and efforts towards de-escalation remain indispensable. They should, however, be complemented by stronger institutional mechanisms, including enhanced risk monitoring for Indian crews operating in conflict-prone waters, closer coordination between government agencies and shipping companies, improved emergency response and evacuation protocols, stronger insurance and compensation frameworks, and deeper international cooperation to safeguard civilian shipping.

The story of globalisation is often told through the language of markets,

trade agreements, and economic growth. Yet its foundations rest on millions of workers whose contributions remain largely unseen. As tensions continue to unfold in the Strait of Hormuz, maritime security will ultimately be judged not only by the uninterrupted movement of trade but also by the ability of the international community to protect the civilians who make that movement possible. A truly interconnected world cannot afford to forget the cargo. It must also remember the people who carry it.

The writer comments on international relations, education and public policy, with a focus on Creativity and Critical Pedagogy in Education.

Crossword | No. 293543



Yesterday's Solution



ACROSS

- 7 A chap apparently back in the country (6)
- 8 Repeatedly stove's beginning to ruin jelly (4-4)
- 9 Rating bowler's target (4)
- 10 TV science programme leading discussion mostly on the level (10)
- 11 Colouring agent is something recalled in bamboo? (8)
- 12 Minor performers no longer rubbish? Not entirely (6)
- 14 Flower, one found in US state meadow (6)
- 15 Nuisance besetting European with a dated currency (6)
- 18 Restraint removing front feather from cockerel (4)
- 20 Ultimate issue: gold brought back in clutches of the Spanish (8)
- 22 On a mystic bent, adopting new expression of holiness (10)
- 24 Country air damaged court card (4)
- 25 Prince recalled a cheery crier in a fix (8)

DOWN

- 1 Openings in Commonwealth area involving a Commonwealth state (6)
- 2 Sequential description of discussions in defence? (4-2-4)
- 3 Fabric Queen twice displayed in legal action (8)
- 4 Put on a show for father instead of turning up for crossword? (6)
- 5 Amusing to be around a pastoral deity (4)
- 6 A South American once enthralled by Egyptian god in religious epic (8)
- 8 Getting on, having provided ballet for soldiers? Certainly (6)
- 13 Exaggerated consequence of chewing that eclair (10)
- 14 A research centre: graduate brought on board by an American resident (8)
- 16 Elevated title capturing most suitable figure in morality (8)
- 17 Supplied golden colour on a hat (6)
- 19 Oratorical, I judge, with sound rising around (6)
- 21 A river? Still needed to secure a landing-point (6)
- 23 Crisp lead item in constitutional legislation (4)

NOTE: Figures in parentheses denote the number of letters in the words required. (By arrangement with The Independent, London)

The Statesman

Incorporating and directly descended from
the Friends of India - founded 1818

First Crack

For years, Bihar's politics has revolved around familiar players, familiar alliances and familiar calculations. Bankipur suggests that the script may finally be changing. A single by-poll cannot foretell the outcome of a state election, but some contests carry significance beyond the seat at stake. This is one of them.

The result is remarkable not merely because Prashant Kishor has entered the Bihar Assembly in his first electoral contest. It is remarkable because he has done so by capturing a constituency that had become synonymous with the BJP's organisational strength.

Bankipur was not simply another urban seat. It was represented by BJP national president Nitin Nabin before his elevation to the Rajya Sabha and had remained firmly in the party's grasp for three decades. Defeats in political fortresses are rarely dismissed as routine.

Timing makes the verdict even more consequential. This was the BJP's first electoral test after the student protests that shook Bihar's political establishment. While it would be premature to claim that the agitation alone determined the outcome, voters have delivered a result that will inevitably be read through the prism of those events. Governments often underestimate the cumulative effect of public discontent. Elections are where such grievances find measurable expression.

Equally important is what this means for Jan Suraj. Until now, the party was viewed largely as an ambitious experiment built around a political strategist with an impressive record of helping others win elections but no personal electoral mandate. That distinction has now disappeared.

Kishor is no longer merely an adviser commenting from the sidelines. He is an elected legislator who has demonstrated that his organisational model can produce victory under electoral pressure.

This does not make Jan Suraj Bihar's principal alternative overnight. One by-poll cannot erase the organisational depth of the BJP, JD(U) or RJD, nor can it predict the outcome of the next Assembly election. But it does alter political calculations. Rivals can no longer dismiss Jan Suraj as an outfit that attracts attention without converting it into votes. The psychological barrier has been broken.

The larger lesson extends beyond one constituency. Democracies periodically produce moments when voters signal that established political equations are open to revision. Such moments do not guarantee sweeping change, but they compel every party to reassess assumptions about voter loyalty, campaign strategy and leadership.

Bankipur is therefore more than an electoral debut or a by-poll upset. It is an early indication that Bihar's political landscape may be entering a more competitive phase, where reputation alone is insufficient and every party must once again earn the confidence of the electorate.

Whether this becomes the beginning of a broader realignment or remains an isolated upset will be decided in the contests to come. For now, the state's political certainties have become noticeably less certain.

Before Birth

For decades, modern medicine has largely accepted a simple sequence: diagnose a congenital defect before birth, deliver the baby safely, and then begin the long process of surgical correction and recovery. That sequence is now beginning to change. A new generation of fetal surgery is moving treatment from the neonatal intensive care unit into the womb itself, raising the possibility that some birth defects may be corrected before they have the chance to inflict irreversible damage.

The significance of this shift extends well beyond a single successful operation. It reflects a broader transformation in medical thinking. Instead of merely preparing parents for difficult outcomes, clinicians are increasingly attempting to alter those outcomes before birth. That distinction is profound. It changes prenatal medicine from observation to intervention.

The implications are especially important for conditions where damage worsens with every passing week in the womb. If surgeons can safely restore normal development before birth, they are not simply shortening hospital stays. They may be preserving organ function, reducing lifelong disability and sparing children years of repeated operations and dependence on intensive medical care. For families, the difference is measured not only in survival but also in quality of life.

Yet medical breakthroughs must never be mistaken for miracle cures. Fetal surgery remains among the most technically demanding procedures in medicine, involving grave risks to both mother and unborn child. Every intervention must balance the potential benefits against the possibility of premature labour, maternal complications and uncertain long-term outcomes. Responsible innovation demands rigorous clinical trials, transparent reporting and careful patient selection rather than enthusiasm alone.

The institutional lessons are equally striking. Such advances depend on highly specialised centres that combine expertise in obstetrics, paediatric surgery, anaesthesia, imaging and neonatal care.

International collaboration has become a defining feature of cutting-edge medicine, with knowledge, technology and clinical experience crossing borders far more readily than patients once could. No single hospital or country is likely to dominate this field in isolation.

The challenge now lies in ensuring that these innovations do not become the preserve of a privileged few. Sophisticated fetal surgery requires enormous investment, highly trained teams and advanced healthcare infrastructure. If only wealthy countries or affluent patients can benefit, the technology risks widening existing inequalities in maternal and child healthcare.

Public health systems, insurers and governments will eventually have to decide how such procedures should be evaluated, funded and integrated into routine care once sufficient evidence emerges.

History shows that many medical revolutions begin with a handful of carefully documented successes before becoming established practice. Open-heart surgery, organ transplantation and minimally invasive surgery all followed that trajectory. Fetal surgery may now be embarking on a similar journey. If science continues to validate its promise, the operating theatre of the future may increasingly begin not after birth, but well before a child takes a first breath.

The Lost Generation

Outside the charmed circle of medical colleges/IITs/IIMs, a Gen Z student of ordinary means faces a cruel dilemma. After completing his school education, he has little capital, skill, or experience to strike out on his own. If he goes to a second-grade college in India, he can only hope that he will get some small-time employment - after wasting his parent's money, and several years of his own life. The obvious solution is to link education to jobs

Visuals of the recent happenings in the heart of Delhi left people hopeful, disgusted and bemused, in equal measure. On the one hand, we saw young men and women in their teens and twenties facing up to lathi-wielding policemen, making their point firmly and politely, a sure sign that Gen Z had come of age; on the other hand, we saw smartly-dressed young girls berating the PM and other such dignitaries in vile words which would make a deckhand blush. The fact that the movement ultimately succeeded, and still the leaders did not try to mint political capital, but confined themselves to their original issues, gives hope that education will receive the priority it deserves. From all political parties, Social media, which was used to mobilise youth from India and even abroad, gave minute-to-minute accounts of the protest, thwarting all attempts at misinformation, and unquestionably, emerged as the real hero of the protest. Except for some few committed channels and newspapers, most media outlets gave a fair coverage to the agitators, which again is a cause of hope - the media is not as sold out, as it has been made out to be.

Policing reform may also follow; the public was left aghast by visuals of police hitting unarmed, peaceful protestors with lathis, and some police personnel firing pellet guns, and using electric shock batons, against them. One policeman, in Bihar, even let loose a volley of AK-47 bullets on protestors. Rightly has the Supreme Court stepped in, to curb the tendency of the police to use disproportionate force, against agitators. A notable failure, was of the usual counter-narrative of Government sympathisers, branding agitators and their supporters as anti-national, Chinese/Pakistani agents provocateurs, funded by CIA/Govt of Soros.

However, barring theatrics, the lasting impression was that of a deep sense of despair and frustration in the minds of the young. They, young women speaking profanities, and the young men who came to Jantar



Mantar from afar, sustaining themselves on peanuts and roasted gram, all wanted a platform to express their discontent. Listening to the many interviews of protestors aired on social media one gets the impression that the Education Minister was on the protestors' side, because he rode roughshod over the students' feelings; almost no one expected any basic change in the education system even after change of the incumbent.

In the words of the present Defence Minister, this was a Government in which no minister would ever resign, and in fact only one minister, MJ Akbar, had been forced to resign in the last twelve years. One should therefore thank Gen Z for making the present Government realise their accountability to the public. Yet before glorifying or condemning Gen Z, or the Boomers - the youth born between 1946 and 1964, were the luckiest generation ever; at the time of our birth, the Republic was young, cheerful and optimistic, corruption was not quite as rampant, new opportunities were blossoming, and paper leak was a term yet to be coined.

At the time of Independence, there were only 36 crore Indians - you did not have to go to the Himalayas in search of solitude. On the other hand, we had large families that stood by one another in thick and thin and mental issues in the young, were unheard of. The time of our youth was one of rising prosperity; there was no pandemic lurking in the background, free of anxiety we played real physical games, not ones on mobiles and Xboxes; we ate healthy and tasty food, and not the ultra-processed stuff, that now passes for nutrition. Have a ball on borrowed money was our motto, deficit budgets through the years have loaded the cost of our enjoyment on to Gen Z, and later generations. The costs of our conflicts and environmental degradation is a hidden charge - to be borne by unborn generations.

We received free university education, our investments, whether in shares or property, have appreciated manifold, and in retirement, we are receiving substantial

inflation-proof pensions. One can say that to be educated at that time was itself a privilege, and one would get educated. True, but with a caveat.

The Green Revolution of 1965 had put money in the hands of farmers, fragmentation of land holdings had not started, and the general price level had not yet zoomed, vis-a-vis prices of agricultural commodities. With a cap on company directors' salaries, and extortionate income tax supported by Wealth tax, Gift tax and

Estate Duty, in contrast to present times when a new billionaire emerges every other day, income disparity was much less.

The ball game is totally changed now; private universities charge a bomb, while the chance of landing a job with a conventional degree from a conventional college is almost zero. According to statistics, 60 per cent of the unemployed in India, are university graduates. On top of it, thanks to AI the number of entry-level jobs in all sectors are plummeting.

Many boomers envy Gen Z for their foreign holidays, the store of knowledge now available on the internet, the entertaining content available 24x7 on digital media, the state-of-art medical facilities, and lastly, the expected benefits from more scientific breakthroughs, particularly AI. Yet, this will be a tremendous cost - AI will definitely lead to mass disruption of jobs and careers, for Gen Z. Today, outside the charmed circle of medical colleges/IITs/IIMs, a Gen Z student of ordinary means faces a cruel dilemma. After completing his school education, he has little capital, skill, or experience to strike out on his own. If he goes to a second-grade college in India, he can only hope that he will get some small-time employment - after wasting his parent's money, and several years of his own life. The obvious solution is to link education to jobs, which is not an untrod idea; one-half to nearly two-thirds of students pursue vocational education in Germany and

Switzerland. The National Education Policy (NEP) 2020 rightly aims to introduce vocational education at all levels by integrating vocational education into mainstream education, in all educational institutions by 2030. But implementation of NEP 2020 is far behind schedule; NEP had envisaged that by 2025, at least half of the students would have vocational exposure through school and higher education - in reality, the number of students receiving vocational education is negligible.

The problem in implementation of NEP appears to be of finance and resolve; the NEP document requires that 6 per cent of GDP be spent on education, while we are spending only half that. Further, changeover to NEP would require teacher re-education, new infrastructure and a complete overhaul of the education system - which is easier said than achieved. Probably, a small beginning can be made by developing courses that foster specialization in emerging fields like horticulture, child care, customer marketing etc. which offer higher-paying jobs.

At a more fundamental level, Government expenditure has to shift from creation of world class infrastructure and promotion of cutting-edge technology to agriculture, and other mundane sectors that have the potential to employ a large number of low-skilled youth. Alarmingly, a vote-catching culture of freebies has evolved, which reduces the incentive for honest work. Also, money for creating useful infrastructure like better Government schools, is increasingly getting diverted to freebies.

There is another NEET in India - standing for youth that are Not in Education, Employment or Training - who deserve immediate attention from the Government. The number of this NEET is rising steadily, because our education system produces qualifications, rather than working adults. With the Minister for Youth Affairs himself pushing fifty-five, apparently, little thought has been given to the problems and insecurities facing Gen Z.

The Greek philosopher Plato had said: "If a man neglects education, he walks lame to the end of his life." It is not hard to imagine the consequences for us if the entire nation neglects education.

CHINA DAILY

When sneakers, sunflower seeds are policed, 'rights' become a joke

An opinion article published in the All-Taiwan Saturday has hit a home-familiar ring to it. In the article, Sam Brownback, former US ambassador-at-large for international religious freedom, and former NBA player and activist Enes Kanter Freedom argue that NBA superstar Stephen Curry's commercial partnership with Chinese sportswear company Li-Ning is a moral failing. The article makes the so-called Xinjiang 'forced labor' issue a subject for careful inquiry than a convenient status prop in Washington's favorite geopolitical drama. Ever since Washington officially embraced its politicized 'allegations' surrounding the Xinjiang 'forced labor' issue in 2020, a growing chorus of politicians, advocacy groups and commentators have treated normal commercial interaction involving the Xinjiang Uyghur autonomous

region as an ethical litmus test. In the article, Brownback and Freedom write, "These are not careless accusations. They are specific charges documented by the US government and corroborated by international investigators."

But, documented by whom? The US Department of Labor's own report on the situation in Xinjiang is a principal foundation for the claims. Yet the report itself was produced by the US State Department's Bureau of International Labor Affairs. Its reference list is replete with mentions of US government agencies and congressional bodies, alongside German "anthropologist" Adrian Zenz and reports from Washington- and Taipei-sponsored think tanks. That does not automatically invalidate the report. But it does complicate

the confident image of broad, independent corroboration presented by Brownback and Freedom. When the same network of institutions quote one another to support the same conclusion, skepticism is only due diligence. The same scrutiny extends to Adrian Zenz, who has become perhaps the most frequently cited Western "researcher" on Xinjiang. But his institutional affiliations, advocacy commitments and methodology deserve far more examination than they typically receive in media coverage. His work is often treated less as a contribution to a contested academic debate than as settled scripture paid for directly or indirectly by Washington. Curiously, those who constantly urge others to "follow the evidence" seldom encourage readers to follow the footnotes. Meanwhile, the political economy behind the US Xinjiang

sanctions receives remarkably little attention. On Friday, another 43 Chinese companies were added to the so-called 'Uyghur Forced Labor Prevention Act Entity List', bringing the total number of sanctioned Chinese entities to 187. Related restrictive measures take effect on Monday. The restrictions now extend well beyond cotton to industries ranging from metals and mining to electronics, agriculture and food products. Even Chinese sunflower seeds are regarded as a "concern" to US "national security." These measures are commonly framed as "human rights" enforcement. But they are in essence reshapers of markets. By excluding Chinese competitors from US supply chains, they inevitably create opportunities for US producers, alternative overseas suppliers and an expanding compliance industry built around supply-chain auditing, legal consulting and regulatory certification.

Letters To The Editor | ✉ editor@thestatesman.com

Be flexible

Sir, While the centre is absolutely justified (Central Vigilance Commission) in bringing the Prevention of Insults to National Honour (Amendment) Bill to elevate 'Vande Mataram' to the same status as the national anthem "Jana Gana Mana", the use of criminal law to protect our national song from indignity calls for pragmatic implementation considering the plurality of our country and volatility of the present political situation. What is needed is cautious and gradual enforcement and not rigid adherence.

Admitting that liberty may turn into license sans any official supervision and that reservations about Vande Mataram do not give anyone the liberty to disrespect or disrupt it willfully, the administration should desist from branding those establishments not to make the religious sentiment in the song's later stanza as anti-national and delivering harshest punishment.

Instead, the government would do well to heed the Supreme Court's observation

on the issue of national symbols that leaves no room for coercion, not to speak of imprisonment, for violating the guidelines. Put differently, the apex court wants the government to support the singing of the song mandatorily but not to enforce it without any top-down approach.

Moreover, as the dispute over the song stretches back many years, a sharp dichotomy is anticipated on the Bill between the government and the opposition. Neither the government nor the opposition should forget that apart from galvanizing the freedom struggle, the song flew effortlessly from the mighty pen of a writer in a moment of intense poetic and patriotic inspiration and any unnecessary dispute would only dilute its momentousness.

Yours, etc., Ardhendu Chatterjee, Durgapur, 31 July.

Empty promise

Sir, Every election in Assam brings back a familiar promise - illegal infiltrators who entered the state after 1971 will be identified

and sent back to Bangladesh. We have been hearing this since the days of the Assam agitation. Governments have changed, political parties have changed, and even student organisations have repeated the demand. But the ground reality has remained the same.

The uncomfortable truth is that deportation cannot happen simply because a leader announces it from a public stage. It requires Bangladesh to accept those declared to be its citizens. Has any government, in all these decades, signed an agreement with Bangladesh for such deportations? If not, why are people still being made to believe that the process is just around the corner?

The people of Assam are not asking for slogans anymore. They deserve honest answers. If there is a practical and diplomatic way to resolve the issue, let the government place it before the public. If there are legal and international hurdles, those should be explained instead of keeping the issue alive only during elections.

Yours, etc., Noopur Baruah, Tezpur, 31 July.

Washing coal

Sir, The Parliamentary Standing Committee report rightly highlights a critical flaw in our energy strategy: Coal India utilizes a mere 3.59 MT of its 18.35 MT annual washery coking coal capacity. Relying on legacy technology and obsolete washeries directly fuels our costly dependence on foreign coal for steel manufacturing.

Transitioning to modern, pithead-located beneficiation units offers a pragmatic way forward. Cleaning high-ash coal at the source drastically reduces freight weight, slashes transport emissions, and maximizes domestic asset utility.

Aligning washery upgrades with first-mile connectivity infrastructure will boost industrial productivity while shielding the national economy from import vulnerabilities.

Upgrading this legacy infrastructure is no longer just a technical idea, it is an economic and environmental imperative. Yours, etc., Dr. Vijaykumar H.K., Raichur, 30 July.

Red Sea challenge the world must confront

ADITYA MADAN

The Red Sea has once again emerged as a critical arena in the evolving regional confrontation involving Iran, its proxies and the United States. Recent Houthi attacks on Saudi oil tankers and threats to commercial shipping underscore how maritime chokepoints have become instruments of strategic coercion.

Beyond the immediate security implications, such attacks expose the vulnerability of global energy supply chains, as the Red Sea carries around 15 per cent of global seaborne crude oil and natural gas trade through the Bab el-Mandeb Strait, while the Strait of Hormuz accounts for nearly 20 per cent of global oil supplies. Any sustained disruption to these routes has implications extending far beyond West Asia, affecting global energy markets, shipping costs and economic stability.

The Bab el-Mandeb Strait is one of the world's most strategically significant maritime chokepoints, linking the Red Sea with the Gulf of Aden and the Indian Ocean and serving as the southern gateway to the Suez Canal. A substantial share of global trade, energy shipments and container traffic passes through this narrow waterway, making it indispensable to supply chains connecting Europe, Asia and the Middle East.

Any disruption caused by conflict, piracy or attacks on commercial shipping forces vessels to divert around the Cape of Good Hope, increasing transit time, freight costs and insurance premiums while disrupting global commerce.

Its location has consequently made the Strait a focal point of geopolitical competition, with both regional and extra-regional powers seeking to preserve freedom of navigation and protect their strategic and economic interests.

From the Saudi Arabia-Yemen maritime border to the Bab el-Mandeb Strait, Yemen's Red Sea coastline stretches for approximately 770 km. The Houthi control or exert influence over much of this coastline and have demonstrated the use of long-range anti-ship missiles, drones and other attack methods. As a result, the threat to commercial shipping is not confined to vessels operating close to shore.

Ships transiting much of the southern Red Sea, including the approaches to the Bab el-Mandeb, remain exposed to varying levels of risk depending on the prevailing security environment and the weapon systems employed.

Saudi Arabia and Yemen have long shared a troubled relationship shaped by border disputes, political rivalry and security concerns. Tensions ranged from the 1934 Saudi-Yemeni War to the eventual settlement of their border under the 2000 Jeddah Treaty. The rivalry intensified after the Houthi takeover of Sana'a in 2014-15, prompting the Saudi-led military intervention in 2015 to restore the internationally recognised government. Since then, the conflict has evolved into a wider regional power struggle with significant humanitarian and security consequences.

Iran capitalised on this rivalry by expanding support for the Houthis through political backing, military assistance, training, and missile and drone technology. This enabled Tehran to challenge Saudi influence, stretch Saudi military resources and extend its strategic reach to the Red Sea and the Bab el-Mandeb without engaging in direct military confrontations.

While the Houthis continue to pursue their own domestic political agenda, Iranian support has significantly enhanced their military capabilities and regional strategic importance. The result is that what began as a domestic conflict in Yemen has increasingly evolved into a broader



maritime security challenge with global economic consequences.

Disruptions along this route force vessels to divert around the Cape of Good Hope, adding thousands of kilometres to voyages, increasing fuel consumption, freight and insurance costs, and delaying the movement of energy supplies, manufactured goods and industrial inputs. The resulting disruptions ripple across global supply chains, contributing to higher shipping costs, inflationary pressures and greater uncertainty in international trade.

The Houthis are capable of significantly disrupting, though not completely blocking, the Bab el-Mandeb Strait. Through anti-ship missiles, armed drones, explosive uncrewed surface vessels and repeated attacks on commercial shipping, they have demonstrated the ability to raise transit risks, increase insurance premiums and compel shipping companies to reroute vessels around southern Africa.

Permanently closing the Strait, however, would require sustained control over a wide maritime area and the ability to prevent intervention by major naval powers, capabilities

that the Houthis do not possess. Their strategy is therefore one of creating persistent insecurity and imposing economic costs rather than physically sealing off the waterway.

The United States can reduce, but not entirely eliminate, Houthi disruption in the Red Sea. Naval deployments, coalition maritime operations, intelligence capabilities, missile interceptions and precision strikes against Houthi military infrastructure can degrade the group's operational capacity and improve the security of major sea lanes. Nevertheless, dispersed launch sites, asymmetric tactics and continued access to missiles and drones enable the Houthis to retain the ability to threaten commercial shipping despite sustained military pressure.

Consequently, while American action can substantially mitigate risks and preserve freedom of navigation, a lasting solution is unlikely without a broader political settlement in Yemen and a reduction in regional tensions.

For India, the implications of instability in the Red Sea extend far beyond higher freight costs. The Red Sea-Suez corridor is a vital maritime

artery for India's trade, carrying crude oil, fertilisers, coal, food commodities, industrial inputs and manufactured goods, while facilitating exports of refined petroleum products, pharmaceuticals, engineering goods, textiles, chemicals and automobiles to Europe and North Africa.

Disruptions along this route increase shipping and insurance costs, prolong transit times and strain global supply chains, with direct consequences for India's energy security and economic growth.

As a leading Indian Ocean power with expanding global interests, India has a vital stake in preserving freedom of navigation, safeguarding secure sea lines of communication and supporting a stable, rules-based maritime order. Protecting these interests will require sustained naval presence, closer maritime cooperation with regional and like-minded partners, and continued diplomatic engagement to ensure that strategic waterways remain open, secure and resilient against emerging threats.

The writer is a retired brigadier of the Indian Army and comments on strategic and international affairs.

100 Years Ago



Front page of The Statesman dated 06 Aug 1926

OCCASIONAL NOTE

THE Currency Commission recommends the re-introduction of the one-rupee note and a gradual abandonment of the rupee coinage. There is much to be said for and against this. After a bad beginning the opposition to the paper rupee diminished and the general public adapted itself to its use. But that was because there was no alternative. The silver rupees went to Mesopotamia and elsewhere and India had to do with what was left. When a choice is possible there is no doubt of the preference of the public. Silver is not only the traditional and familiar currency. It can survive vicissitudes which are disastrous to paper. It can be hoarded without detriment to the owner; it can be tied up in the corner of a man's dhoti or a woman's sari; it defies the rain from heaven and the moisture of the body. Paper is easily destroyed; the rupee note is a cause of anxiety to the villager who has nowhere to keep his money except on his person.

News Items

JOURNALIST'S DEATH

ASSISTANT EDITOR OF THE "RANGOON TIMES"

(FROM OUR CORRESPONDENT) RANGOON, AUG.

MR. W. B. Bussey, assistant editor of the Rangoon Times, died this morning after a brief illness. His wife is lying in a critical condition in the General Hospital suffering from dysentery.

Mr. Bussey held editorial positions on more than one newspaper, particularly in Rhodesia, and had been on the staff of the Rangoon Times about a year.

BETTING TAX

MEASURE TO PREVENT EVASION

(BRITISH OFFICIAL WIRELESS.)

RUGBY, AUG.

WHEN the new betting duty scheme was under consideration in the House of Commons the Chancellor of the Exchequer indicated his intention of introducing a safeguard against the evasion of the tax, and a Bill has now been introduced to prohibit the making with bookmakers of bets on events to be determined in Britain unless the bets are made in Britain.

It was originally sought by way of an amendment to guard against the possibility of bookmakers avoiding liability to pay duty by opening offices on the Continent for the reception of bets by British clients, but this amendment was ruled out of order, and the present Bill became necessary.

AIRSHIP PIONEER

PILOT'S PART IN DEFENCE OF LONDON

(BRITISH OFFICIAL WIRELESS.)

RUGBY, AUG.

FOUR people were killed in a balloon disaster at a garden fete in a village near Bedford yesterday, when the basket containing five passengers crashed from a height of 60 ft. The fifth passenger was seriously injured.

The pilot of the balloon, who was killed, was E. T. Willows, who was one of the airship pioneers of England, having flown since 1905 until the end of the war, taking a leading part in aeronautical developments, particularly in relation to kite balloons.

Indian policy must ensure seafarers' safety

UPASHA KUMARI

Globalisation is often quantified through economic indicators: trillions of dollars in global trade, resilient supply chains, expanding shipping networks, and the uninterrupted movement of energy and resources across continents. However, beneath these visible markers of economic interdependence lies an often overlooked human dimension. Every container transported, every tanker navigating international waters, and every supply chain sustained is made possible by the labour of millions of workers who operate far from public attention.

Among them are the world's seafarers, whose labour sustains global commerce while navigating some of the world's most dangerous maritime environments. The recent missile strike on commercial shipping in the Strait of Hormuz, which claimed the life of an Indian seafarer and injured several others, demonstrates how geopolitical conflicts increasingly spill beyond conventional theatres of warfare into the global commons.

The risks have only intensified. On 18 July, Iran's Islamic Revolutionary Guard Corps claimed that two oil tankers transiting the Strait of Hormuz struck mines and caught fire, while the United States disputed the account. Regardless of the competing narratives, the episode underscores the uncertainty confronting civilian shipping in one of the world's most strategically significant waterways.

India responded to the earlier attack by summoning Iran's Deputy Ambassador

and expressing deep concern, while calling for immediate de-escalation and the restoration of safe and unrestricted navigation in international waters. This diplomatic response reflects India's broader approach of balancing strategic interests with its responsibility to safeguard the lives of Indian citizens working overseas. At the same time, the United States has adopted a more assertive posture by proposing stronger maritime security arrangements around the Strait of Hormuz and a larger role in safeguarding commercial shipping.

These developments reflect growing concerns over the security of one of the world's most critical maritime chokepoints. However, debates over military deployments, freedom of navigation, and strategic competition often overshadow a more fundamental concern, namely the safety of the civilians whose livelihoods depend on these waters.

The global economy depends on maritime connectivity, with more than four-fifths of world trade by volume transported by sea. Yet discussions on maritime security overwhelmingly focus on ships, cargo, ports, and strategic chokepoints, while the seafarers who keep these networks functioning remain largely invisible.

India is among the world's largest suppliers of merchant seafarers, placing thousands of Indian citizens at the forefront of global maritime commerce. As India's engagement with international shipping continues to deepen, its workforce increasingly operates in regions characterised by political

instability, armed conflict, and strategic rivalry. Protecting these workers should therefore become an integral component of India's maritime and foreign policy rather than a reactive response to individual crises.

The Strait of Hormuz has long been viewed through the lens of energy security and geopolitical competition. Equally important, however, is recognising it as a workplace for thousands of civilian maritime professionals. For those who navigate these waters, rising tensions between states are not abstract strategic developments. They are immediate threats to life, livelihood, and survival.

This raises a broader question: Are civilian maritime workers becoming unintended victims of geopolitical rivalries? Maritime security must therefore be understood as more than the protection of trade routes and energy supplies. It also requires safeguarding the people who make global commerce possible. International maritime law and the principle of freedom of navigation depend upon recognising that civilian vessels and their crews must remain protected from conflict-driven disruptions.

For India, these developments reinforce the need to integrate the protection of its overseas maritime workforce into its evolving maritime strategy. The vision of SAGAR, or Security and Growth for All in the Region, emphasises a secure, stable, and inclusive maritime order. That vision must extend beyond strategic calculations to include the safety, welfare, and dignity of the



individuals who sustain maritime connectivity.

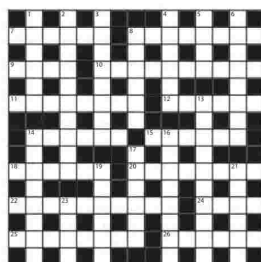
Diplomatic engagement and efforts towards de-escalation remain indispensable. They should, however, be complemented by stronger institutional mechanisms, including enhanced risk monitoring for Indian crews operating in conflict-prone waters, closer coordination between government agencies and shipping companies, improved emergency response and evacuation protocols, stronger insurance and compensation frameworks, and deeper international cooperation to safeguard civilian shipping.

The story of globalisation is often told through the language of markets,

trade agreements, and economic growth. Yet its foundations rest on millions of workers whose contributions remain largely unseen. As tensions continue to unfold in the Strait of Hormuz, maritime security will ultimately be judged not only by the uninterrupted movement of trade but also by the ability of the international community to protect the civilians who make that movement possible. A truly interconnected world cannot afford to forget the cargo. It must also remember the people who carry it.

The writer comments on international relations, education and public policy, and is the co-author of Creativity and Critical Pedagogy in Education.

Crossword | No. 293543



Yesterday's Solution



ACROSS

- 7 A chap apparently back in the country (6)
- 8 Repeatedly stove's beginning to ruin jelly (4-4)
- 9 Rating bowler's target (4)
- 10 TV science programme leading discussion mostly on the level (10)
- 11 Colouring agent is something recalled in bamboo? (8)
- 12 Minor performers no longer rubbish? (Not entirely) (6)
- 14 Flower, one found in US state meadow (6)
- 15 Nuisance besetting European with a dated currency (6)
- 18 Restraint removing front feather from cockle (6)
- 20 Ultimate issue: gold brought back in clutches of the Spanish (8)
- 22 On a mystic bent, adopting new expression of holiness (10)
- 24 Country air damaged court card (4)
- 25 Prince recalled a cheery crier in a fix (8)

DOWN

- 1 Openings in Commonwealth area involving a Commonwealth state (6)
- 2 Sequential description of discussions in defence? (4-2-4)
- 3 Fabric Queen twice displayed in legal action (8)
- 4 Put on a show for father instead of turning up for crossword? (6)
- 5 Amusing to be around a pastoral deity (4)
- 6 A South American once enthralled by Egyptian god in religious epic (8)
- 8 Getting on, having provided ballet for soldiers? Certainly (10)
- 13 Exaggerated consequence of chewing that eclair (10)
- 14 A research centre: graduate brought on board by an American resident (8)
- 16 Elevated title capturing most suitable figure in morality (8)
- 17 Supplied golden colour on a hat (6)
- 19 Oratorio, I judge, with sound rising around (6)
- 21 A river? Still needed to secure a landing-point (6)
- 23 Crisp lead item in constitutional legislation (4)

NOTE: Figures in parentheses denote the number of letters in the words required. (By arrangement with The Independent, London)

{ OUR TAKE }

Bangladesh and its blood feuds

In the genesis of independent nation-states in South Asia, the seeds of violence can be found

On August 5, 1971, Sheikh Mujibur Rahman decreed the 'White Paper on the Crisis in East Pakistan', a propaganda document published by Pakistan's ministry of information in Rawalpindi. This was one more attempt on the part of Yahya Khan's government to justify Operation Searchlight, a brutal military crackdown in East Pakistan during the Bangladesh liberation conflict. Fifty-five years later, Mujib's grandson, Sheikh Hasina's son, Sajeeb Wazed condemned the new regime in Bangladesh as the "new Pakistan" and alleged that the ISI has a free hand in his country. History moves in familiar patterns. During a virtual press conference at the Foreign Correspondent's Club (FCC) in Delhi — an event from which India has kept its distance — Hasina, the leader-in-exile of the Awami League reiterated her resolve to return to Bangladesh even as she faces the death penalty there. What is it about South Asian politics that it cannot be delinked from blood feuds that rage between power stakeholders?

Perhaps it is in the genesis of independent nation-states in the region, throwing away the yoke of colonialism, that the seeds of violence can be found. Hasina's family paid a hefty price for leadership in a newly liberated Bangladesh. While the nation's violent birth pangs were yet to subside, the first family was almost obliterated in a coup. In her first public address in two years, Hasina broke down recalling her family members slain before, during, and after Bangladesh's independence.

India-Bangladesh relations have been strained since Hasina fled to Delhi after the July 2024 students uprising. The interim government under Muhammad Yunus and the present PM Tarique Rahman have expressed their displeasure unequivocally at New Delhi's decision to house Hasina. With the Bangladesh Nationalist Party coming to power, and a raging public sentiment against the founding family, India has found itself in an uncomfortable position. With Yunus and Rahman making overtures to China and Pakistan, India is faced with the possibility of yet another hostile border. At the FCC event, Wazed also tried to sound alarm bells with respect to Pakistan's undue interference in Bangladesh that may also spell trouble for India. At a time when Pakistan is enjoying the patronage of both China and the US, the Indian government will have to tread extremely carefully on all things Bangladesh. As for Hasina, only time will tell what her motherland has in store for her. If Bangladesh is indeed the new Pakistan, as Wazed alleges, any ousted leader must weigh their return against dangers.

Monetary policy shows the economy's resilience

The war in West Asia is now in its sixth month. Maritime traffic in the region, and therefore, energy supplies that flow through it, continue to be disrupted. Economic activity, including in India, continues to suffer. And Donald Trump continues to hold the global trading order hostage to his whims.

Despite such a grim environment, India is expected to clock a 7% growth rate in the first quarter of FY27. RBI's Monetary Policy Committee (MPC) said in its resolution released Wednesday. Even inflation, while higher compared to the past, is lower than expected — largely confined to food and fuel due to supply-side disruptions. The annual growth and inflation forecasts have seen a favourable revision of 10-basis points compared to June and now stand at 6.7% and 5%. The external balance situation, despite possible sliding in the merchandise trade balance, is likely to stay comfortable. All this is certainly good news. It justifies MPC's decision to wait and watch rather than make any changes to the state of play of monetary policy.

What it underscores is the inherent strength of the Indian economy. It is resilient enough to weather even large cyclical disruptions. Barring China, no other emerging economy can claim to have such a buffer. These strengths, however, should not blind us to larger structural challenges the economy faces. With the global environment headed towards turbulence that could last for years, India must work harder to find growth boosters beyond what current levels of domestic demand can offer. The country's demographic weight entails that it cannot become complacent as the fastest-growing economy globally and must aspire to grow even faster. That, to be sure, is not the mandate of MPC, but a larger policy challenge.

OPINION

Nailing Pakistan's lies on Indus water sharing

The Indus basin has become a unique global anomaly where an upper riparian State is deprived of its natural rights while the lower riparian State wastes a massive volume of water

The Indus Water Treaty (IWT), signed in Karachi on September 19, 1960, was a historic water-sharing agreement between India and Pakistan. The IWT classifies Indus, Jhelum, and Chenab as the "western rivers" whereas Ravi, Beas, and Sutlej are the "eastern rivers". The primary tributaries of the Indus system originating in India are Jhelum, Chenab, Ravi, Beas, and Ghaggar. After the April 2025 terror attack in Pahalgaon, Kashmir, in which 26 people were killed, India announced that it was holding the IWT in abeyance, given credible evidence of Pakistan's involvement in the attack.

After Partition, only 12 out of 143 canals in undivided Punjab remained with East Punjab (India). Most of the profitable schemes and technically feasible projects were in West Punjab (Pakistan). East Punjab was deprived of development given rivers were at a significant distance from most of its area.

At the instance of West Punjab, East Punjab and West Punjab entered into an agreement on December 20, 1947, to continue the status quo ante in the Upper Bari Doab Canal (UBDC) and Ferozepur Headworks till March 31,

1948. Deliberately or otherwise, West Punjab did not take any steps until March 31, 1948, to negotiate any further agreement with East Punjab. In the absence of any agreement, East Punjab on April 1, 1948, discontinued the use of its installations for the benefit of Central Bari Doab Canal (CBCD) in West Punjab. The CBCD and Dhapur canals irrigated only 6% of the total irrigated area of Pakistan.

Pakistan soon created a false narrative that India had turned off water to all six rivers on April 1, 1948. On December 16, 1952, M Zafarullah Khan, Pakistan's Representative in the UN Security Council, stated, "On 1 April, 1948, India turned off the waters of these rivers which used to flow into Pakistan". Khan did not mention nor was questioned in the Security Council about the mechanism to turn off the flow of Indus and its capacity to channel or store the water.

India had built six structures on any of these six rivers during the nine months between Independence and March 31, 1948, which could control their waters. Khan succeeded in misleading the Security Council as well as the entire world. This was the context in which the IWT was born.

After the signing of the IWT, India was allowed exclusive use of the eastern rivers estimated at 33 million acre feet (MAF). Pakistan received the waters of the western rivers estimated at 135-140 MAF. Ironically, the treaty allowed India only around 10% of the water though it accounts for almost twice that share in terms of catchment

area. On the other hand, Pakistan receives around 81% of the water with a much smaller catchment area.

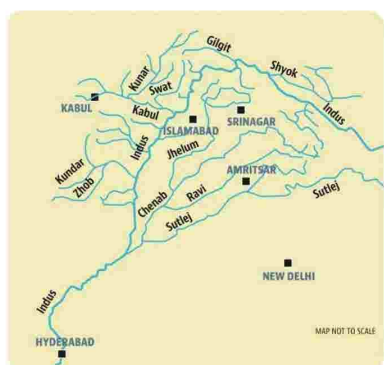
And, according to the 1941 census, 25 million of the dependent population (54%) was in Pakistan and 21 million (46%) in India. Despite this, the river waters were so unevenly distributed under the IWT.

This post-Partition environment severely disrupted India's food supply line. Even today, there is acute shortage of water in Punjab, Haryana, Rajasthan and the National Capital Territory of Delhi, increasing reliance on drawing ground water.

Even now, Pakistan continues with its misleading narratives and overlooks both hydrological realities of water availability and the established operational and maintenance practices of run-of-the-river hydro-power projects. And it has used every international platform to

the rhetoric. Transboundary water was framed as a "weaponised global common" during a policy seminar in Brussels, co-organised by the Centre for European Policy Studies (CEPS) and Pakistan's diplomatic mission to the EU. Similarly, another international seminar titled "The Indus Waters Treaty: An Instrument of Peace and Regional Stability" was held in Islamabad on June 30, where Pakistan sought to draw parallels between the Indus River and critical global maritime chokepoints such as the Strait of Hormuz and the Suez Canal.

A Pakistani minister reportedly threatened to "chop off" the hands of anyone constructing diversion structures on the western rivers. Similarly,



Ever since the 1950s, Pakistan has spread misleading narratives, completely overlooking key hydrological realities of the basin.

during an address to the Pakistani diaspora in Tampa, Florida, Pakistan's army chief Asim Munir issued direct military and nuclear threats against India. He said that Pakistan would launch missile strikes to destroy any future Indian dams built on the Indus River basin. Munir should remember that issuing provocative remarks only serve to inflame public opinion across the border, hardening positions.

Out of the 33 MAF of water allocated to India, close to seven MAF still flows to Pakistan due to local site constraints. In Pakistan, approximately 30-40 MAF escapes unutilised into the Arabian Sea, while an additional 30 MAF is lost due to operational inefficiencies and unlined irrigation canals. The systematic wastage of 60 MAF of Indus water by Pakistan, juxtaposed against India's thwarted usage of around 27 MAF despite being the upper riparian State, illustrates the imbalance in the water-

Devendra Kumar Sharma is member, National Security Advisory Board, and former chairman, Bhakra Beas Management Board. The views expressed are personal

Japan balances military and moral heft amid uncertainty

Every year since 1947 and 1955, respectively, on August 6 and 9, Japan solemnly commemorates the nuclear devastation of Hiroshima and Nagasaki in 1945. These anniversaries witness reflection, remembrances, and renewed appeals for nuclear disarmament. Survivors of the bombings, political leaders, and international representatives gather for memorial ceremonies and recall the catastrophic consequences of nuclear warfare.

The 2026 anniversaries come at a time of strategic transition. Japan's security environment has deteriorated significantly, raising a fundamental question: Are Japan's responses to these challenges altering its pacifist identity? Since the end of World War II, Article 9 of the Japanese Constitution embodied the country's renunciation of war as an instrument of national policy.

Japan relied on the US for conventional and nuclear protection while concentrating its own resources on economic reconstruction. The Self-Defence Forces (SDF), established in 1954, were carefully presented as defensive forces rather than instruments of military projection.

That framework is now under strain. North Korea's nuclear and missile programmes, China's rapid military modernisation and growing assertiveness around the East China Sea, Russia's invasion of Ukraine and its expanding naval activities in the Pacific, together with growing uncertainty about the long-term American commitment to regional security, have combined to produce perhaps the most significant reassessment of Japanese defence policy since 1945.

These changes have accelerated under Prime Minister Sanae Takaichi. Building upon the security reforms introduced over the past decade, her government argues that Japan can no longer rely on assumptions that prevailed after the Cold War. In her policy address to the Diet (the country's parliament) earlier this year, Takaichi called for a fundamental strengthening of Japan's defence capabilities, an early revision of the country's Three Strategic Documents, and preparation for a nuclear conflict involving cyber, space, artificial intelligence and unmanned systems.

This evolving strategy highlights four themes. First, defence-industrial resilience is a national security objective in itself. Second, the relaxation of defence export restrictions is intended to support allies and partners but also to sustain Japan's industrial base by encouraging greater production and innovation. Third, the concept of "active defence" has increasingly replaced the narrower language of passive defence. And fourth, a growing sense of strategic autonomy, guided by anxiety that the US may prefer to manage competition with China, is visible. Japan is not replacing the US security shield but reinforcing it through greater autonomy.

These developments undoubtedly represent a critical shift in Japanese strategic thinking. Yet it would be an exaggeration to conclude that Japan is abandoning its pacifism. Rather than becoming a conventional military power, Japan is better understood as evolving into a normal deterrent power. Its military buildup is defensive, placed within the US-Japan alliance, and motivated towards preserving regional order rather than projecting Japanese power overseas. The constraints of Article 9 continue

to shape Japanese policy, even though their interpretation is increasingly flexible.

Japanese society today is less instinctively pacifist than it was the turn of the century, but it has not become militaristic. A 2025 Cabinet Office survey found that a record 45% supported strengthening the SDF, while nearly 50% preferred maintaining their current strength. Over 93% had a favourable opinion of the SDF, reflecting high levels of public trust.

Strategic continuity is evident on the question of nuclear weapons. Public opposition remains overwhelming. A Jiji Press poll conducted earlier this year found that 62.6% opposed Japan acquiring nuclear weapons, while only 16.7% supported such a move. Nearly half the respondents favoured retaining Japan's Three Non-Nuclear Principles — not possessing, not producing and not permitting the introduction of nuclear weapons — while 30% were willing to consider a revision.

Japan is regarded as a threshold nuclear State. Its advanced civilian nuclear technology, plutonium stockpiles, sophisticated missile and space capabilities, and highly developed industrial base provide the technological foundations for a nuclear weapons programme. Were the Nuclear Non-Proliferation Treaty (NPT) collapsed and the US to withdraw its nuclear umbrella entirely, Japan could probably develop an indigenous nuclear capability within a few years.

Exercising that option, however, would be an entirely different matter. Such a decision would involve immense political, diplomatic and psychological costs.

Hiroshima and Nagasaki lie at the heart of Japan's national identity and international standing. Developing nuclear weapons would fundamentally alter Japan's image in Asia, complicate relations with China and the two Koreas, weaken its long-standing leadership in global non-proliferation efforts, and deeply divide Japanese society itself.

Accordingly, the more likely response to declining confidence in American security guarantees is not nuclearisation but continued strengthening of conventional military capabilities. Japan is moving decisively in this direction while, simultaneously, broadening its security partnerships with Australia, India, European countries and Southeast Asian partners. These relationships are not intended to replace the alliance with Washington but to diversify Japan's strategic options and reinforce regional stability.

Japan is preparing for a future in which American leadership will remain indispensable but may no longer be sufficient by itself.

Japan continues to champion nuclear abolition and uphold the moral lessons of 1945. At the same time, it is undertaking the most significant strengthening of its military capabilities in the post-War era.

These developments are not contradictory. They reflect the central dilemma confronting Japan today: Preserving peace increasingly requires preparing for conflict, without losing the moral authority that Hiroshima and Nagasaki bestowed upon it for more than eight decades.

Gurjit Singh is a former ambassador and the author of 'The Dharma Flower'. The views expressed are personal

{ SANJAY MALHOTRA | GOVERNOR, RBI }

We have seen that if agriculture is not doing well, then the allied activities do better

On the resilience of India's rural economy

Ten years of disability rights, but with uneven impact

Ten years after the Rights of Persons with Disabilities (RPWD) Act, 2016, India has reason to acknowledge progress, but not yet to celebrate completion. The Act marked a decisive shift from welfare to rights. It replaced the 1995 law, expanded recognised disabilities from seven to 21 categories, introduced the language of dignity, equality, non-discrimination, reasonable accommodation, accessibility, inclusive education, social security, and participation, and mandated reservations in education and government employment for persons with benchmark disabilities.

Its greatest achievement is conceptual. It gave disabled people a stronger legal vocabulary to assert that exclusion is not charity denied, but rights violated. The law helped move disability from the margins of policy to the centre of constitutional imagination. The courts have also strengthened this shift. In *Vikash Kumar v. UPSC*, the Supreme Court clarified that reasonable accommodation is central to equality and that disability rights cannot be reduced only to benchmark disability thresholds. It emphasised that the RPWD Act imposes positive obligations on the State and, in certain contexts, private actors to enable full participation.

There have been administrative gains too. The Unique Disability ID project has attempted to create a national database and uniform disability certification system, intended to improve transparency and delivery of benefits. The Accessible India Campaign has made accessibility a public policy issue, with government reporting progress in public buildings, transport facilities, airports, and ICT accessibility. These are not minor achievements in a country where accessibility was long treated as goodwill rather than infrastructure.

Yet the Act's first decade also reveals a painful truth: India has often been better at writing rights than delivering them.

The first major shortcoming is data. India's Census 2011 counted 268 crore persons with disabilities, or 2.2% of the population, while WHO estimates that 16% of the global population experiences significant disability. This gap matters. If disabled people are undercounted, they are under-budgeted, under-planned for, and under-represented. The next Census and all major surveys must use better functional disability questions, disaggregate by gender, caste, age, rural/urban, and type of impairment, and connect data to budgets.

Second, accessibility remains uneven. A ramp at the entrance is not accessibility if there is no accessible transport to reach the building, no usable toilet, no tactile path, no sign language, no captioning, no accessible website, and no staff trained to respond with dignity. The Act

must now move from "accessibility features" to accessibility ecosystems.

Third, certification has become both an enabler and a gatekeeper. UID can simplify access, but when disability certification is delayed, medically narrow, digitally difficult, or unavailable in rural areas, it can block the very benefits it is meant to deliver. A rights-based system must not make disabled people endlessly prove their existence.

Fourth, implementation is fragmented. Disability commissioners often lack adequate powers, staff, and follow-through. Grievance redressal remains weak. Many institutions comply on paper, but not in spirit. Equal opportunity policies, accessibility audits, reservations, inclusive education, and reasonable accommodations need public dashboards, timelines, penalties, and monitoring.

Fifth, the law needs a deeper intersectional imagination. A disabled Dalit woman, a deaf child in a rural school, a neurodivergent student in a competitive exam system, a person with psychosocial disability seeking employment, or a wheelchair user in a climate-vulnerable settlement does not experience disability alone. Poverty, caste, gender, language, region, climate risk, and digital exclusion shape access to rights.

The next decade must therefore be about implementation with teeth. India needs a national accessibility compliance mission with local government accountability. Every municipality should conduct disability-led access audits of streets, schools, hospitals, public transport, courts, shelters, and digital services. Public procurement must make accessibility mandatory. No public infrastructure should be approved, funded, or inaugurated unless it meets universal design standards.

Inclusive education must shift from admission to belonging: trained teachers, classroom accommodations, accessible materials, assistive technology, anti-bullying systems, and support for neurodivergent learners. Employment must move beyond reservation to retention, promotion, workplace accommodations, private-sector accountability, and dignified livelihoods. Most importantly, disabled people must be involved in designing, monitoring, and evaluating the law's implementation. "Nothing about us without us" cannot remain a mere slogan. The RPWD Act has already changed what disabled people can claim. The next decade must change what disabled people can actually live.

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Rising tide

Inflation projections demand monetary tightening

As widely expected by financial markets, the three-day meeting of the Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) left the policy repo rate unchanged on Wednesday. It had valid reasons not to act at this point. Although the inflation rate in June came at 4.4 per cent and was above the target of 4 per cent, it is worth remembering that the rate was below target for 16 consecutive months. Thus, some normalisation is to be expected. Further, the inflation rate is largely driven by prices of fuel and food. The core inflation rate — excluding food and fuel — was at 3.9 per cent in May and June. The rate was much lower once precious metals were also removed. Thus, it can be argued that inflation is not yet generalised. A possible truce in West Asia can relieve the pressure from energy prices. Besides, it made sense at this stage to wait and see how the monsoon pans out.

However, things may not remain as straightforward in the coming months. Although the inflation projection for this financial year has been lowered by 10 basis points to 5 per cent, the rate is expected to increase in the coming quarters. The inflation projection for the first quarter of 2027-28 is at 5.3 per cent. Thus, assuming the RBI's projections hold, the inflation rate will be well above 5 per cent for three quarters starting the third quarter of 2026-27. Even though the rate would still be under the upper end of the tolerance band, it will be significantly above the medium-term target of 4 per cent. Further, the policy repo rate at the current level of 5.25 per cent could turn negative in real terms. Since the monetary policy needs to be forward-looking, as things stand, there is a real chance that the MPC will have to start adjusting the policy rate in the coming meetings, even if the core inflation rate remains close to the target. By the October meeting, there will be at least clarity on the monsoon and its impact on food prices. The nature and extent of policy-rate adjustment will obviously depend on the incoming data. What has helped India and the RBI is that, unlike many countries in the developed world, the inflation rate in India was running below target when the war between the United States (US) and Iran started. However, it has inched up over the past few months and is expected to move up further.

As argued in this space earlier, the impact of the West Asia crisis on India has been felt more in the currency market than in inflation outcomes — partly because of the limited pass-through of higher energy prices. On the currency front, the RBI had announced several measures to attract foreign flows after the June policy review meeting. The results thus far have been encouraging and about \$41 billion has been mobilised. This has helped stabilise the rupee. Foreign portfolio investment has also improved over the past few months, and it would be worth watching if India gets a surplus on the balance of payments this financial year. A lot will depend on how the situation in West Asia evolves and how bond yields in the developed markets, particularly in the US, move. Financial markets are expecting the US Federal Reserve to increase policy interest rates in the coming months, which can put pressure on capital flows with a narrowing yield difference. Although the MPC is not expected to respond to such outcomes, its actions in the context of higher inflation rates could help on the currency front as well.

Sale and return

Insurance companies must prioritise customer retention

The Union government recently informed Parliament that premature surrender and withdrawal of life-insurance policies had overtaken maturity payouts, underlining a worrying trend in India's insurance market. Surrender and withdrawal payouts accounted for 39 per cent of the benefits paid by life insurers in 2025-26, up from 32 per cent in 2021-22, while the share of maturity benefits fell from 48 per cent to 37 per cent over the same period. In absolute terms, surrender payouts rose sharply from ₹1.58 trillion to ₹2.8 trillion in four years, even surpassing maturity payouts. These numbers point to a fundamental weakness in policy persistency, which is a key indicator of whether customers continue paying premiums and retain policies until maturity. The reasons are neither new nor difficult to identify. The Insurance Regulatory and Development Authority of India (Irdai) has attributed early exits to unsuitable products, unaffordable premiums, mis-selling, poor understanding of insurance products, unrealistic expectations, and changes in policyholders' financial circumstances. Together, they suggest that the challenge is not merely one of consumer behaviour but also of product design, sales incentives, and financial literacy. Insurance is meant to provide long-term financial protection. A market where an increasing share of customers exits before policies mature raises questions about whether products are meeting consumer needs in the first place.

The trend is particularly significant because it comes just as the insurance sector is undergoing a regulatory overhaul. Following the Sabka Bima Sabki Raksha Act, Irdai has announced reforms aimed at making the sector more attractive for investment while strengthening consumer protection. Measures such as the mandatory tagging of the authorised salesperson to every policy, the creation of a Policyholders' Education and Protection Fund, perpetual registration for intermediaries, and greater accountability in insurance distribution are welcome steps. They should improve transparency, strengthen grievance redress, and make it easier to identify responsibility in cases of mis-selling. In the context of the development of the sector, investment and ownership norms have been liberalised to support capital inflows after the increase in the foreign direct investment limit to 100 per cent. Recent regulations governing share transfers, however, have raised some concern because they might require prior permission even for a small change in holdings. This could discourage foreign investors looking at the Indian market afresh, and increase complications with financial implications.

However, for the consumer, the next phase of reform should focus on improving policy persistency rather than merely expanding policy sales. The long-awaited commission framework should reward long-term policy retention instead of front-loaded sales. Insurers must strengthen suitability assessments before policies are sold, simplify product features, improve disclosures, and invest in post-sale servicing so that policyholders remain engaged throughout the policy term. Ultimately, the success of India's insurance sector will be measured not by the number of policies sold or the amount of foreign capital it attracts but by whether policyholders remain invested long enough to receive the protection and savings benefits that insurance is intended to deliver.

India's GenZ opportunity

Its jobless growth model needs serious course correction



ILLUSTRATION: AJAYA MOHANTY

The student protests at Jantar Mantar, sparked by the Neet paper leak, have now ended, with a promise by the government to bring about educational reforms. But the events of the past month reflect much deeper anger over rising inequality and the lack of jobs in India's growth and development model. The country's demographic dividend risks turning into a disaster if unemployment — especially among educated youth — keeps rising despite headline-grabbing growth in gross domestic product (GDP).

In my November 2025 column in this paper, I had written about why India should not be complacent about youth unrest, given similar movements in neighbouring Bangladesh and Nepal. Rising levels of education without adequate job opportunities are a dangerous mix. As the UNDP's 2013 Human Development Report showed, this was a major contributor to the Arab uprisings at the beginning of this century.

The government initially cracked down on the protests but, as the movement gained momentum, acceded to the demand for a change in the education minister and set up a high-powered examination reform committee. But will require fundamental changes in India's development model. India's GDP has grown, but the elasticity of employment-to-GDP growth — how much does employment go up for every percentage point of GDP growth — has been declining from around 0.5 in the 1980s to 0.3 in the 2000s to 0.16 today.

Its employment elasticity is now one of the lowest in the world, compared to over 0.3 for Bangladesh and Vietnam, 0.4 for China and Indonesia, and 0.5 for the Philippines. According to the International Labour Organization (ILO), Vietnam's employment-to-population ratio is around 75 per cent, whereas India's has hovered at around 50 per cent. If India's employment-to-population ratio had been 10 percentage points higher, at 60 per cent, that would have meant 140 million more people in regular jobs. Imagine that.

IF TRUTH BE TOLD

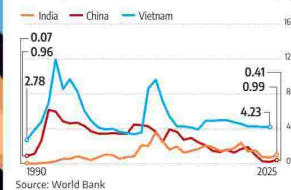
AJAY CHHIBBER

Forget China, which has leaptfrogged well ahead of India and will by next year become a high-income country. Now even Vietnam, which was behind India in 2010, has in 16 years, moved into the upper-middle-income category, with a gross national income (GNI) per capita of \$4,650 in 2025, while India remains a lower-middle-income country, with a GNI per capita of \$2,760.

The level of investment in Vietnam is not that different from India. Where it differs is that, like China in its initial development phase (see chart), Vietnam relied heavily on export-led foreign direct investment, which in turn created more jobs. In Vietnam, net foreign direct investment (FDI) averaged well over 7 per cent of GDP, and in its early years, reached to 10-12 per cent of GDP. In India's case, net FDI never reached even 4 per cent of GDP, averaging closer to 1-2 per cent

The capital challenge

Net foreign direct investment as a share of GDP (%)



Source: World Bank

of GDP, and has been declining as even those who invested in India are pulling their money out.

Being part of key trade and investment agreements such as the ASEAN Free Trade Area, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, the Regional Comprehensive Economic Partnership and the European Union's (EU's) FTA is a big reason for Vietnam's success in attracting FDI. Vietnam has used these agreements to drive domestic reforms. India has shown no intention of joining any broader trade and investment agreement and has even weakened existing bilateral investment treaties. India has started down the path of bilateral trade agreements but is still struggling to finalise one with the US and ratify the one with the EU.

Vietnam, again like China, has also focused on tourism, attracting over 20 million tourists in 2025, compared with India's 10 million tourists — not counting non-resident Indian home visits. China received around 40 million tourists. India, with its huge cultural heritage, could easily attract 50 million tourists a year if it were to make a concerted effort and use tourism to create lots of jobs. It's a low-hanging fruit for generating employment, which India must focus on.

History shows that most GenZ movements have not led to lasting change. The Arab Spring revolts were largely crushed, with much not changing. Recent GenZ revolts in India's neighbourhood have seen changes in regimes but not meaningful reforms. Even in China, major reforms stalled after the brutal crushing of a student-led revolt in Tiananmen Square in 1989 and restarted only in 1992.

India can and should take a different path. Let's hope these protests lead to major course correction in India's jobless growth model and to the wider economic reforms the government has promised. Otherwise, social tensions will persist, and India may find it harder to move into the upper-middle-income category in the coming decade and escape the middle-income trap as it approaches 100 years of independence.

The writer is a distinguished visiting scholar at George Washington University, and former country director for Vietnam at the World Bank.
1. <https://mybs.in/2eZfH9W?785937004>
2. dhr2013encomplete.pdf

A UPI hurdle for quick commerce?

Zepto — a superfast delivery platform launched in 2021 as a pivot of a Covid-time venture KiranaKart — is in the news for its initial public offering (IPO) getting deferred over valuation and profitability issues. Co-founded by Stanford dropouts Aadit Palicha and Kalyan Vohra, 18 and 19 then, Zepto has been the original poster boy of quick commerce. Without the baggage of a parent company, it built its business around a system that promised speed to the 10-minute-delivery machine.

Others on the quick commerce track are also in the news. Zomato (now Zomato), founded in 2008 by Deepinder Goyal and Pankaj Chaddah as FoodieBay originally, got noticed for its QFZT fintech results recently, especially for its quick commerce platform Blinkit. The numbers showed not just a substantial rise in Blinkit's monthly users but also a higher transaction frequency. Swiggy, which was founded in 2014 by Sriharsha Majety, Rahul Jaini and Nandan Reddy, and its quick commerce unit Instamart are out there too for their financial numbers.

Leadership changes in the quick commerce space have also been a talking point. Nandita Sinha moved from Mynta to join as Instamart CEO, as Amitesh Kumar Jha quit as the chief executive of Instamart. Not too long ago, Amit Nanda took over as the CEO of BigBasket, replacing co-founder and chief executive Hart Menon. BigBasket, which was founded in 2011 by five entrepreneurs and is now majority-owned by Tata Digital, is betting big on quick commerce to revive the business.

Mr Nanda made the switch from Amazon, which too sees quick commerce as a potential winner and is investing heavily in that category. Walmart-owned Flipkart, also on a spree to reach its consumers faster

than ever before, is competing with Amazon as well as the pure-play quick commerce players. Flipkart is also starting food delivery sometime this month, adding another layer to the quick commerce game.

This growing buzz around quick commerce has a lot to do with the seamless payment mechanism in India. The UPI (Unified Payments Interface), undoubtedly, has played an important role in perfecting the quick commerce game for startups as well as traditional businesses venturing into an area that is all about fast, faster, fastest. Will that change with the government tabling a Bill in Parliament that may once again usher in the era of MDR (merchant discount rate) — a fee paid by merchants to banks to accept payment service providers?

In 2020, the MDR on UPI was removed to drive digital payments and for ease of doing business. While the latest proposal seeks to amend Section 10A of the Payment and Settlement Systems Act, 2007, which protected UPI and RuPay debit cards from MDR being imposed on them, no fee has been suggested yet. The government will allow the government to notify which electronic payment modes could attract MDR. If and when a levy is imposed, analysts believe small transactions as well as those between two individuals would be spared. As reported, the thinking within the government seems to be that an MDR of below 0.5 per cent may be imposed for transactions of above ₹2,000 with businesses and merchants. The range of the levy may be tiered. Also, the turnover of a business/merchant may kick in while calculating the MDR — it is possible that with an annual turnover of up to ₹1.5 crore may not have to make this payment.

So many caveats, categories and tiered calculations while imposing an MDR on UPI transactions could

result in a labyrinth of rules and guidelines in an already complex retail landscape, including in fast-growing e-commerce and quick commerce. It may turn out to be quite a task to determine the levy based on the turnover of a merchant in addition to each transaction value. Thousands of sellers and merchants of various sizes are hosted on e-commerce marketplace platforms. While there's no clarity yet on how much or whether a buyer will need to pay at all once MDR kicks in, typically merchants and businesses are known to pass on any additional burden to the consumer.

Whether or not quick commerce is an ideal business format is another matter. A few months ago, gig workers went on strike, protesting against the quick commerce model and citing pay issues in meeting such short-duration deadlines. After government intervention, many companies removed the 10-minute-delivery marketing and advertising tags. However, quick commerce — whatever definition one may adopt — continues as a vibrant stream of business, with warehouses and dark stores coming up all over the country.

In a recent conversation, Flipkart CEO Kalyan Krishnamurthy told this newspaper that Flipkart is not a quick commerce company and that quick commerce is only one of the ways to deliver products. Even so, it is clear that no online business can escape the urgency of speed in the current order. Mr Krishnamurthy's answer to a question about artificial intelligence is self-explanatory: "Whoever uses AI and technology to get products to customers first will win. That's the North Star for technology and AI."

Indeed, UPI, which is subsidised by the government through an incentive scheme for transactions up to ₹2,000 at small merchants, is looking for a sustainable financial model for the investment required to scale up its technology and reach. But is bringing back MDR (like in the case of credit and debit cards), and that too with a complex rulebook, the only way forward?

Solving the nutrition conundrum



NEHA BHATT

India's nutrition trajectory is at a complex and critical stage. According to the Global Hunger Index, India's undernourished population fell from 18 per cent in 2000 to 12 per cent in 2025. Behind that progress is a vast, interconnected public health ecosystem. India has indeed made gains in maternal and child health, but overall outcomes remain uneven, and we still lag severely in conditions such as anaemia and stunting.

Conversely, one in four adults in India is now overweight or obese. Over 40 million children fall into the same category, prompting the Indian Coun-

cil of Medical Research to recently recommend policy measures to curb the consumption of unhealthy foods and the health ministry to introduce child obesity checks in schools.

India, believe experts, is transitioning from food security to nutrition security. What's clear is that we urgently need to build greater access to wholesome food systems for everyone, particularly vulnerable communities. With that goal in mind, this new book on nutrition is essential reading.

Improving Nutritional Outcomes: Connecting the Dots through Grounded Action provides a meticulous overview of what has worked so far and what lies ahead. Edited by public health expert and community paediatrician Vandana Prasad and retired IAS officer Arti Ahuja, the book brings together decades of academic and practical experience to examine gains in nutrition security through grassroots work, policy, and the implementation of large-scale public health programmes. The book forms one part of a six-

volume collection examining innovations, practice and the future of public policy in India. This volume, focused on community nutrition, features essays that tell an expansive story through state-wise case studies, data, and ground evidence from programmes implemented in the remotest corners. Its contributors include policy-makers, public health and nutrition experts, medical professionals, bureaucrats, development practitioners, and data specialists.

The editors hope that by documenting the achievements of key innovations, these models will be scaled where applicable. There's special emphasis on nutritional outcomes for vulnerable groups, the role of women, and decentralised approaches to solving India's nutrition problem.

How do large-scale models get implemented on the ground? How does empowering communities improve nutrition in villages? How does diversity in farm production affect health in farming families? The

book offers insights for policy-makers, public health and development experts, academics, and researchers.

The first part sets the context at a time when the country confronts a triple burden — not just of malnutrition and over-nutrition, but micronutrient deficiencies as well. It zooms in on projects and campaigns that have dealt with the primary drivers of malnutrition, such as poverty, inequity, and gender discrimination.

The second part examines multi-sectoral community action and how it plays out on the ground when tailored for different cultures and regions. One such initiative is Ekjut, a long-running participatory approach in rural India, where community workers found workable, local solutions to common health concerns. Another programme, implemented in tribal communities in Rajasthan, shows how nutrition and growth monitoring, when woven into day-care facilities, can prove both practical and effective.

The third theme that drives the book is public policy in action, exploring the successes and limitations of government programmes such as POSHAN, the National Rural Liveli-

hoods Mission, and Jeevika. An illuminating chapter on childhood stunting in India, which affects 46 million children under the age of five, demonstrates how four states have achieved progress through interventions in nutrition, household conditions, and maternal health, driven by political and administrative will, and an engaged civil society.

A thread running through the book reveals how vital women's collectives across the country are — including the immense network of Asha workers — in tackling malnutrition, improving dietary diversity, and increasingly, addressing obesity. This indispensable labour force has achieved progress and support for their long-standing demands from the government.

Consider the case of Sumitra, a member of the Ho tribe and secretary of a self-help group in a remote village, who led major behavioural changes to improve maternal and child nutrition

while steering community members away from faith healers and informal health providers. Over 20 years, she has helped create a new cadre of nutrition champions in Jharkhand, Odisha, and other states.

The book also dives deep into "Special Action for Children", highlighting critical gaps in programmes for the vital first three years of a child's life. It flags the lack of coverage in how vital nutrition and health, as well as for children with disabilities.

The book serves as an important bridge between theory and grassroots realities. The editors have mined the breadth of field-level research to connect the dots in ongoing policy discourse across different levels, departments and sectors, and more crucially, to link micro-level actions to macro-level impacts.

The reviewer is a Delhi-based author and journalist

LIC's Second Act Smarter Price Tag

Pragmatic GoI move, better investor deal

Life Insurance Corporation's (LIC) offer for sale is set to become the biggest on record with GoI exercising the green-shoot option to divest an additional 4% stake beyond the 2.5% base lot. The floor price has been set at ₹382 per share. At the floor price, the 6.5% stake would be valued at ₹14.1 bn (₹3.29 bn). GoI is on the right investment course, testing investor appetite for the country's largest insurer before committing the extra stake. At a 10% discount to Monday's closing price, the institutional response was strong, and with the sale of the entire 6.5%, India pushes ahead with its divestment programme, having set a divestment and asset monetisation target of ₹600 bn for fiscal 2027. It also allows the primary objective of raising the public shareholding in LIC to 10%, a commitment given to Sebi at the time of its IPO when a 3.5% stake was sold because of the size of the issue. GoI will now not be under any deadline to offload more LIC stock and can time its divestment strategy for the company in accordance with market conditions.

In effect, the LIC IPO in 2022 was split into an upfront stake sale and a follow-on offer by 2027 to make up for the public shareholding shortfall. In the process, GoI has had an opportunity to get the share price right in the second leg of the divestment. The LIC IPO was sold aggressively and the current LIC share price is trading at an over 50% discount to the listing price. The LIC OFS is informed by the experience and has been priced in a more restrained fashion, at a slight discount to the current price. Since almost twice as much stake as the IPO is being offloaded in the OFS, the overall effects on investor returns will be muted.

GoI is within its rights to seek better divestment realisations. Yet, the experience with the LIC issues should provide it a marker on arriving at the 'right' price for divestment. It will help if some value is left on the table for investors. That's some nifty thinking.

Make Working in the Gulf Safe & Secure

With Gulf countries accounting for nearly half of all Indian workers' deaths from workplace accidents—over an average of 3 deaths every week—worker safety must receive far greater priority in India's bilateral engagements. Nearly 33,000 Indian workers died in GCC countries (excluding Bahrain) between 2021 and 2025. Add to this the large number of non-fatal injuries and permanent disabilities, and the scale of the crisis becomes much greater. With more than 10 mn Indians working in the Gulf, workplace safety must be treated as a core policy priority.

India could, as many advanced economies do, incorporate labour rights and worker safety provisions into trade agreements. Such a shift, however, will not be easy. GCC countries are unlikely to accept trade deals that extend beyond tariffs, market access and other commercial issues. India's asymmetric dependence on the region further limits its bargaining power: the Gulf is critical for labour mobility, energy security and remittance inflows. In 2024-25, remittances from the region hit \$56.2 bn—around 49% of India's total inward remittances.

Instead, India must strengthen worker safety and welfare by upgrading existing mechanisms. The eMigrate platform should be an active enforcement system that blacklists employers with a history of workplace accidents or repeated safety violations. Independent safety certification for employers and dedicated legal cells in Indian embassies could help fast-track investigations into workplace deaths and ensure accountability. As Gulf sovereign wealth funds seek larger investments in India, New Delhi can link faster regulatory approvals or preferential market access to legally binding commitments on the welfare and safety of Indian workers.

JUST IN JEST
staying under the radar and having no practical use has its perks

Lucrative Strategy Of Being Useless

Ever noticed how no B-school or Op-ed guru talks about usefulness? Ergo, it must be overrated. Indeed, the most profitable business model may be to be gloriously, flamboyantly useless. Consider the adviser to a consultant who charges a good pile of pause to explain why your company needs 'synergy workshops' that achieve nothing but the production of prettier PPTs. Or the corporate motivational speaker whose chief skill is converting oxygen into clichés that even ChatGPT will pass. Their very uselessness is the point. Their value is in their *not* disrupting (read: getting a new PoV, though).

A useful employee fixes problems. A useless one provides no evidence that there are problems. In this context, the HR team that insists on mandatory mindfulness sessions at 4 p.m. is not misguided—it's pioneering the profitable frontier of corporate masochism. Economists might call this the 'uselessness premium'. Like luxury goods, its value lies not in utility but in conspicuous pointlessness. A diamond doesn't slice bread, yet it commands a price. Similarly, the executive who spends 3 hrs explaining why 'blue sky thinking' requires a beige carpet is rewarded handsomely. The market rewards those who are inconspicuously useless. In the grand ledger of capitalism, the most efficient strategy may be inefficiency itself. Trust us when we say that, aloud.

India-China relations remain hostage to power imbalance, history and mutual misreadings

Why China Really Sees Us



Pallavi Aiyar

Beijing: Every communication encounter has an encoder, the speaker trying to convey something and a decoder, the listener receiving it. Miscommunication happens when the message decoded isn't the one that was sent.

India and China have this problem. There is an undeniable structural asymmetry at the heart of the bilateral relationship. India and China do not think about each other with equivalent intensity. For China, India is a significant regional actor, a nuclear-armed neighbour, a potential irritant—but not a strategic equal. In contrast, China exerts gravitational force on strategic thinking in New Delhi. It is present in every military procurement decision, infrastructure project in the border regions, and calculation about Pakistan.

The asymmetry is not merely psychological. In 1990, India and China had broadly comparable per-capita incomes. By 2025, China's \$19.4 tn GDP was nearly 5x India's \$4.1 tn. As a participant in a recent conversation between Indian journalists and Chinese think-tankers in Beijing put it, India should accept its position of relative weakness without shame, and figure out how to leverage Chinese economic strength pragmatically. It was a reasonable argument. Indians in the closed-door gathering bristled. Pragmatism, encoded by



China looks at India and sees a comrador reflex in favour of the West and against Asia. India looks at China and sees 1962's smiling betrayer, advancing pawns beneath the table.



Facial recognition

the speaker, was decoded by his audience as condescension.

In the 2000s, Chinese perceptions of India were warm, and—unlike attitudes to Japan—organically so, not state-managed. Older Chinese remembered Raj Kapoor's socialist-era Awaara fondly. There was respect for India as Buddhism's birthplace, and a kind of collegial regard for India's software outsourcing success, an area where India had outpaced China.

Today's younger Chinese carry less of that warmth and more of a coolly comparative gaze. The developmental gap has widened, and the register has shifted from potential peer to laggard-to-be advised, or worse, presumptuous. Social media does the rest. Narendra Modi's unmet 2019 pledge of \$5 to economy by 2024 is a recurring, mocking reference point whenever India's Vision 2047 comes up.

Some of this trolling curdles into something uglier, carrying a term most Indians have never heard: Ah San. Understanding it means going back to the treaty ports of late-19th and early-20th-century Shanghai, where Sikh policemen—recruited by the hundreds from Punjab from 1885 onward—made up a third of Shanghai Municipal Police.

They were cheaper than European officers and considered more reliable than local recruits, which slot-

ted them into a colonial hierarchy as the enforcer's enforcer. Shanghaiese called them 'hong tou Ah San'—red-headed number three: red for the turban, 3 for their rank beneath the British (No. 1) and Chinese (No. 2). The term hardened into shorthand for Indians generally, the willing instrument of the White man against fellow Asians.

Indian merchants had their own, less remembered role in this history. Parsi and Marwari traders were commercial intermediaries in the opium trade Britain forced on the Qing empire. By 1891, 41 Parsi merchants operated in Guangzhou's foreign enclave, outnumbering the English and Americans combined.

Marwari firms like Tarschand Ghanshyams had traded opium futures across the Malwa belt. The fortune of Vishu Narain Birla, grandfather of Gandhi confidant G D Birla, has roots in this trade. Some of that same capital later helped fund India's independence movement. These merchants, junior partners in a system they didn't design, were neither innocent nor sovereign. But in China, the specifics faded while the residue stayed: the Sikh's red turban, the Parsi's opium chest, hardened into an instinct that India is the West's willing instrument.

That instinct still colours how Beijing reads Indian foreign policy today. The 2008 Nuclear Suppliers Group waiver, secured for India by George W. Bush, was not read in Beijing as recognition of India's weight. It confirmed India had settled into the role of favoured American client. The Quad gets the same treatment. Where India en-

codes these as sovereign strategic choices, China decodes them, instinctively as a reprise of the comprador reflex.

The misreading runs both ways. If China sees India through colonial subordination, India sees China through the lens of 1982—the war that shattered Nehru's Hindi-Chini bhai-bhai idealism and left India, in its own telling, betrayed by a fellow postcolonial power it had trusted.

That wound still shapes how India reads China moves today. Beijing's extraordinary alliance politics but as deliberate encirclement, timed, it often feels, with pointed precision.

Neither side fully sees its blind spot. China looks at India and sees Ah San, repositioned for this century. India looks at China and sees 1962's smiling betrayer, advancing pawns beneath the table. In communication theory, the fix for a persistent encoding failure isn't to speak louder. It's to learn the other side's implicit assumptions, not just their words. India and China talk past each other fluently, and with total conviction.

It is never easy for a person to sit with a story that contradicts the one they grew up with. For nations carrying a century's accumulated weight, it is harder still.

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The writer is a Beijing-based columnist

Take a Shot at Enterprise Software



Krishna Mehra

San Francisco: Over the last few years, India's enterprise software industry has outgrown its own origin story. Where the early generations earned their global reputation by competing on cost and delivery, the current generation is competing on the product itself and, in several cases, winning on those terms against the best in the world. The apple has fallen far from the tree.

Understanding why this is happening requires looking at what changed upstream. India has now lived through a full generation of company-building. The winners from that phase spanning founders who built the first SaaS companies through the 2010s, the operators who scaled them, and the engineers who shared hard-earned knowledge about enterprise sales with a generation they are actively invested in. The institutional memory

that Silicon Valley accumulated over decades is now available in India in a way it was not 10 yrs ago, carried by people who lived on both sides of the journey and came back willing to back the next attempt. The founders this environment is producing are playing for bigger outcomes than the generation before them.

The evidence is in how the world is receiving what this generation ships as well. Teams from India's engineering community are building AI infrastructure that global enterprises depend on, at a quality and speed that puts them in the room with the best in the world. For the companies that move fast enough to define a category before the incumbents do, being acquired by a global industry leader is no longer an exceptional outcome but now a very real and plausible one.

The model that follows from this is straightforward. Build the cutting-edge product in India, where engineering talent and speed of iteration are genuine advantages, then go global for the monetisation engine.

The distribution side of the equation has also shifted in India's favour, and receives its due weight. Enterprise technology decisions at global companies are disproportionately made by people from the Indian diaspora.

Therefore, reflect the changing composition of India's export basket and give equal attention to barriers affecting imports into India. It should examine rationalised tariffs on intermediate goods, greater regulatory alignment, mutual recognition agreements, and investment-facilitation measures that make tech-intensive production in India commercially viable.

The committee should also review third-party FTAs between two different countries, one or both being a partner country of India, and how their deal impacts India. This will enable India to deal with trade diversion from its own market potential.

But the committee's mandate needs to go further. India's export profile is undergoing a structural shift. Traditional intensive sectors now account for only a small and declining share of merchandise exports: 3.8% for textiles and clothing, 2.8% for marine products, and 2.0% for rice.

The centre of gravity has moved towards electronics, pharmaceuticals, chemicals, transport equipment, electrical equipment and machinery. Together, these industries contribute more than 40% of manufacturing value added, and over 45% of mer-

chandise exports. But they are also import-intensive, relying heavily on foreign components, intermediates, sub-assemblies and machinery. India can scale its presence in these industries only by deepening its participation in global value chains where import efficiency—fast, predictable and low-friction access to inputs—is essential for competitive exports.

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Now to activate the Thalaiva series

friction of entry in ways that compound the problem. The most expensive part of selling software to large enterprises is establishing credibility in front of the few customers. Indian founders negotiating early enterprise markets today can do so through a network that their counterparts in the SaaS wave did not have. The cumulative effect of that on time-to-first revenue is real. It's the difference between knocking on a door and standing in front of an open one.

None of this automatically guarantees success, though. While conditions create possibility, it's the product and conviction that determine what gets built with it. This software wave is not a silver bullet, and products positioned as cheaper versions of what already exists, are no longer differentiated and are easily replaceable by incumbents.

Foreign capital continues to pour into GVCs. The committee should also assess whether India's GVC participation rises from 37-38% to 55% levels typical of more globally integrated economies of comparable size. The fastest route to that goal is to attract tech-rich FDI into these sectors.

DeepGov participation does more than expand exports. It accelerates technology diffusion, upgrades domestic suppliers, aligns production standards with global benchmarks, and connects Indian firms to larger markets. In doing so, it multiplies the productivity impact of foreign investment.

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because it is rooted in proprietary data or technical infrastructure, deep trust, or a network that the city tumbles down a canyon against the backdrop of the Andes, Arami is one of the country's most exciting culinary destinations. Opened in November 2024, its name means 'little sky' in Guarani—a fitting tribute to a restaurant that aims high while staying deeply rooted in Bolivian identity.

The dream partnership behind Arami brings together acclaimed chef Maria Taha Moscoso Velazquez, a Bolivian who spent a decade shaping the celebrated Gustu

before being named Latin America's Best Female Chef in 2024, pairs culinary precision with a deep respect for native ingredients. Working with existing chefs, she is on by championing Bolivia's wine heritage and gastronomic identity.

The menu is an elegant conversation between the Amazon and the Andes, exploring how geography, ecology and culture intertwine. A delicate flirt with sucha inchi and goat's cheese balances earthy richness with gentle sweetness, while coconut, tucupi and edible flowers create a dish that is as visually striking as it is nuanced.

Intuitive yet grounded, refined without pretension, Arami leaves diners with the sense that the country's extraordinary biodiversity has found its most eloquent culinary voice.

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THE SPEAKING TREE

Present Moment

SUMIT PAUL

Roman poet Horace's *Carpe diem*, *quoniam minimum credula postero*—a reminder of the importance of seizing the day and not relying too much on the future. Translated to 'Seize the day, put as little trust as possible in the future', this quote encourages us to live in the present moment and make the most of it. Horace emphasises the fleeting nature of time and warns against procrastination and complacency.

Kabir also said the same thing in one of his *dohas*. *Kar karo so aaj kar, aaj karay so al*. *Pal mein karo hoyed, kabur karay kab*. Existential philosophy also states that this very moment is the only moment that is yours. Yesterday is history, tomorrow is a mystery, and today is a gift. So, don't procrastinate. We cannot escape the responsibility of tomorrow by evading it today. Procrastination steals time. Humans tend to put things off because it's easier to resist at the beginning than at the end. Rumi says, 'The pen lambe mesne as basul shavard'. The next moment is forever in the womb of uncertainty. The future depends on what we do today. Real generosity towards the future lies in giving all to the present.

It's being here now that's important. There's no past, and there's no future. Time is a misleading thing. All there ever is, is the now. We can gain experience from the past, but we can't relive it; and we can hope for the future, but we don't know if it is there. Eckhart Tolle says, 'Realise deeply that the present moment is all you have'.

The writer is a partner, Election Capital

STEP UP TO THE PLATE

Arami

La Paz, Bolivia

Tucked away in La Paz, Bolivia's dramatic administrative capital, where the city tumbles down a canyon against the backdrop of the Andes, Arami is one of the country's most exciting culinary destinations. Opened in November 2024, its name means 'little sky' in Guarani—a fitting tribute to a restaurant that aims high while staying deeply rooted in Bolivian identity.

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THE ASIAN AGE

6 AUGUST 2026

Stalin Jr arrest a message to curb sexism in politics

Distasteful and vulgar as Tamil Nadu Opposition leader Udhayanidhi Stalin's double entendre comment on Cauvery water was, his arrest was an act of political excess that clouds the message the government may wish to convey against misogyny.

By grandstanding through the drama as if this was a great conquest, Udhayanidhi may have tried to give the impression that he was hoping to make political capital out of the mess. Truth to tell, his objectification of women will only lead to his alienating further at least half the population which has always found the state's Dravidian political environment toxically loaded against them.

This was by no means the first time that the Opposition leader, who earlier was deputy chief minister before the regime change this year, has invoked women and sarcastically touched upon the private lives of rivals when speaking at public forums. Given the history of his own family and his stint as a film actor, he is skating on thin ice when he gets invasive on the chief minister's private life.

What the chief minister, who represents a desire for change in the public from the tired old politics of the Dravidian majors, has been aiming at is to curb the sexism that has been embedded in the state's politics. He may have kept a studious silence on personal attacks, but he has demonstrated that he is willing to act when Opposition leaders try to drag women into the political slang.

Udhayanidhi may have skirted such bigotry in attacks on Sasikala and in denouncing Sanatan dharma but it is in dragging the actor Trisha often into his political rivalry that he invited wrath

Udhayanidhi for interrogation was unlikely to fetch results in the legal domain, nor political dividend. Too often such acts only trigger law & order situations and an invitation to anti-social elements to take disruption as a political play.

The fact that the arrest and brief detention at least conveyed the message strongly about dishonour to women not being tolerated symbolises the change that Vijay wishes to bring into the state's political culture, which had too often in the past descended into vitriol. As an actor who turned politician with the promise to bring about a change in thinking and action, Vijay needs to stop arresting Opposition politicians for crude comments, which is their wont, and oppose them in the lively political theatre that exists in the state.

Vijay's point about misogyny is well taken and, perhaps, appreciated most by women, but to give crass people mileage in such arrests can prove counterproductive. Yet if his action brings the curtain down on toxicity involving women in state politics, he would have achieved something. The cost in proving such things can, however, be too high in a male-dominated society that is high on ingrained prejudices against women.



Amid friction in PoK, why delay over J&K statehood?



Sunanda K. Datta-Ray
Reflections

'Azad Kashmiri' complaint of high inflation, heavy taxation, and the extortionate price of electricity in a state partly snow-bound for some months. Citizens' committees say they are denied fundamental political rights.

It must have been the unkindest cut of all for the approximately four million people of 'Azad Kashmir' — 'Pakistan-occupied Kashmir' or PoK — that is probably a major reason why no discernible attempt has been made to restore Article 370 of India's Constitution which was revoked seven years ago, or to repeal the Jammu and Kashmir Reorganisation Act 2019, that New Delhi enacted on August 9, 2019, reducing what had been a full-fledged state since 1947 to the level of a Union territory ruled by a lieutenant-governor appointed by New Delhi and not accountable to anyone outside the bigger war of the power hierarchy at the Centre.

That J&K is the only Muslim-majority state in an overwhelmingly Hindu India and that it has always been ruled by a Hindu hereditary monarch, Maharaja Hari Singh was the last, makes the demotion especially significant. Intriguingly, Hari Singh's princely state was a safe bet than theocratic Pakistan for his Muslim prime minister, Sheikh Mohammed Abdullah, who felt that secular India was a safer bet than theocratic Pakistan for his liberal Islam and his state's distinctive cultural and ethnolinguistic identity.

Not that abuse of faith and worship has any bearing on the friction that has flared up between the federal Pakistani authorities in Islamabad and a recalcitrant PoK. However, the strictly secular crisis of the total J&K — might have recently reversed something of Narendra Modi's much more ominous long-term plans for the country. The allegedly fundamentalist Muslim politician, Asaduddin Owaisi, president of the All India Majlis-e-Muslimeen, known as AIMM, may only

have put into words what others, including many Hindus, suspect, when he recently dismissed Mr Modi's actions as a 'bid to create Hindu Rashtra'.

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LETTERS JAPANESE LESSON

August 6, 2026, marks the 81st anniversary of the first use of nuclear weapons on Japan's twin cities of Hiroshima and Nagasaki. The massive atomic bombs that wreaked havoc on these two cities on August 6 and 9, 1945, changed the way war is waged and heralded the dawning of the nuclear age.

Time rolled by, both Hiroshima and Nagasaki flourished in many ways. Though the two cities preserve and portray glimpses of destruction, they don't have the traces of the tragedy anymore. These two beautiful cities are an open book about a thriving Japan — an example of rising from the ashes while embracing history. To the credit of Japan, it shifted its focus entirely from military expansion to economic growth, emerging from devastation to turn into a global financial powerhouse within decades.

R. Sivakumar
Chennai

HOW WE HOST CWG

WHILE FOURTH place with 39 medals may seem modest, the reduced programme makes this campaign more impressive than the raw numbers suggest. The emergence of new talents across boxing, athletics, and para sports signals a healthy deepening of India's sporting culture. Neeraj Chopra's dominance on young javelin throwers like Yashvir Singh is particularly heartening as it shows champions can inspire generations. However, the real test lies ahead with Ahmedabad 2030. Delhi 2010 taught us that hosting is about more than medals; it is about transparency, efficiency and leaving a genuine legacy.

Babu Krishna
Bangalore

LOST DECORUM

PEOPLE EXPECT the government and the Opposition to uphold the dignity of the Assembly through meaningful debate, not reduce politics to street-level mudslinging. The public spat between Leader of the Opposition Udayanidhi Stalin and CM Joseph Vijay is a disgrace that reflects the alarming decline in political standards. Personal attacks and the antics cannot substitute for governance or serious discussion on issues affecting the people. Political power is neither permanent nor hereditary; it is a mandate entrusted by the people and can be withdrawn just as swiftly.

A.P. Thiruvandi
Chennai

Mid-air scare: Obey seat belt rule

For the 145 people aboard Air India flight AI279, the journey from Phuket to Delhi turned into an ordinary flight to a few seconds of terror as the aircraft suddenly dropped 300 feet in mid-air.

Although the aircraft regained altitude, 13 passengers and four crew members were injured. The passengers have since been discharged, while the four crew members remain under medical care.

A plunge of 300 feet may appear insignificant when an aircraft is cruising several kilometres above the ground. Inside the cabin, however, such numbers offer little comfort. A sudden drop creates the sickening sensation that the floor has disappeared from beneath one's feet.

Sudden clear air turbulence (CAT) can lift people who have not fastened their seat belts out of their seats and hurl them against overhead panels, armrests or fellow travellers. Luggage and other loose objects can become projectiles, potentially injuring passengers. Such bewildering moments can naturally cause panic among passengers despite reassurances from the cockpit.

Nevertheless, the occurrence of clear air turbulence (CAT) is not uncommon. According to the US National Transportation Safety Board, turbulence accounted for more than one-third of accidents involving large commercial air carriers between 2009 and 2018, usually causing serious injuries without damaging the aircraft. Flight attendants accounted for 78.9 per cent of those seriously injured.

These data also explain why the familiar instruction to keep seat belts fastened deserves more than casual observance. As unexpected turbulence may offer little warning, airlines must not treat the seat belt announcement as a routine recording.

Better forecasts, prompt cockpit warnings and procedures that allow cabin crew members to take their seats earlier can prevent a frightening event from becoming a medical emergency. The DGCA should, therefore, thoroughly investigate the matter and recommend measures to ensure that airlines continue to learn from such incidents.

THE ASIAN AGE

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K. SUBRAMAN

Editor
Private & Publisher



Pradeep S. Mehta

Trust becomes the toughest test for India's young in examinations

Few public issues have shaken India's youth as deeply in recent months as the controversy surrounding competitive examinations, such as NEET. The government's response inter alia includes a high-level examination reform task force chaired by technocrat Nandan Nilekani, the pioneer who had created Aadhaar. This, alongside renewed emphasis on secure, technology-driven examinations, further signals recognition that restoring public trust requires systemic reform.

Yet the anger on the streets was never only about leaked papers. It reflected a deeper concern about whether the systems governing access to education, employment and opportunity continue to reward hard work fairly.

For millions of families, a competitive examination represents an implicit compact with the State to work hard, compete fairly and that the performance will be assessed honestly. Paper leaks, cancelled examinations, delayed recruitment and unpredictable rule changes erode that compact. Trust, once broken, is far harder to rebuild than an exam calendar.

The government's response — the Public Examinations (Prevention of Unfair Means) Amendment Bill 2026, alongside the examination reform task force chaired by Mr Nilekani — is both timely and necessary. The emphasis on tech-enabled examinations, foolproof systems and structural reforms reflects an acknowledgement that India's examination ecosystem requires more than temporary fixes.

The challenge, however, extends beyond examination administration. Over decades, irregularities in recruitment, admissions and other public processes have gradually eroded public confidence, fostering a perception that influence or manipulation can some-

times outweigh merit. Society, too, has often become resigned to these distortions.

India's democratic journey, however, has steadily challenged that acceptance. Public movements against corruption, judicial oversight, stronger investigative institutions, an increasingly vigilant media and active citizen engagement have raised expectations of transparency and accountability. The present reforms should therefore be viewed not merely as a response to one controversy, but as another step towards institutions where integrity becomes the norm rather than the exception.

Yet even a flawless examination system cannot resolve a deeper structural reality. India must contend with the scarcity that underpins its examination culture. When lakhs of aspirants compete for a fraction of available quots, the system is inevitably skewed towards those with access to elite coaching, expensive sector jobs, examinations become not only a measure of ability but also a means of rationing opportunity. Under such pressure, every irregularity assumes disproportionate significance. Rebuilding trust also requires a mature conversation about merit, disadvantage and reservation.

Reservation remains central to addressing India's legacy of caste-based exclusion, but its implementation should continue to be informed by equity and periodic evaluation. The concerns of economically modest families in the unreserved category deserve recognition, even as historically marginalised communities continue to face unequal educational opportunities.

The answer lies not in pitting one disadvantaged set of people against another but in improving equality before the exam through better public education, scholarships, mentoring and preparatory support,

while ensuring affirmative action reaches those most in need without compromising excellence.

Medical education illustrates why this balance matters. India has expanded medical education, increasing MBBS seats from 1,08,115 (2023-24) to 1,28,976 (2025-26), alongside 86,300 postgraduate seats. Expansion, however, cannot substitute for quality. The NEET-PG 2025 controversy illustrated this when qualifying thresholds were sharply lowered to zero percentile for SC, ST and OBC candidates, and substantially reduced for general and EWS candidates, yet thousands of postgrad seats remained vacant.

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Pradeep S. Mehta is the secretary-general of CUTS International, a leading global public policy research and advocacy group. Madhendra S. Pawar and Anant Singh, also of CUTS, co-authored the article.

quick
BITES

INDICATORS

	%
Sensex	78,581.00 0.19
Nifty 50	24,624.65 0.04
S&P 500*	7,783.92 0.61
Dollar (₹)	95.18 -0.22
Pound Sterling (₹)	128.11 -0.07
Euro (₹)	109.80 0.04
Gold (10gm) (₹)	148,106,839 2.64
Brent crude (\$/bbl)	78.74 -0.78
India 10-Yr bond yield	6.772 -0.65
US 10-Yr T-bill yield	4.615 -0.012

* As of 8:30 PM IST

Modulus settles
SEBI AIF case
for ₹10.87 lakh

Modulus Alternatives Investment Managers has settled with capital markets regulator Sebi a case related to alleged violations of AIF norms by paying ₹10.87 lakh towards settlement charges. The proceedings pertained to an alleged contravention of AIF (Alternative Investment Funds) rules relating to the investment manager's obligation to maintain its continuing interest in the fund on a pro-rata basis.

Tata Projects
bags ₹670-cr
order from RMZ

Tata Projects said it has secured an order worth ₹670.24 crore from real estate platform RMZ for the works of a commercial development in Chennai. Under the contract, the company will undertake complete core and shell construction including civil, structural and architectural works, masonry, plastering, waterproofing, common-area finishes, basement flooring, fire-rated doors and others.

Gland Pharma,
Neuland ink API
mfg deal

Gland Pharma and Neuland laboratories announced a contract development and manufacturing partnership to expand sterile API production. Under the partnership, Gland Pharma will establish a dedicated sterile manufacturing suite for Active Pharmaceutical Ingredients used in microcapsule depot products. The facility will be built and operated in compliance with cGMP, USFDA and EU standards.

Aster DM Q1
revenue up 20%
at ₹2,597 cr

Aster DM Quality Care on Wednesday reported a combined revenue of ₹2,597 crore in the first quarter ended June 30, 2026, up 20 per cent year-on-year. The company, formed by the merger of Aster DM Healthcare and Quality Care India Ltd, said its operating EBITDA grew by 20 per cent YoY to ₹756 crore in the first quarter. It had a total patient volume of 2.02 million in the quarter, up 13 per cent.

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Reserve Bank rate kept at 5.25%,
FY27 growth to be 6.7%

Deficient, uneven monsoon amid El Nino conditions may hit agriculture

FALAKNAAZ SYED
MUMBAI, AUG. 5

The Reserve Bank of India (RBI) on Wednesday kept the policy rate unchanged at 5.25 per cent.

It raised the FY27 gross growth forecast by 10 basis points from its earlier estimate to 6.7 per cent. "Growth continues to be supported by resilient domestic demand, sustained expansion in manufacturing and services activity, and robust exports, reaffirming India's position as the world's fastest-growing major economy," said Sanjay Malhotra, RBI governor, at the Monetary Policy Committee meeting on Wednesday.

RBI expects growth to remain resilient through FY27, with real GDP growth projected at 7 per cent in Q1, 6.4 per cent in Q2, 6.5 per cent in Q3 and 6.8 per cent in Q4. Domestic demand is expected to remain the main driver of growth.

The MPC lowered its consumer price index (CPI) inflation projection to 5 per cent. Inflation is expected to remain resilient, supported by construction, capital goods and bank credit. Urban inflation is expected to be supported by sustained momentum in services, the continuing impact of GST rationalisation and stable employment conditions. Strong capacity utilisation, robust credit flow and the government's trust on infrastructure are expected to sustain investment activity.

Services exports are expected to remain strong and merchandise exports to benefit from recent trade agreements and diversification. Deficient and uneven monsoon rains amid El Nino conditions could affect agriculture and rural demand. Energy prices and supply chain pressures stay elevated. RBI will need to adjust the inflation path taking into account policy action, Malhotra further said.

Rural economy, agri
turn more resilient

RBI governor Sanjay Malhotra on Wednesday said the rural economy and agriculture have become more resilient over the years, helped by the growth of allied activities, improved irrigation, farm mechanisation and better crop varieties.

E-comm exports
need new entitySANGEETHA G
CHENNAI, AUG. 5

Under the new FDI policy for e-commerce companies allowing the inventory model for export purposes, the government has notified that the exports should be conducted by a separate legal entity of the e-commerce company.

However, experts still are worried whether this change in the FDI policy will lead to allowing inventory model for domestic sales.

In the notification issued on Wednesday, the Director General of Foreign Trade said the new rules will allow e-commerce companies to supply goods to export houses overseas. Companies were already free to supply goods to export houses overseas. The new FDI relaxation raises a larger concern.

Soon, this could create pressure to extend the same to domestic sales, opening the door to inventory-based e-commerce across all transactions," said S. Srivastava, founder, GTRI.

POLICY DIRECTION

- RBI has no plan to enmesh the concessional forex swap scheme prematurely.
- RBI raised the GDP forecast for the current fiscal to 6.7%, lowered inflation projection to 5%.
- \$41 billion has been mobilised through the schemes.
- RBI kept its benchmark policy rate unchanged for a fourth consecutive meeting.
- MPC members unanimously voted to keep policy rate unchanged.
- RBI targets polymer currency notes launch in early FY28.
- System liquidity stood at an average daily surplus of ₹1 lakh cr since June.

Rural economy has
become more
resilient despite
monsoon
uncertainties, says
governor.

Resilience is helped by the growth of improved irrigation, farm mechanisation and better crop varieties, which have reduced the impact of rainfall deficiencies.

Deficient and uneven monsoon rains could affect agriculture and complicate the inflation trajectory.

Someone should
pay UPI costs: GovFALAKNAAZ SYED
MUMBAI, AUG. 5

RBI governor Sanjay Malhotra on Wednesday said it was premature to discuss merchant discount rate (MDR) charges on certain UPI transactions as the government's proposal to amend the existing framework is still under consideration.

Investment in public infrastructure such as payments was necessary and that the costs would have to be borne by someone, he said.

The choices were either for the general public to pay through taxes or for a merchant discount rate to be levied, following the user-pays model.

No plans to end forex
swap facility early

The RBI has no plans to close the concessional forex swap facility prematurely. "We have got robust flows, and we do expect healthy flows in the future," said RBI governor Sanjay Malhotra. So far, \$41 billion has been mobilised.

On-tap licences soon
for urban co-op banks

The Reserve Bank will soon come out with draft guidelines for 'on-tap' licensing for urban co-operative banks. It had launched a discussion paper on the move in January this year, and will be following up with the next steps shortly.

The draft rules also propose to allow telecom operators to charge different rates for 4G, 5G and other services that they offer. The move by the Telecom Regulatory

Stable rates sustain
demand for housing

Realty industry bodies Creadi and Naredco said a stable home loan interest rate regime would help sustain housing demand. "The launched a discussion paper on the move in January this year, and will be following up with the next steps shortly."

Authority of India (Trai) upholds network slicing and end-to-end service by Bharti Airtel. However, other leading telcos Reliance Jio and Vodafone Idea did not support the technology, considering it a discrimination against subscribers.

RBI LOOKING TO
LAUNCH POLYMER
NOTES NEXT YEARFALAKNAAZ SYED
MUMBAI, AUG. 5

Plastic banknotes are undergoing testing and may enter the market at the start of the next financial year, said RBI governor Sanjay Malhotra.

Security features for the polymer currency notes would be announced soon, he said, adding that polymer notes have lasted for over 30 years in some jurisdictions and could be useful for lower denomination notes, which have high velocity.

"We will test, check as to how they (polymer notes) perform in the Indian conditions, and eliminate any other infrastructure we have put in place," the governor said.

RBI mulls standard interest rate framework

FALAKNAAZ SYED
MUMBAI, AUG. 5

Banking, and NBFCs to enhance transparency and consistency in loan pricing, said RBI governor Sanjay Malhotra.

The RBI said it proposes to rationalise the regulatory framework to address issues related to the margin, cost of funds-based lending rates and external benchmark-based lending rates. It will standardise divergent market practices concerning interest charging, including day-count conventions and benchmark reset dates.

Realty industry bodies Creadi and Naredco said a stable home loan interest rate regime would help sustain housing demand. "The launched a discussion paper on the move in January this year, and will be following up with the next steps shortly."

Trai draft allows varied rates for 4G, 5G

Authority of India (Trai) upholds network slicing and end-to-end service by Bharti Airtel. However, other leading telcos Reliance Jio and Vodafone Idea did not support the technology, considering it a discrimination against subscribers.

"before launch of any new network slice, service providers must ensure that sufficient capacity is available in the network

India plans fuel reserve,
may levy charges on LPG

New Delhi, Aug. 5: India may impose a charge on cooking gas and natural gas consumers to help fund a planned \$42 billion strategic fuel reserve, according to two sources with direct knowledge of the matter, after disruptions from the Iran war exposed supply chain vulnerabilities.

The plan would expand India's strategic reserves beyond crude oil for the first time, with stocks designed to cover about two months of crude and liquefied natural gas demand and around six weeks of liquefied petroleum gas, or cooking gas, consumption, the two sources said.

Under the plan, cooking and natural gas storage infrastructure would be financed through levies on users that could raise about \$1.5 billion annually, the sources said.

The ministry of petroleum and natural gas is considering a levy of ₹1.29 per kg of LPG, which would raise about \$460 million a year based on current consumption and add about ₹18 to the cost of a standard domestic cooking gas cylinder, the sources said.

HIGHER COSTS

- Plan would extend India's strategic reserves beyond crude oil for the first time.
- India's Ministry of Petroleum and Natural Gas is considering a levy of ₹1.29 per kg of LPG.
- Ministry has proposed a levy of ₹1.43 per standard cubic metre for natural gas.

For natural gas, the ministry has proposed a levy of ₹1.43 per standard cubic metre, generating about \$1 billion annually at current consumption levels, the sources said.

It was not immediately clear how the levies would be collected. The proceeds would primarily fund natural and cooking gas storage infrastructure, while crude reserves and strategic fuel inventories would continue to be financed by the federal government, the sources said.

The proposed levies would add about two per cent to household gas bills, the sources said. The petroleum ministry and the ministry of finance did not respond to requests for comment sent by Reuters on Tuesday.

- The proposed levies would add about 2% to household gas bills.
- The decade-long strategic reserve programme will require about \$42 billion.
- India is the world's third-largest oil importer.

The decade-long strategic reserve programme will require about \$42 billion, the two sources said, with more than half earmarked for building storage infrastructure and the remainder for stocking the reserves.

The government estimates it will need an additional 28 million metric tonnes of crude storage capacity, 9 million tonnes of LNG storage and 4 million tonnes of LPG storage over the next 10 years, they said.

The plan was drawn up after supply disruptions linked to the Middle East crisis, the sources said. The petroleum ministry and the ministry of finance did not respond to requests for comment sent by Reuters on Tuesday.

— Reuters

Air India appoints
Gebremariam as CEO

New Delhi, Aug. 5: Air India on Wednesday appointed former Ethiopian Airlines Group chief Tewelde Gebremariam as the new CEO.

Gebremariam, who will be the second foreign CEO at Air India, will be taking over the reins at a time when the airline is working on its expansion plans amid multiple external headwinds.

In the release, Air India mentioned that as the airline shifts from its foundational turnaround phase into a high-growth and profitable execution phase, Gebremariam brings crucial capabilities required for the airline's next leg of journey.

Tata Sons and Air India chairman N Chandrababu Naidu said that having completed the initial phase of stabilisation, integration, and fleet commitments, the airline is now entering its execution and expansion era.

Gebremariam comes with nearly four-decade-long experience at Ethiopian Airlines Group, including as its CEO for over 11 years. Currently, he is serving as a senior strategic advisor to Delta Airlines as well as the IFC World Bank Group. Tata Group took over Air India from the government in January 2022, and later Singapore Airlines acquired a 25.1 per cent stake in the airline. — PTI



Tewelde Gebremariam

● AIR INDIA chairman N Chandrababu Naidu said the airline has completed the initial phase of stabilisation, integration, and fleet commitments, and the airline is now entering its execution and expansion era.

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AUTOMOBILE STOCKS
GAIN AS MKTS END
FLAT ON RBI POLICYRAVI RANJAN PRASAD
MUMBAI, AUG. 5

Market closed flat despite a strong overnight close of US market and positive close of Asian market, RBI's monetary policy announcement keeping interest rates unchanged had positive impact on rate sensitive real estate and auto stocks.

The Sensex closed 0.19 per cent or 152 points up at 78,581 while Nifty-50 closed up by 0.04 per cent or 9.75 points up at 24,624.65. Domestic institutions were net buyers of equities worth ₹2883.17 crore while foreign portfolio investors were net sellers by ₹943.42 crore.

"Overall, easing crude oil prices, supportive monetary policy, resilient domestic fundamentals and a healthy earnings season are expected to provide support to Indian equities, although developments in West Asia and global geopolitical risks will remain key near-term monitorable," said Siddhartha Khemka, head-Research, Motilal Oswal Financial Services.

Meanwhile, Life Insurance Corporation of India's retail portion of offer for sale was subscribed 70.14 per cent on Wednesday. Government has raised ₹31,000 crore due to oversubscription by non-retail investors. As per data retail category investors applied for over 5.76 crore equity shares against total offer of 8.22 crore shares.

— Reuters

BIG PUSH Firm intends to offer wireless service for areas without cellular coverage
SpaceX to enter US telecom market

California, Aug. 5: SpaceX's ambition to build a full-fledged mobile service rattled investors in the U.S. wireless sector, as the company outlined plans that could eventually rival Starlink against industry leaders Verizon, AT&T and T-Mobile.

SpaceX acquired 65 MHz of 5G wireless spectrum licenses from EchoStar, for a total of \$19.6 billion through two deals announced last year, giving Starlink airwaves to expand into mobile services. "The spectrum that was purchased from EchoStar does have terrestrial com-

ponents, so we definitely intend to build out terrestrial service," SpaceX president Gwynne Shotwell said on Tuesday.

Shotwell said the company will build the infrastructure needed to make Starlink "a true mobile service" and expects to win "quite a few" customers from the Big Three wireless carriers.

The remarks mark SpaceX's clearest indication yet that it intends to pair its satellite network with ground-based infrastructure to offer a broader wireless service, moving beyond its current

NEW FOCUS

- SpaceX plans to build out land-based mobile services
- Company does not disclose expected cost, but says it will be capital efficient
- Verizon, AT&T and T-Mobile shares fall between 2.2% and 4%



direct-to-device service for areas without cellular coverage. Starlink, SpaceX's broader connectivity operations remain the company's primary financial engine. Analysts, however, cautioned that

turning Starlink into a nationwide wireless broadband service would require years of investment and execution. The three largest U.S. wireless carriers have invested hundreds of bil-



Editor's TAKE

Bangladesh reset: India's strategic dilemma

Two years after Sheikh Hasina's exile in India, New Delhi finds itself navigating one of the most delicate diplomatic transitions in its neighbourhood

Two years ago, on the afternoon of August 5, 2024, Sheikh Hasina boarded a military aircraft in Dhaka and landed hours later at Hindon Air Base outside Delhi, ending more than fifteen unbroken years in power and, with them, the closest strategic partnership India had built with any government in its eastern neighbourhood. In the twenty-four months since, Bangladesh has moved through more upheaval than most countries see in a decade. An interim government led by the Nobel laureate Muhammad Yunus took charge within days of Hasina's fall, promising reform and, eventually, elections. Later, the Bangladesh Nationalist Party, led by Tarique Rahman, won that election, and Rahman was sworn in as Prime Minister. Dhaka has been demanding the extradition of Sheikh Hasina, convicted of mass murder and sentenced to death. It has repeated the request several times since her sentencing, invoking the bilateral extradition treaty the two countries signed in 2013. India's reluctance to hurry an answer on extradition is often described in Delhi as caution; it would be more accurately described as a considered legal position.

India can no longer treat this as a waiting game, because Bangladesh is not waiting either. Prime Minister Rahman's own language has been careful – he has spoken of shaping foreign policy around the interests of Bangladesh and its people rather than old alignments and has avoided the anti-India rhetoric of the interim years. However, his leaning towards China is unmistakable. His first foreign visit as Prime Minister was to Beijing, not Delhi, despite Modi's early invitation. China has since pledged support for the long-delayed Teesta river management project – a scheme India itself had offered to help fund. Reportedly, China has gained a foothold at Bangladesh's Mongla Port and is discussing a China-Myanmar-Bangladesh economic corridor that would give Beijing another route to the Bay of Bengal. Dhaka's military and civilian contacts with Islamabad, revived through the interim years, have shown no clear sign of reversing under the new government.

India has the precarious task of managing Dhaka while not conceding its demand for Hasina's extradition. Violence that followed Hasina's fall did not end with her departure or with the election. Minority rights groups recorded several attacks on Hindus and other minorities in the first six months of this year alone, and 44 deaths – evidence that the intimidation of Bangladesh's minorities has become a structural problem.

The most useful thing India can do for its own standing in Dhaka is finish what it has spent fifteen years promising. Reviving the Teesta project on workable terms, pushing the free trade talks that have moved at a crawl, and fast-tracking connectivity and energy projects would do more to blunt China's advances than any number of demarches about Mongla Port. The task now is difficult, though doable: hold the legal line on Hasina without turning it into theatre, and do the patient work – on water, trade, connectivity and minority rights – that wins back a neighbourhood India cannot afford to lose to Beijing.

Why the BJP must reconnect with Gen X

Every successful political party eventually confronts the challenge of a changing electorate. For the BJP, that challenge comes from Generation X – a demographic shaped by economic reforms, political upheavals and decades of institutional change



KALYANI SHANKAR

The political scene in India is changing quickly, and the Bharatiya Janata Party (BJP) is facing a key moment in its history. It needs to think about how to engage Generation X. The ruling Modi government struggled with Generation X, which launched an unexpected agitation that took the government by surprise. This group has evolved through economic and political events. The new Anti-Leak Bill aims to improve transparency in government dealings.

Generation X is described as the "forgotten generation" or the "middle child" between the larger Baby Boomer and Millennial cohorts. A distinct sense of independence, pragmatism and scepticism towards established institutions characterises this demographic. Generation X has experienced significant national and global events, including economic recessions, the emergence of the internet and critical political transformations. Many individuals within this cohort encountered challenges in the job market during the 1990s and were affected by the implications of liberalisation policies, which presented both opportunities and uncertainties.

This generation values authenticity and practicality, focusing on real benefits rather than empty promises. For Generation X, this means they will carefully examine how the Anti-Leak Bill affects real life. To win their support, it is important to clearly explain what the Bill aims to do and how it protects people.

Last week, Parliament passed the Anti-Leak Bill to stop information leaks that could threaten national security and public safety. This Bill has received mixed reviews. It raises important questions about how to balance national security with individual freedoms. Critics believe that, while protecting sensitive information is important, the Bill could be misused. They worry it might undermine freedoms such as free speech and limit the space for different viewpoints. It is also worth noting that the Anti-Leak Bill was created to prevent information leaks in examinations.

These concerns are very important to Generation X, who value accountability and transparency in government. Many Gen Xers see this legislation as a repeat of past government actions, where laws meant for security were used to silence dissent. They are understandably cautious and sceptical.



THE BJP CAN USE DIGITAL PLATFORMS FOR OUTREACH, POLICY DISCUSSIONS AND EDUCATIONAL CAMPAIGNS. BY ANALYSING DATA AND USING SOCIAL MEDIA INSIGHTS, THE PARTY CAN FOCUS ITS MESSAGES ON THE ISSUES THAT MATTER MOST TO GENERATION X

The writer is a popular columnist

To win back Generation X, the BJP needs a clear strategy. This strategy should do more than promote policies or highlight guaranteed outcomes. Several additional approaches could help achieve this goal.

First, genuine engagement with Generation X through town halls and social media can make them feel respected and included in decision-making processes, strengthening their connection with the party.

Secondly, face-to-face engagement fosters a sense of community and validation for voters. At the same time, digital platforms can facilitate wider outreach, especially appealing to the more tech-savvy members of Generation X.

Thirdly, prioritising transparency by clearly explaining the Anti-Leak Bill's objectives and safeguards can help Generation X feel reassured and trust the BJP's commitment to their interests.

Fourthly, sharing information in simple formats such as infographics and public bulletins can attract a generation that wants quick and clear answers. In addition, involving experts in discussions can strengthen the party's credibility and show that it is inclusive and responsive.

Fifthly, the BJP should actively promote and highlight its successes in areas that resonate with Generation X's values. Economic stability, job creation, skill development initiatives and success in digital governance are all subjects that can positively influence this group.

Sixthly, emphasising meaningful development projects and policies that have directly impacted the lives of Gen Xers can help reinforce the party's commitment to their well-being. Reassuring Generation X about the importance of individual rights is paramount. The BJP should explain how the Anti-

Leak Bill supports democratic values. They need to show the safeguards in place, mention that there will be independent oversight, and highlight that there are ways for people to express their concerns. This can help bridge the trust gap with this sceptical demographic.

Seventhly, by engaging civil society and involving diverse voices in discussions about governance and policy, the BJP can showcase its investment in a democratic framework that values collective and individual rights.

The BJP can use digital platforms for outreach, policy discussions and educational campaigns. By analysing data and using social media insights, the party can focus its messages on the issues that matter most to Generation X. This approach will help ensure that communication connects with them on a personal level. While the Anti-Leak Bill presents challenges for the BJP in regaining generational trust, it is also an opportunity for the party to evolve its approach and demonstrate its commitment to accountability and openness. Winning back Generation X will demand sustained effort, fostering an environment where the party can position itself as a progressive party that values the voices of all demographics, including Generation X. Winning back Generation X after the Anti-Leak Bill, the party can regain trust and support from this group. The BJP should engage with them, be transparent, respect their rights and use technology effectively. Gen X plays an important role in Indian politics, so the BJP must pay attention to improving its image with them. By using clear strategies and building real connections, the BJP can strengthen its relationship with Gen X.

PICTALK



A farmer carrying a plough passes by as dark monsoon clouds hover in Nadia district, West Bengal. PHOTO: PTI

DIGITAL EXPERIENCE

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BUILDING STRONG READING HABITS FOR A BETTER FUTURE

This refers to the news report, "Government directs schools to introduce daily 30-minute reading session, library activities" (August 5). The Delhi government's decision to strengthen reading habits in schools is a timely and welcome initiative.

At a time when many students are increasingly drawn to mobile phones, social media and other electronic devices, regular reading can restore attention, curiosity and independent thinking. Books encourage patience, imagination and deeper understanding in ways that short digital content rarely can. However, the success of this initiative will depend on consistent implementation rather than another well-intentioned circular.

Schools must ensure that libraries are well stocked with age appropriate and diverse books, including literature in

regional languages. Teachers should be encouraged to discuss books with students instead of treating reading as a silent routine or merely another academic task. Reading clubs, storytelling sessions, author interactions and peer recommendations can make reading enjoyable rather than compulsory.

Parents, too, have an important role in creating a reading culture at home by setting aside time to read with their children and limiting unnecessary screen exposure. School libraries should remain active learning spaces throughout the year, with librarians guiding students according to their interests and reading levels. If children discover the joy of reading early, they are more likely to become informed, thoughtful and responsible citizens.

K SAKUNTHALA | COIMBATORE

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

God can help if you get sleepless nights



AJIT KUMAR BISHNOI

2ND OPINION

First of all, it must be understood that sleeping is a basic necessity of the material body. This, along with eating, is essential for the material body to exist. Lord Krishna has instructed us in the Bhagavad Gita to sleep and stay awake as required (6.17), that is, neither too much nor too little (6.16). In short, it should be *yukta* (just right).

What is right varies at different ages. A tiny infant sleeps almost round the clock, except when he or she wakes up to be fed. Children require seven to eight hours of sleep to rejuvenate their tired bodies. This continues into youth, although it is closer to seven hours. As one advances to middle age, the requirement is still around seven hours, but it begins to become difficult to manage, especially if the mind is disturbed. This problem gets worse in old age. There is less deep sleep;



one wakes up early, and even total sleep is affected. Naps during the day are required to maintain the necessary energy level.

The important question that must be answered is: Can one manage with naps if there is deficient sleep at night, which is normally the case in old age? The answer, fortunately, is yes. A good sleep after lunch restores the body to a good energy level, and the mind is refreshed. Some older people take two or three naps during the day, which keep them going.

All this is fine, but there are normally problems in sleeping well, beginning from middle age. If advancing age is a problem in itself, most people compound it by having

impossible dreams that are never going to be fulfilled. Added to this is *bhogabhava* (the mood of sense enjoyment), which is never satisfied. Material attractions are embraced, and the mind, which is key to good sleep, gets affected. What people do then is even worse. Rather than accepting the reality of age causing changes in sleep patterns, they resort to drinking alcohol, taking sleeping pills or even drugs to get to sleep. In developed countries such as the USA, 54 per cent of the adult population drinks alcohol, and around 10 per cent take sedatives to sleep. An overinflated ego does not allow one to look for the real solution, which is taking shelter in God.

How can God help? He begins to reform the person if one takes His shelter and decides to remain in it. Systematically, God guides one towards solutions to individual problems. As one experiences these changes, one starts to become hopeful. One begins to look after one's health seriously rather than lamenting one's luck. One begins to accept the reality that the Earth is a *dukkhalaya* (place of misery), as are the changes in sleep patterns. One becomes a devotee, and the mind starts to become peaceful. Night-time dreams are no longer scary and disturbing. There are no heresies as well to being under the shelter of God. He provides what one lacks, including good sleep, and protects what one has, giving hope for a smooth life from now onwards.

The writer is a spiritual teacher

LETTERS TO THE EDITOR

The foundation of India's future

India's ability to sustain high economic growth depends on the strength of its talent base. While the country has one of the world's largest workforces, the priority now is developing deep-tech, advanced manufacturing and digital skills. These capabilities will strengthen competitiveness not only in IT services but also in manufacturing, infrastructure, healthcare, public administration and other innovation-driven sectors.

India must also expand its design and manufacturing capabilities, focusing not just on scale but on sophistication. The shift from assembly-line production to value-chain leadership requires industry 4.0 technologies, automation, design expertise and export readiness. With better access to credit, AI tools, quality systems and logistics, MSMEs can integrate into global supply chains and boost exports. Equally important is strengthening both physical and digital infrastructure. Investments in logistics, transport networks and industrial capacity must complement India's digital public infrastructure, including identity systems, payment platforms and data exchange networks. The next phase lies in converting these digital assets into industry-led products and services that drive innovation, productivity and long-term economic growth, positioning India as a global technology and manufacturing hub.

CK SURESH | BANGALORE

Youth power driving India's self-reliance

India is undergoing a defining phase of transformation, with its youth emerging as the driving force behind the nation's progress. Across education, skill development, entrepreneurship, innovation, sports and public service, young Indians are shaping a future marked by confidence, creativity and excellence. Prime Minister Narendra Modi has identified the poor, youth, farmers and women as the four pillars of a developed India. Among them, the youth occupy a pivotal position as the architects of *Viksit Bharat* 2047.

Recognised as the *Amrit Pehli*, they are actively building the nation through talent, determination and enterprise. Over the past 12 years, the Government of India has invested in expanding opportunities in education, startups, innovation, public service, sports and the creative economy to unlock the potential of young Indians.

The 2014-2026 period has witnessed a shift towards digitised governance, structural economic formalisation and large-scale infrastructure development. Flagship initiatives such as Digital India and Make in India have helped move the country from fragmented systems to integrated national frameworks, promoting financial inclusion, strengthening manufacturing capabilities and advancing the goal of self-reliance.

CK SUBRAMANIAM | MUMBAI

An irreplaceable loss to Indian cinema

The demise of veteran actor Pradeep Rawat at the age of 74 has brought grief to the film fraternity and millions of cinema enthusiasts. Throughout his distinguished career, he earned widespread appreciation for portraying strong, impactful characters that left a lasting impression on audiences.

His remarkable performances across Hindi and regional cinema reflected his immense talent and unwavering dedication to the craft of acting.

Pradeep Rawat's journey serves as a reminder that cinema flourishes because of artists who bring sincerity and conviction to every role, regardless of its prominence. His commanding performances, remarkable versatility and professional commitment enriched countless films and set a high standard for aspiring actors. His passing also highlights the importance of recognising the invaluable contribution of character actors, who often remain the backbone of meaningful storytelling.

As the curtain falls on the life of a distinguished performer, Pradeep Rawat leaves behind a legacy that will continue to inspire the world of cinema. His unforgettable performances and lasting contribution to Indian cinema will always be cherished, ensuring that his memory lives on in the hearts of audiences for years to come.

RUKMA SHARMA | JALANDHAR



Beyond punishment: Restoring the soul of India's examination system

The passage of the Public Examinations Amendment Bill, 2026, marks an important attempt to restore public confidence. But the legislation will achieve its purpose only if it becomes part of a broader reform agenda that strengthens institutions, embraces technology, and rebuilds trust in the integrity of public examinations



PRAMOD BORO

"The future of a nation is not stolen only on the battlefield; sometimes it is stolen silently, in a room where a question paper is sold before the examination begins."

Every year, millions of young Indians walk into examination halls carrying more than admit cards. They carry the dreams of parents who sacrificed comforts, teachers who nurtured hope, and a nation that believes education remains the fairest path to opportunity. For many families, a single examination is not merely a test—it is the turning point of generations.

Yet, when a question paper is leaked, something far greater than an examination is compromised. It is not merely the sanctity of a test that is broken; it is the faith of honest students, the dignity of public institutions, and the moral promise of our Republic.

The Public Examinations (Prevention of Unfair Means) Amendment Bill, 2026, passed by both Houses of Parliament during the Monsoon Session 2026, is therefore more than an amendment to the law enacted in 2024. It serves as an affirmation that the dreams of India's youth are not commodities to be bought and sold. It is a national resolve that merit shall never again become the victim of organised crime.

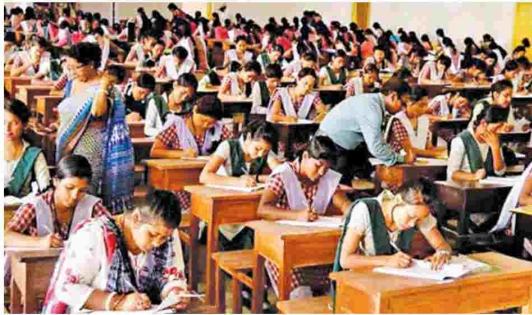
For too long, irregularities in the examination process have been treated as isolated incidents. In truth, every paper leak is an organised assault on justice. Behind every leaked question paper lies a chain of corruption—brokers, middlemen, technology experts, dishonest officials, organised criminal syndicates, and those who profit from the desperation of students. As noted by the K Radhakrishnan-led Committee of Experts, established in 2024, vulnerabilities exist throughout the entire testing cycle that have been exploited for a long time. History teaches us an uncomfortable truth. The crisis before us did not arise overnight, nor is it the failure of any one government or one institution. Successive governments, across decades, struggled with recurring weaknesses in examination security, investigation, and accountability. Institutions often reacted after the damage had already been done. Criminals learnt that the rewards were enormous while the risks remained limited. Such softness emboldened organised networks whose only objective was profit, regardless of the shattered futures they left behind. The world now watches India not merely as the largest democracy but as a rising knowledge economy. Every examination that echoes beyond our borders, raising questions about the credibility of our educational institutions. A nation aspiring to lead in science, technology, medicine and innovation cannot afford uncertainty in the very examinations that identify its future talent.

For this reason, stronger punishment is both necessary and justified. Those who organise paper leaks are not committing ordinary offences; they are committing crimes against the future of the nation.

It has been observed that, in many recent cases, leaks have come to light after citizens, including whistleblowers and teachers/professors, found that some copies of papers already in circulation matched exactly with the papers that were used in the examination. The inability of the testing agencies and concerned authorities to identify irregularities reflects key gaps in the internal detection machinery of examination authorities. A revamped, dedicated vigilance wing must be created in all public examination bodies. It should be manned by permanent staff, with adequate safeguards against conflicts of interest.

A law that punishes criminals but ignores institutional shortcomings remains incomplete. Accountability must extend beyond the accused to every authority entrusted with protecting public examinations.

The National Testing Agency and every examination-conducting body must become institutions that are transparent, answerable, and willing to learn from every mistake. After every major examination, they should publish an Examination Integrity Report explaining what worked, what failed, what vulnerabilities were identified, and how those weaknesses will be permanently corrected. The Government should also take the necessary steps to bring the National Testing Agency within the scope of statutory audits by the Comptroller and



Auditor General (CAG).

The Ministry of Education must also complete an equally important responsibility. Numerous expert bodies including the K Radhakrishnan Committee, the Justice AK Ranjan Committee, parliamentary committees, and ministerial panels have invested immense intellectual effort in examining examination reforms. Their recommendations should not remain confined to government files. A comprehensive Action Taken Report detailing which recommendations have been implemented must be placed before both Houses of Parliament for perusal by elected representatives. The greatest lesson emerging from these committees is that technology should become our strongest ally.

In the twenty-first century, we trust technology with our banking, our taxation, our passports, our digital identities, and even the conduct of elections. It is therefore legitimate to ask: why should millions of high-stakes examinations continue to rely predominantly on vulnerable paper-based systems when safer technological alternatives are available?

India must gradually embrace secure computer-based testing wherever infrastructure permits. Artificial intelligence, encrypted digital transmission, blockchain-enabled audit trails, biometric authentication, cyber-security monitoring, and real-time digital surveillance should become the guardians of examination integrity. Technology cannot eliminate every risk, but it can make organised fraud extraordinarily difficult and far easier to detect. A strong forensic infrastructure is indispensable for the effective investigation and prosecution of paper leak offences, as modern examination fraud is increasingly orchestrated through digital means rather than conventional physical methods. However, technology alone cannot solve an educational problem whose roots lie much deeper. The dependence of students on expensive private coaching reflects another challenge. When success in national entrance examinations appears impossible without years of coaching, it raises serious questions about the strength of our school education system.

Low government investment in education remains a critical structural challenge in India, with combined Union and State spending hovering around 4.1% of GDP—falling well short of the long-standing 6% target recommended by various panels.

Government schools must once again become centres of academic excellence through sustained investment in enhancing their competitiveness. Science education at the higher secondary level should be modernised, laboratories strengthened, and teachers continuously trained in contemporary teaching methods. Private coaching centres undoubtedly support many students, but their rapid expansion also demands responsible regulation. Perhaps the most overlooked voices in examination reform are those who experience the system first-hand. Students know where fear exists. Parents understand the emotional burden of uncertainty. Teachers witness the strengths and weaknesses of the process from within. Their collective wisdom should become part of public policy.

Ultimately, no reform can succeed without leadership. Leadership is not measured only by authority during moments of success; it is measured by responsibility during moments of failure. Accountability should never be viewed as blame. It is the foundation upon which public trust is rebuilt.

India's youth deserve more than promises. They deserve an examination system where preparation matters more than privilege, honesty triumphs over manipulation, and merit is never defeated by money or influence.

The writer is a Member of Parliament, Rajya Sabha (Assam)

Universities, sustainability and the idea of self-reliance



MD AFSHAR ALAM

Having served as Vice-Chancellor of Jamia Hamdard for five years, I came to appreciate that sustainability cannot be understood through isolated projects or policy statements alone. It is reflected in the choices a university makes every day. Decisions relating to energy use, water conservation, waste management, research priorities and student engagement together determine whether sustainability becomes part of an institution's culture or remains an administrative objective. Sustainability is most effective when it becomes part of the way a university functions rather than a collection of independent activities. Those experiences also shaped my understanding of self-reliance. Discussions on Atmanirbhar Bharat often focus on manufacturing, technology and economic growth, while sustainability is viewed largely through the lens of environmental protection. Universities bring these two ideas together in a natural way. Against this background, several Sustainable Development Goals assume particular importance for higher education.

SDG 4: Quality Education lies at the heart of every university. It calls for inclusive and equitable education while promoting life-long learning. For universities, this means far more than increasing enrolment. Students must also graduate with the knowledge, skills and values needed to respond to social, economic and environmental challenges. Sustainability should therefore not remain confined to a single elective course or an annual awareness programme. It should gradually become part of teaching across disciplines.

During my tenure, I found that this was often the most demanding aspect of institutional leadership. Building infrastructure is comparatively straightforward.

SDG 6: Clean Water and Sanitation carries particular significance for Indian universities, many of which operate in regions facing increasing pressure on water resources. Responsible water management is therefore no longer simply an environmental concern; it is an institutional responsibility. Rainwater harvesting, wastewater treatment, groundwater recharge and efficient water use should form part of long-term campus planning rather than isolated environmental initiatives. At Jamia Hamdard, sustained investment in rainwater harvesting and water conservation demonstrated how environmental responsibility could be translated into institutional practice. Recognition received for these efforts was encouraging, but the larger achievement lay in making responsible water management part of the University's everyday functioning.

SDG 7: Affordable and Clean Energy reminds universities that sustainability must also be reflected in the way campuses are planned and managed. A modern university consumes significant amounts of electricity through laboratories, classrooms, libraries, hospitals, hostels and administrative buildings. Energy decisions therefore affect both the environment and institutional finances. During my tenure at Jamia Hamdard, we continued to expand the use of solar energy as part of a broader effort to reduce dependence on conventional power sources. The objective was not simply to lower energy costs but to demonstrate that renewable energy could become a normal part of university life.

SDG 9: Industry, Innovation and Infrastructure highlights another responsibility that universities carry. Research has always been central to higher education, but its significance extends well beyond publication and academic recognition. Universities contribute to national development when they encourage innovation, strengthen research infrastructure and work with industry to solve practical problems.

SDG 11: Sustainable Cities and Communities extends the University's responsibility beyond its own campus. Universities are closely connected with the cities and neighbourhoods in which they are located through healthcare services, legal aid, extension activities, environmental awareness programmes and community engagement. Their contribution should therefore be assessed not only through academic performance but also through the positive influence they have on the communities they serve.

SDG 12: Responsible Consumption and Production draws attention to the everyday decisions that shape the culture of a campus. Waste segregation, recycling, responsible procurement, composting, e-waste management and the efficient use of resources may appear to be administrative matters, yet together they reflect the values an institution seeks to promote. Jamia Hamdard continued to strengthen these practices through waste management initiatives, recycling programmes and environmentally responsible campus management.

SDG 13: Climate Action provides the broader context within which many of these initiatives come together. Climate change is no longer an issue confined to environmental science. It affects public health, agriculture, infrastructure, urban development and economic planning. Universities therefore have a responsibility to respond through teaching, research and institutional practice. During my tenure, environmental awareness programmes, workshops and academic activities organised through the Centre for Environment and Sustainable Development encouraged students and faculty to engage with these questions in a meaningful way. No university can achieve these objectives in isolation, which makes SDG 17: Partnerships for the Goals particularly important. Collaboration with government agencies, research institutions, industry and civil society creates opportunities that no single university can achieve on its own. Such partnerships strengthen research, expand opportunities for students and allow institutions to share knowledge and good practices.

The writer served as Vice-Chancellor of Jamia Hamdard and is currently Professor in the Department of Computer Science and Engineering at Jamia Hamdard

India's labour codes: A defining reform for the 2047 growth story



APURVA CHANDRA

KAUSHAL MAHAN

Achieving the vision of Viksit Bharat by 2047 will depend as much on modernising India's labour market as on strengthening its infrastructure, technological capabilities, and capital base. A young demographic alone does not guarantee growth; it must be supported by institutions that enable productivity, mobility, and formalisation at scale. In this context, the Labour Codes assume strategic importance. They are not merely a consolidation of twenty-nine labour laws, but a reorientation of how India balances flexibility, protection, and competitiveness in its labour market.

The Code on Wages seeks to establish a more harmonised and equitable wage framework. The statutory floor wage, to be determined by the Central Government, is intended to create a national wage baseline to reduce inter-state and inter-sectoral disparities and strengthen income

protection. This is complemented by a uniform definition of wages to minimise interpretational ambiguities, ensure consistency in compliance, and limit regulatory arbitrage, thereby enhancing clarity and predictability in wage-setting.

A second pillar of the reforms focuses on enhancing labour market flexibility while retaining core worker protections. The provision for fixed-term employment enables enterprises to adjust workforce requirements in line with demand conditions while ensuring parity in wages and statutory benefits with permanent workers. This is complemented by enabling provisions on working hours, shift arrangements, and overtime, which provide operational flexibility, particularly for sectors integrated with global production and service delivery cycles.

The Codes also seek to rationalise and strengthen India's industrial relations framework. The Code provides for the recognition of a negotiating union or, where no single union meets the prescribed threshold, a negotiating council, thereby creating a structured mechanism for collective bargaining and worker-employer engagement. This is complemented by the provision for a National Industrial Tribunal within the industrial dispute resolution architecture, alongside broader efforts to make dispute resolution more structured and efficient. The higher threshold for prior permission in cases of lay-off, retrenchment, and closure shifts the regulatory balance for larger establishments.

Reducing the compliance burden is a key objective of the Codes. The framework provides for single registration and the possibility of an all-



India licence for certain categories of establishments, alongside simplified filing requirements, with the aim of addressing barriers to scale for enterprises with multi-state operations. This, together with digitised registration, compliance, and inspection systems, is expected to lower transaction costs, streamline regulatory processes, and improve the ease of doing business, particularly for MSMEs transitioning towards formalisation.

Worker welfare and inclusion also constitute a core component of the framework. The extension of social security coverage to gig and platform workers, along with their recognition as a distinct category, reflects the evolving nature of employment and the increasing role of platform-based work. In parallel, provisions relating to women's night-shift work, subject to consent and safety safeguards, as well as crèche facilities under the welfare framework, may support higher female labour

force participation and expand opportunities across sectors. The Codes also seek to standardise government legislation on safety, health, and working conditions. They provide for a single, tripartite National Occupational Safety and Health Advisory Board, with representation from governments, employers, and workers, to advise on standards and regulatory frameworks.

Taken together, these provisions indicate a shift towards a labour market framework aligned with the requirements of a modern and evolving, globally integrated economy. In addressing key sectors such as electronics, textiles, and auto components, enhanced hiring flexibility, clearer industrial relations mechanisms, and streamlined compliance systems are expected to support productivity and facilitate integration into global value chains. For MSMEs, simplified regulatory processes and reduced compliance burdens may enable gradual formalisation and improved access to finance and markets. In services and emerging sectors, including the platform economy, the recognition of new categories of workers and the extension of social security are expected to enhance both worker welfare and labour market efficiency. The enabling framework for flexible workforce arrangements, supported by clearer regulatory norms, is particularly relevant for sectors characterised by dynamic demand conditions and evolving business models.

However, the effectiveness of these reforms will depend on their implementation within India's federal framework. As labour is a Concurrent Subject, variations in state-level notification and

enforcement may result in uneven outcomes across jurisdictions. The continued applicability of legacy state legislation, such as the Mahadad Act (1969) in Maharashtra and the Kerala Headload Workers Act (1978), could create regulatory overlaps and constrain the objective of a harmonised national framework. Administrative capacity will also be a critical determinant of outcomes.

The effectiveness of digitised compliance frameworks, inspection systems, and dispute resolution mechanisms will depend on institutional readiness at the state level. In addressing these challenges, the reforms will require sustained Central-State coordination, supported by continuous, structured engagement with industry, worker representatives, and other relevant stakeholders. Targeted investments in digital infrastructure, institutional capacity, and awareness generation will be essential to translate the intent of the reforms into effective on-ground outcomes. The Labour Codes represent a structural reform in India's labour market architecture, with the potential to recalibrate the balance between regulation, competitiveness, and inclusion. Their effectiveness will depend on the quality of implementation and institutionalisation across jurisdictions. As India advances towards the vision of Viksit Bharat, the Codes can serve as a key enabler of a more productive, formalised, and globally competitive workforce, supporting sustained and resilient growth.

The writers are Apurva Chandra, former Secretary to the Government of India, and Kaushal Mahan, Managing Principal, Chase Advisors



A thought for today

You stick a credit card in a machine, and you pay \$3 or whatever it is to get cash – your own money

BILL JANKLOW

Free UPI, Forever

It's become India's main currency. Letting payments firms milk it now would be short-sighted

UPI is arguably India's biggest success. It is the world's largest real-time payment platform. Almost half of such payments, globally, happen on it. In absolute terms, there were more than 24,000 crore UPI transactions in 2025-26, altogether worth ₹314L cr. For perspective, India's GDP last fiscal was ₹346.4L cr. How did UPI grow so big? There are many reasons, but the one that spurred its growth most was removal of MDR or 'merchant discount rate'. That's the fee banks and other intermediaries charge to make UPI payments go through. When MDR was waived, UPI became 'digital cash', so even grocers and autowallahs started accepting it.

Now, UPI is India's main currency. So, it's odd that govt wants to restore MDR on it. The finance minister moved a bill on Tuesday to allow this. If The Taxation and Other Laws (Amendment) Bill passes, UPI payments over ₹2,000 to merchants could face MDR of 0.25%-0.4%. That doesn't sound like much. On ₹2,000, the MDR would be 'just' ₹5-₹8. And as govt says, only 5% of UPI merchant payments involve sums greater than ₹2,000. Still, the move sounds unfair on principle.

Why is MDR needed? Payments industry claims processing UPI transactions is costly. They have to spend on servers, software, staff, fees, etc. But there's no transparency about the per transaction cost. We can only guess: govt subsidy for 95% of UPI merchant transactions – those below ₹2,000 – was ₹2,196cr last fiscal. The other 5% surely can't cost more. In which case, UPI is already paying for itself many times over.

Consider this: in 2025-26, RBI destroyed 1,700cr spoilt notes, and spent ₹4,875cr on printing fresh currency. How much more would it have spent on currency if we didn't have UPI? But printing is the smallest cost of physical cash – it has to be sorted, transported, stored, authenticated. Have banks considered how many thousands crores UPI has saved them in staff costs and rent for additional branches and ATMs? A Visa report estimated that cash cost India 1.7% of GDP in 2014-15. Even 0.1% of GDP today amounts to over ₹30,000cr. And then, there's improved tax compliance with increasing digitalisation of payments. So, for the nation, free UPI is a gift that keeps giving. Govt should look at this big picture, and find other ways to compensate financial intermediaries for UPI's costs.

Fuelling More Debate

Withdrawal of auto body's letter on ethanol 'contamination' doesn't help GOI's case

SIAM pulled a letter written to petroleum & natural gas ministry, in which the auto industry body had reportedly flagged contamination in the ethanol supply chain for E20 petrol. The letter, per reports, was written after investigation of cases of corrosive damage in fuel system and exhaust components of vehicles using E20 fuel – an issue linked to chloride-contaminated ethanol, and exposure to moisture. The letter also reported cases of vehicles stalling soon after refuelling, likely because moisture caused the ethanol and petrol to separate. The withdrawal of SIAM's letter, coming on top of GOI's less-than-convincing efforts to address motorists' and industry's concerns about E20's rollout, heightens public concern over using the blended fuel. To the issues of – 1) drop in mileage, 2) quandary of motorists owning older vehicles, and 3) govt claims and their counters – add another. If ethanol is contaminated, the risk of damage to cars, even those manufactured after 2023, making them "E20-compliant", grows manifold.



Earlier, petrol pump dealers had asked GOI for better testing equipment and clear guidelines, saying they lack the tools to properly check E20 fuel quality. Question is, who is listening?

Ministry's constant thrum has been to say concerns are overblown. GOI claims E20 is efficient, but motorists care about cost per km, not just price per litre. When mileage falls, savings at the pump are offset. Govt claimed no compatibility issues, but as is evident, "can run" and "designed for" are different standards. On July 30, GOI assured Parliament that transition to E20 was "undertaken after successful validation of fuel systems, engine durability, drivability, material compatibility..." It makes sense, therefore, to make this extensive data public. What seems clear is this: many motorists' on-road experience is at variance with GOI's claims. Lack of transparency only expands the room for continued debate.

Gaali Girls

Some questions on shame and kshama

Bachi Karkara



Nixon created 'Expletives Deleted'. Trump patented 'Expletives Repeated'. But we Bharatyas are shudh shakhari in bhasha. Our men are entitled to leeway, but our girls have to be sattvik, never shudh. However, being more evolved than the decadent, short-haired West, we forgive the misled, especially the misled. As borne out by last weekend's magnanimous response to the Cockycoaches.

But, not everyone is on the same script. After patriotically excising all traces of colonialism, are we now to turn Victorian? Make our girls too repeat 'Prunes, prisms and poetry to say, A wilful young woman must learn to obey?' Will popular 'Tales for Rebel Girls' be tamed by our textbook tarts? Will Rani Lakshmi Bai of Jhansi be cancelled? Ditto 12th-century Kannada, gender-bender, *chachana* poet Akka Mahadevi? She defied patriarchy; she shed all worldly possessions, including clothing; refused arranged marriage, to a king no less, and considered Shiv her only true husband. Will even Meerabai be banned? She did more or less the same, no, wandering around yearning after 'cowlerd' Krishna?

Then, what about 'Queen' Kangana? In her break-out film didn't she *bindas* jazz off on a solo honeymoon instead of the expected 'Hai, hai, barbaad ho gayi!' breast-beating after being ditched at the *mandap*? Does her 'Gutter Generation' not count as a 'drain inspector's report' – borrow Gandhiji's caustic comment on *Mother India*, Katherine Mayo's 1927 book – on our women's status?

Is it okay for trolls to threaten rape? Desi dudes' daily 'ma-behen' spit-out is not even considered a *gaali*, but an exasperated girl's outburst is an unlawful act?

Can Gen Z have its own four-letter words? 'Jeez', should proud Hindu families be borrowing from the Bible? Like 'Turn the other cheek on the cheeky?' Or 'Father forgives them for they know not what they say'?

Will the next Bhaktwood hit-song be 'Jumma, kshama dede'?

Alec Smart said: "Kanyasulkas will again block carwariyas."

Saurabh Gupta & Aditya Prasanna Bhattacharya



Let us begin with the obvious. The words spoken about PM at Jantar Mantar on July 23 were crude. It is no secret that they rebuffed no policy and answered no argument. A protest that had already forced a Union minister to resign on the strength of its grievance was diminished by them, not helped. They deserve condemnation.

On July 29, Noida police registered a zero FIR against the girl who spoke them. A zero FIR is one recorded at a station that has no local jurisdiction and then transferred onward, in this case, to Delhi.

The sections invoked were 352, 353(1) and 356(1) of Bharatiya Nyaya Sanhita, dealing with insult, public mischief and defamation respectively. The complaint came not from the person spoken about, but from a lawyer who had watched a video. The reasoning was that those words lowered the dignity of a constitutional office.

To see what is wrong with this FIR, look at where these three provisions came from. All of them descend from Macaulay's Penal Code, enacted in 1860. Section 356, defamation, was section 499 of that Code. Macaulay took the English law of libel and slander, collapsed its two branches into a single offence, and made it a crime to harm a person's reputation. Section 352 was section 504: intentional insult that is likely to provoke the person insulted to use force, breaking the peace. Section 353 was section 505: statements that spread panic among the public or incite others to disorder.

Read together, the pattern is plain. Each provision guards against concrete harm, a ruined reputation, a brawl, a public disturbance. Not one of them is meant to protect the dignity of an office.

The Supreme Court has kept these sections tethered to that purpose. On insult, it has held for decades that mere abuse, rudeness, or discourtesy will not do. The words must be likely to provoke the person insulted into a breach of the peace. On public mischief, intention is the heart of the offence.

Offensive words by themselves do not constitute an offence under law. India's new criminal code is very clear on this. The answer to bad speech in a democracy is condemnation and better argument

Mantar. The words were undoubtedly offensive, but this does not mean that they were offences.

Take insult first. The offence punishes an insult likely to provoke the person insulted into breaking the peace. But quite obviously, this was simply not a possibility in the present case. The person being spoken about wasn't at Jantar Mantar. He was never going to be provoked into a public dispute by a video. And,

Revolutionising Office Commute: View From An E-Scooter

Their cost, convenience, and size make them the best option for work runs. Dedicated lanes, new designs, and better safety could dramatically ease road congestion, even saving money for city authorities

Sujit John@timesofindia.com



For four years, I've been using an electric scooter to commute to work. Till before the Covid lockdown, I commuted mostly by public bus. Post-Covid, Bengaluru bus corporation's fleet had reduced, and buses were congested. I considered my options, including the near impossibility of getting car parking near my office. And finally decided on a scooter, despite dire warnings: "Really? At this age?"

Office is 18km from home. And there can get boring. Unlike in a car where you can listen to music or podcasts, it's not that simple on a scooter – helmets and eyeglasses integrated with Bluetooth speakers are expensive, though quality cheaper ones are in the works. Rain and harsh sun can be dampeners too.

But these aside, I'm loving my scooter. I love it most when I squeeze through long queues of cars stuck in a jam. Google map estimations invariably show two-wheelers taking 10-20 minutes less time than cars for distances of 15-25km in the city's notorious traffic conditions. I estimate I save 88 to 132 hours of driving a year compared to using a car.

I love the ease of parking. Electric acceleration is phenomenal. The scooter has great software features, including a lovely Google map on the dashboard that now even tells me which roads are smoother. The latest software update allows me to talk to my scooter naturally to set routes, make and manage calls, adjust settings, and control media without taking my hands off the handlebar. And the cost is unbelievable. My office

provides free charging. So, operational cost is zero – barring when I take it in for routine service every 5,000km, when I typically pay less than ₹1,000. A colleague who bought an electric scooter eight years ago, has taken it for routine service once every two years, and has needed just one part replacement – a brake lever. An electric scooter has about 1,000 to 2,000 fewer moving and wearable parts (like pistons, valves, and gears) compared



to a traditional internal combustion engine (ICE) scooter. And there's no internal fluid changes required. So, typical maintenance is limited to standard wear-and-tear items like brakes, tyres, and battery health checks.

That brings me to a larger point. EVs are upending the economics of urban transportation. Many of us concerned about the environment romanticise cycling and walking. But neither is viable for office commute in our mega cities. We also live in hope that we can build a public transport system so good that those using personal vehicles will move to them.

Yet, progress is abysmally slow.

A car is made to carry at least 45 people, and 2-4 suitcases. But more than 90% of the time, it's used by one person with a single bag. Any factory operating at that capacity would be shut down in months. Yet, we pamper cars by building bigger roads to huge costs.

In comparison, a two-wheeler is already a very efficient vehicle in terms of road space. It's extremely convenient

In Bengaluru, a regular bus corporation fare for a 20km commute (10km each way) is ₹46, the air-conditioned one is ₹60, and the metro rail is ₹100. For many, both are too expensive. A significant walking or taking an autorickshaw. Add auto cost, and EVs look enormously attractive. For city authorities, the option is even more attractive, given that public transport involves massive capital subsidies, and often operational subsidies too.

We have an opportunity today to visualise a two-wheeler focused office-commute system. In the short- and medium-term, it'll be far cheaper than the existing car-plus-public transport system. India also has the huge advantage of having the world's biggest and best two-wheeler manufacturers.

But to encourage car users to shift, we need to address the issues of safety and comfort. Cities should provide a dedicated half-lane for two-wheelers on all arterial roads – so that users needn't worry about heavy vehicles and speeding cars; it'll also enable us to move faster.

And our two-wheeler makers should reimagine the product, given the far fewer parts in an EV. Most of us don't even need a back-seat. It'll be an engineering challenge, but can we ditch a button, have a canopy surrounding us when it rains, or when the sun is blazing, and simultaneously limit the speed to mitigate instability risks? Can we have airbag equivalents? Can we have really narrow four-wheelers, with a single seat in the front and back – some enterprising folks are already building these – that can use the dedicated lane? These may be far more practical than the Jetsons' flying car world some dream of.

Calvin & Hobbes



Calvin: I'm home!

Hobbes: There's no point in saying your lunch bags if you can't keep them cleaner than this.

Calvin: That's what you think.

Calvin: I'm home!

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Sacredspace



The deeper the Self-realisation of a man, the more he influences the whole universe by his subtle spiritual vibrations, and the less he himself is affected by the phenomenal flux.

Paramahansa Yogananda

Being Good Is Not Good Enough

Anandmurti Gurumaa

In the pursuit of Self-realisation, there is a common yet subtle trap: the aspiration to simply be a 'good person'. We often measure our progress by a checklist of virtues – harming no one, giving to charity, and maintaining a pleasant demeanour.

Correctness is the ultimate destination, using our good deeds as a shield against the deeper, more uncomfortable work of self-inquiry. Is social nicety truly the peak of human potential, or are we merely decorating a prison with pleasant behaviour?

If you simply want to be 'good', then a cucumber is also good. A mango is very good. The pineapple is so good, and a pistachio ice cream is marvelously

good. There is no transformative power in that kind of good. Without realising your own identity, just being a 'good person' is often one way of running away from truth. It's running away from the hard work of seeing how entangled and disillusioned the mind truly is.

That is why there are millions of ourselves that moral correctness is the ultimate destination, using our good deeds as a shield against the deeper, more uncomfortable work of self-inquiry. Is social nicety truly the peak of human potential, or are we merely decorating a prison with pleasant behaviour?

If you simply want to be 'good', then a cucumber is also good. A mango is very good. The pineapple is so good, and a pistachio ice cream is marvelously

is not about temporarily quieting the mind; it is about realising the reality of your own being, your own existence.

If you haven't practised various techniques of meditation, all the wandering to different spiritual places – you realise that you go there, you practise, and you feel good about it. But again, it is just feeling good, not realising your mind. You think, 'My mind is so quiet, so nice.' But when the retreat ends, you are still facing the demon of your own mind because the root cause has not been extinguished.

Consider a child who thinks there is a ghost in the tree, or in the house, or in the attic. There is a weird creaky sound, so the child becomes convinced there is a ghost. But in the daytime, the child is

not afraid. At night, there is darkness, and the mind goes wild in that darkness, creating imaginative figures and becoming self-hypnotised that there is something out to kill or harm.

If we don't remove that darkness, fear of the ghost will always be there. Every night, the child will run away from the attic, believing the place is haunted. But it is not the place that is haunted; it is the mind which is haunted.

It is nice to be on the path, to find things, to experience and explore. But what is more important is removing the veil of darkness from the mind. That is what is required. Knowing about truth is not the same as living it. Do not just be a seeker of information. You must do the hard work to dispel the darkness entirely.

The Tribune

ESTABLISHED IN 1881

Time for statehood

Centre must fulfil its promise to J&K

S EVEN years after the abrogation of Article 370, J&K has undeniably changed. Save for the ghastly terror attack in Baisaran last year, which triggered the India-Pakistan conflict, people are breathing far more easy, infrastructure projects have gathered pace and the Assembly elections after a decade witnessed enthusiastic public participation. The peaceful conduct of the polls, despite persistent cross-border threats, reflected the professionalism of the security forces, election machinery and civil administration. More importantly, it demonstrated the people's enduring faith in the democratic process.

It is against this backdrop that Chief Minister Omar Abdullah's renewed demand for the restoration of statehood deserves consideration. The Central government itself has repeatedly assured Parliament and the Supreme Court that full statehood would be restored at an appropriate time. The SC, while upholding the constitutional validity of the abrogation of Article 370 in December 2023, also noted the Centre's commitment to restore statehood "at the earliest."

The restoration of statehood should not be viewed through a partisan prism or linked to the contentious debate over Article 370. The two issues are constitutionally and politically distinct. While the reversal of Article 370 remains a complex legal and political question, restoring an elected government's full legislative and administrative powers is within Parliament's domain. A Union Territory with an elected Assembly cannot be a permanent substitute for a full-fledged state. The elections have removed the argument that security conditions are not conducive to greater political empowerment. Having demonstrated that democracy can function peacefully, the Centre should now complete the democratic transition. Restoring statehood would strengthen federalism and reaffirm that constitutional promises are honoured. Jammu and Kashmir has travelled a considerable distance since 2019. The next milestone is political normalcy grounded in democratic accountability.

Insurance gaps

SC's fuel-linked proposal is well worth a try

I T's an alarming paradox: in a country which records over 500 road mishap deaths every day, about 56 per cent of the registered motor vehicles are operating without mandatory insurance. The scale of non-compliance points to major lapses in enforcing the Motor Vehicles Act. No wonder the Supreme Court has taken a serious note of the matter. It has asked the Centre to try out a pilot project under which fuel can be denied at petrol pumps in the absence of valid insurance.

Third-party insurance is not merely a legal requirement; it is a social safeguard. It is aimed at ensuring that victims of road accidents and their families receive timely compensation without being trapped in years of litigation. When millions of vehicles remain uninsured, the burden of accidents falls disproportionately on victims, many of whom struggle to recover from the physical and financial consequences of road mishaps. In a recent ruling, the Court nearly doubled the compensation payable to a child who had suffered permanent disability in a road accident.

Linking fuel purchases to insurance status could prove to be an effective compliance mechanism. Fuel stations practically serve as checkpoints because vehicles stop there on a regular basis. The proposed use of Automatic Number Plate Recognition (ANPR) cameras integrated with the VAHAN database and insurance records also reflects the growing role of technology in governance. If implemented efficiently, the system could identify uninsured and even unregistered vehicles while reducing manual enforcement and corruption. However, technical glitches, outdated databases and delays in updating recently renewed insurance policies may cause inconvenience to law-abiding citizens. It's vital to take associations of petrol pump operators on board. The pilot project should be thoroughly tested before a nationwide launch. Ultimately, the objective is to protect lives and ensure justice for accident victims.

ON THIS DAY...100 YEARS AGO

The Tribune.

LAHORE, FRIDAY, AUGUST 6, 1926

Nizam's administration

IF the rumour to which the Hyderabad correspondent of the *Indian Daily Mail* has given currency is well founded, and it cannot be many hours before we shall know the truth, then the Government of India has taken the most sensational action ever taken by it in recent years in its relations with the Indian States. Hyderabad is beyond question the premier Indian State. Its area is no less than 82,691 square miles and its population is 12.5 million. Its revenues amount to more than Rs 5 crore and expenditures to more than Rs 4.5 crore. The relations between the Nizam and the British Government are governed by a treaty, and His Exalted Highness has been called and has always been proud to call himself His Majesty's "faithful ally." He is certainly supreme in his State, and exercises much greater powers over his subjects than most of the other Princes. In fact, in purely internal affairs, his government has to all intents and purposes been free from outside interference. He has certainly been very jealous of his position and prestige. If we are not mistaken, he was the only Indian Prince who did not attend some of the durbars held by Indian Viceroy. As regards the Chamber of Princes, he has never attended it and has never concealed his intention of not participating in its deliberations. Such is the Prince against whom, according to the "strong rumour" circulated by the *Indian Daily Mail* correspondent, grave charges of maladministration have been made in a "final" communication addressed to him from Simla, and who has been informed that failing a satisfactory answer by a certain date, a special commission may be appointed to enquire into the internal affairs of his State.

Force must be used as a last resort

Frontline personnel carrying out lawful orders from their superiors should not be made scapegoats

TRYSTS AND TURNS
JULIO RIBEIRO

T HE Cockroach Janta Party has sought action against the police personnel involved in the crackdown on protesters in New Delhi on July 20, during which a student was injured in pellet firing. Rahul Gandhi, Leader of the Opposition, has endorsed this demand.

Having handled countless crowds throughout my career — starting soon after my early days of training at Mount Abu (Rajasthan) — I have learned that a mob possesses a distinct, volatile personality of its own. The central objective of mob management is to pierce that collective personality and force its constituent members to think once again as individuals.

To achieve this, the application of force is sometimes necessary. However, force is not always the only answer. Early in my career as the Additional Commissioner of Police (Crime) in Mumbai, I managed to disperse an agitated mob without using any force whatsoever.

The incident happened in Malad, where boys playing cricket got into a fierce argument. One of them hit another with a bat, causing his death. The assailant happened to be the son of a known gambling den operator from a minority community, while the victim was a Gujarati boy. Enraged, a large group of youths and local residents staged a massive drama on the Western Express Highway right outside the Malad police station, blocking the vital artery connecting Mumbai to Ahmedabad. Although the local police had already taken the perpetrator into custody, the crowd was dissatisfied. They demanded that the boy be handed over to them, presumably to face street justice.



FACE-OFF: Handling crowds of protesters is a complex task, while backseat driving is easy, REUTERS

A tense standoff ensued. I was ordered by the Police Commissioner to resolve the deadlock and restore traffic, which had been paralysed for hours. Rather than marching in with batons, I approached the protesting youths and asked them to explain what had happened, pretending that I was unaware of the details. Eager to be heard, they recounted the incident while I listened patiently. I then asked them, "Was the match played right here on the highway?"

"No," they replied, "it was inside the neighbourhood." I suggested that they take me to the exact spot so that I could inspect it myself. Eager to cooperate, the crowd led me away from the highway. Like the Pied Piper, I managed to draw the entire crowd off the main thoroughfare. Traffic resumed smoothly and the situation was defused through dialogue and patience, without a single blow being struck.

Of course, the incident also exposed police negligence regarding the illegal gambling den operated by the assailant's father. I ordered his operations shut down immediately.

The principle of using the minimum necessary force must strictly guide a command officer at all times. While every officer is trained in the riot drill protocol, the heat of the moment can

The key objective of mob management is to force its members to think again as individuals. However, force is not always the only answer.

cause ground commanders to lose sight of this doctrine. A competent police leader must remain calm and composed, systematically dismantling the mob's collective energy.

However, relying strictly on minimal force is not always practical when a crowd turns violent. In such critical moments, a leader must make a split-second decision before control is lost entirely. During the late 1960s, the Shiv Sena launched protests in Mumbai against "outsiders." The party decided to prevent them from entering the city unless they accepted a petition about their grievances. When the police blocked the protesters' path, the demonstration descended into violent rioting. Shops belonging to non-Maharashtrians were

looted and set ablaze.

As the Deputy Commissioner of Police (DCP) in charge of the Dadar area, I confronted a destructive mob at Gol Dak Khana. Sensing that peaceful persuasion and mild force were no longer viable, I made a tough call. I ordered a state reserve police jawan to fire a round from a rifle. As a result, the rioters scattered instantly.

Political interference will complicate these high-stress situations. A state Home Minister has no business micro-managing field operations or overruling police protocol. During the 1965 communal riots in Pune, the Home Minister sent his personal security officer to instruct field commanders — and even the Army units called in to assist — not to open fire under any circumstances.

As the DCP in charge of a severely destabilised area, I chose to ignore that verbal directive and ordered a round to be fired. Rioting ceased soon; the lawbreakers realised that the police would not hesitate to enforce the law. During the subsequent judicial inquiry, the Home Minister denied issuing the "no-firing" directive. It was a stark lesson for field officers who must rely on established rules of engagement, not the whims of ministers.

Years later, during the 1984 Mumbai riots, the government insisted on deploying the Army

despite my assessment as Police Commissioner that it was unnecessary. I eventually conceded, but insisted on a counter-condition: the immediate preventive detention of *Shakha Pramukhs* (local Sena ward leaders) who were inciting violence.

Supported by then Chief Secretary RD Pradhan, I instructed all 51 Senior Inspectors that I would tolerate no leniency in arresting these key organisers. Through the Chief Minister faced immense pressure from Shiv Sena chief Balasaheb Thackeray to release his men, we held them in detention for 12 days, successfully breaking the momentum of the riots.

Reflecting on recent events at Jantar Mantar involving student protesters, I am puzzled by the handling of the situation. The Delhi Police reported that over 200 known anti-social elements embedded themselves among the protesters to incite violence. Preventive detention of such persons before major rallies is standard policing protocol across the country. Why weren't they rounded up in advance? Leaving them unchecked invited predictable chaos.

Handling volatile crowds is a complex task — backseat driving is easy. Field officers do not take pleasure in confrontation; they take high-stakes, split-second decisions under immense pressure. If a mistake is made, it is not done on purpose.

Politicians like Rahul Gandhi operate within the realm of political strategy and public optics, and it is natural for an Opposition leader to capitalise on the government's missteps. However, my priority remains the integrity of law enforcement. Frontline personnel carrying out lawful orders from their superiors must not be made scapegoats. Forces like the CRPF operate under strict hierarchy and discipline; if an anti-riot weapon was discharged, it was undoubtedly done under the explicit command of the senior-most officer on site.

Holding the personnel accountable for executing field orders undermines the fundamental chain of command necessary to maintain public order.

THOUGHT FOR THE DAY

Youth doesn't need friends — it only needs crowds. —Zelda Fitzgerald

The myth of perfect choice

LOKESH SINGH

Y OU walk into a shoe shop. Like most people, your first instinct is to ask, "Which pair looks the best?" You may admire the design, the colour and the brand, but after wearing the shoes for a week or so, their looks become less important. Comfort takes over. It's troublesome when those shoes give you blisters, hurt your feet or leave you exhausted after a walk. In the end, you may not choose the most stylish pair — you may pick the one that hurts the least.

This simple experience reveals a deep truth about decision-making. We often believe that we are searching for the best option, but our wisest decisions are usually aimed not at maximising gains but at minimising pain. We spend much of our lives searching for the best career, the best investment, the best partner, etc. It seems like the rational thing to do. But the real world is rarely that simple. Our decisions are shaped by incomplete information, limited time, uncertainty, cognitive biases and finite resources.

Nobel laureate Herbert A Simon captured this reality through the idea of bounded rationality: we cannot optimise because our knowledge and cognitive abilities are inherently limited. Rather than finding the perfect solution, we usually settle for one that is good enough. Yet even that falls short of how life often works. The most important decisions are not choices between a perfect option and an imperfect one; they are choices among imperfect alternatives, each with its own costs and compromises. The challenge is to decide which ones we can live with. The wiser question is not, "Which option is the best?" but, "Which one is least bad?"

Behavioural economics reinforces this insight. In their Prospect Theory, Daniel Kahneman and Amos Tversky showed that people feel losses more intensely than equivalent gains. For instance, losing Rs 1,000 matters far more than gaining the same amount. This tendency, known as loss aversion, suggests that good judgment is often about avoiding costly mistakes.

While choosing a career, students often ask which profession offers the highest salary or greatest prestige. Yet many professionals later discover that a slightly lower-paying career with meaningful work, reasonable hours and mental peace offers a far richer life than a glamorous profession that demands constant stress and burnout. The best career is often not the one with the highest rewards, but the one whose sacrifices are easier to bear.

In the world of investments, protecting oneself from catastrophic losses contributes far more to long-term wealth than chasing exceptional gains. And the longevity of personal relationships depends on finding someone whose flaws are compatible with your own. Happiness comes less from perfection than from choosing the shortcomings you can comfortably live with.

These examples reveal a common pattern. All said and done, life is about making peace with imperfection.

The writer is an Indian Economic Service officer

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LETTERS TO THE EDITOR

Moral collapse of institutions

With reference to 'NEET is flawed to the core', the recurring paper leaks expose a deeper decay in the values governing our education system. When success is pursued through unfair means, virtues like merit, honesty and hard work become the biggest casualties. Even the most sophisticated digital safeguards will fail in such circumstances. Paper leaks are symptoms; the real disease is the moral collapse of institutions, administrators and those willing to purchase success at any cost. Value-based education, transparency in examination processes and institutional accountability must be restored. A nation cannot produce ethical doctors through an examination system that rewards shortcuts over sincerity.

AMARJIT SINGH, BY MAIL

Exams can't judge creativity

Refer to 'NEET is flawed to the core'; as long as there are black sheep for fringe benefits, no system of examination can become fair, impartial and perfect. Over the last few years, cheating in examination has become a social menace. In the hands of cowards who facilitate unfair means, innovations such as internal assessment, objective tests, question banks and open-book tests are bound to produce greater problems. Exams can only test a student's judgment, memory and communication skills, but not his creativity, sensitivity and leadership potential. These are the qualities that a sound education is expected to promote and foster.

ANIL BHATIA, HISAR

Shrinking job opportunities

Appropos of 'More work, less jobs', the Jantar Mantar protests are a reflection of the youth's angst against a non-productive education system, so the government should focus on addressing their grievances. When job opportunities are shrinking, the contenders expect merit to be the sole criterion for being selected. The government's task is cut out — it has to update the system, and make tests like NEET fool-proof, so that job opportunities can grow.

PI. SINGH, BY MAIL

Minimise hardship to citizens

Refer to 'Births and deaths'; the success of the Registration of Births and Deaths (Amendment) Bill will depend on its ability to balance security with accessibility. Citizens should not face unnecessary legal and financial hurdles in securing recognition of their identity. A truly effective legal framework combines strong safeguards with compassion, transparency and ease of access. Good governance is achieved not merely by enforcing stricter procedures but by ensuring that every citizen can exercise his/her legal rights without undue hardship.

GAURAV BADHWAR, ROHTAK

Sanitation as an Essential Service

The return of sanitation workers on duty in Punjab after a three-week strike has brought much-needed relief. This strike has underscored the fact that garbage collection and waste management are indispensable public services that directly affect public health, sanitation, environmental protection and quality of life, causing increased risks to public safety. Given their vital role in maintaining hygiene and preventing health hazards, garbage collection and waste management should be legally recognised and protected as Essential Services in the larger public interest.

KK SOOD, NANGAL

Address social attitudes

Refer to 'Sex ratio at birth falls to 900 in first half of current year'; the debate once again will remain confined to administrative responses such as stricter enforcement of the PCPNDT Act and surveillance of ultrasound centres. These measures address only the supply side of the problem, not its social demand. The solution, therefore, must go beyond policing. Society must reward simple marriages, ostracise dowry seekers, promote equal inheritance, recognise daughters as equal caregivers of parents, and invest in girls' education and economic independence. Unless these deep-rooted social attitudes are confronted, the demand for sex selection will persist despite the strictest laws.

RAMPHAL KATARIA, KURUKSHETRA

Letters to the Editor, typed in double space, should not exceed the 200-word limit. These should be cogently written and can be sent by e-mail to: Letters@tribuneindia.com

NEET, JEE and death of critical thinking



AVIJIT PATHAK
SOCIOLOGIST

EVERYTHING, as the Establishment would like us to believe, is in order. Dharmendra Pradhan — the controversial minister — has finally resigned. Our techno-savvy Prime Minister Narendra Modi has 'forgiven' the Cockroach generation. A series of Bills for preventing the possibility of paper leaks has been passed in Parliament. And above all, entrepreneur-technocrat Nandan Nilekani has been asked to suggest some concrete reforms in the domain of education. Yet, ironically, what is seldom discussed is the very nature of modern India's two most important standardised tests — NEET and JEE.

As a concerned teacher, I have no hesitation in saying that these two tests have significantly undermined the spirit of meaningful education, given birth to an ugly and demonic coaching industry and killed the faculty of critical thinking and creative imagination of our young students.

No meaningful reform is possible unless we abolish these two high-pressure tests and come forward with creative

and life-affirming alternatives. My first critique is that these two heavily centralised, MCQ-centric tests have robbed the entire generation of the joy of learning science. Think of it. How can you learn, say, physics without wonder and critical questions?

Imagine Isaac Newton's wonder that eventually led him to discover the law of gravitation; or think of Albert Einstein's ability to raise new questions that led to what Thomas Kuhn regarded as a major 'paradigm shift' in physics.

It is sad that as our children are trained only to learn the 'techniques' for cracking these standardised tests, they eventually lose the spirit of science, or what Karl Popper — the great philosopher of science — would have regarded as the ability to refute old conjectures and come forward with new ones.

Yes, it is high time we acquired the courage to say that far from cultivating a creatively nuanced critical spirit, these tests are creating a regimented and mechanised mind.

Let me give two concrete illustrations.

Recently, as a sensitive professor of physics in a reputed engineering college in the national capital told me, his first-year students were completely unaware of some of our great Indian physicists — say, CV Raman, SN Bose, Meghnad Saha and Homi Bhabha. However, with deep enthusiasm, they could



TOXIC: We are producing an unhappy, restless generation. AN

speak of some of our celebrity coaching strategists — the likes of PhysicsWallah and Khan Sir. What an irony!

Likewise, while conversing with a sensitive school-teacher of English literature, I felt her angst. Her students — particularly those who are preparing for the tests like JEE and NEET, as she told me, do not want to read good literature; nor do they want to write analytical and interpretative essays. Yes, the neurotic obsession with these MCQ-centric tests is destroying the very spirit of meaningful education.

And herein lies my second critique. As these standardised tests have killed the idea of integral education,

No meaningful reform is possible unless we abolish these two high-pressure tests.

we see the steady destruction of our schools as sites of meaningful learning. It will not be wrong to say that for a large section of young students of Class XI and XII, and their over-ambitious parents, schools have lost their significance.

Instead, they prefer heavily commercialised 'branded' coaching centres that sell the packages of 'success'. Visit any school at random and see the empty classrooms. Is it, therefore, surprising that while merely 2.6% of the overall budget in India is allotted for education, and most of our schools do not have sufficient money to create good libraries and science labs, we have a

massive multi-billion rupees coaching industry?

My third critique is that these tests, for all practical purposes, act like the tools of instant elimination rather than genuine selection. Not surprisingly, our youngsters pass through severe stress and anxiety. If they grow up in a toxic environment in which they are repeatedly told that life is not worth living if they cannot become doctors or engineers, what else can you expect, except the statistics of student suicides? Yes, we are producing an unhappy, restless generation.

And finally, we should not refrain from asking a disturbing question: what sort of doctors and engineers are we producing?

First, the very mode of preparing for the tests like NEET and JEE robs this generation of all noble dreams. When your parents spend so much money (coaching cost; mind-boggling tuition fee and other costs in rapidly growing private medical and engineering colleges), what else can you do except defining yourself as a commodity with a price tag?

You can't afford to entertain any illusion of meaningful good work filled with the spirit of social service. As the mythology of 'placements and salary packages' is the new normal, we need not be surprised if many of our JEE and NEET 'toppers' eventually become docile engineers (or corporate

slaves) and greedy doctors in profit-making, five-star, private hospitals.

Not solely that. In a regressive, patriarchal society like ours, these doctors and engineers, as the matrimonial columns reveal, have a high market value!

Yes, we need to question the legitimacy of these life-killing tests, and assert the following without the slightest ambiguity:

First, education is not merely a training for standardised tests. Education is primarily about the cultivation of critical thinking, creative imagination and the spirit of democratic citizenship.

Second, a system that encourages coaching strategists to replace good schools and creative teachers is inherently faulty.

Third, we must abolish the machine called the National Testing Agency (NTA). Instead, we must constitute a committee of great educationists, teachers, pedagogues, good doctors and creative engineers and encourage them to evolve a decentralised pattern of test that seeks to evaluate a young learner's analytical and interpretative skills, social and moral sensibilities, and some basic understanding of what doctors and engineers actually do in their professional fields.

It is equally important to resist the phenomenon called 'dummy schools', and give adequate importance to one's school performance.

Are we ready?

Ethanol20 brings long-term energy gains



SUSHMA RAMACHANDRAN
FINANCIAL JOURNALIST

THE controversy over blending of ethanol with petrol has been snowballing as consumers are concerned over its impact on their vehicles. The arguments swirling around using petrol with a 20% ethanol blend — E20 — include reduced fuel efficiency and potential for long-term damage to the car.

Worries are mounting despite assurances given by automobile companies that the use of E20 will only cause minimal, if any, damage to passenger cars. An IIT-Kanpur study has found no significant drop in fuel efficiency and no evidence that the fuel damages engines in either new or old vehicles. The government has conceded there could be a marginal impact on some parts of older cars in the long run but stressed that fuel efficiency would decline only marginally.

Despite these assurances, consumers have been vocal in their opposition to the move,

which follows the introduction of ethanol as a 20% blend in petrol in December last year. The E20 blend was launched earlier than planned but was not done in a hurry. It took 11 years to rise from a 1.5% blend to 20%.

The time span was much longer in Brazil, however, which has been a pioneer in the use of ethanol and flex-fuel. It took nearly three decades to gradually implement the ethanol policy and launch flex-fuel vehicles. At the time, it was a move towards reducing oil costs as well as utilising the surplus from the country's huge sugar production capacity.

India, on the other hand, had to compress the time span for launching ethanol-blended fuels. But it was not a sudden policy decision. The process of producing ethanol from sugarcane had begun in 2001, though maize entered the scene in 2018.

Scientific studies and testing are also reported to have been carried out by the Automotive Research Association of India (ARA) and the Society of Indian Automobile Manufacturers (SIAM) subsequently. The advantages of bringing ethanol into the energy mix have been recognised for quite a while. Apart from the environmental advantage — it reduces carbon emissions — adding ethanol to conventional fossil fuels enables a cut in the quantum of



SCEPTICAL: Despite assurances, consumers have been vocal in their opposition to the move.

crude oil imports. Now, however, the need to move faster towards the use of ethanol blends has assumed urgency in the backdrop of geopolitical tensions and the resulting impact on oil markets.

Till last year, global prices of crude oil had remained within a manageable level of \$70 to \$80 per barrel. The scenario has altered dramatically in the wake of the US-Iran war, with prices having shot up to peaks of over \$100 per barrel.

Lately, the prices of the benchmark Brent crude have been hovering from \$80 to \$90, with volatility continuing as contradictory reports emerge about the prospects of

an end to the conflict.

Iran's blockade of the Strait of Hormuz has complicated the outlook for oil availability. It has effectively stalled the movement of oil cargoes through what has been described as the most sensitive petroleum chokepoint in the world.

So, not only are prices going up, but the progress of oil deliveries from West Asia has also slowed down. Yet another dimension was added recently, with the Houthis of Yemen launching attacks on Saudi Arabia's oil shipments moving through the southern inlet to the Red Sea, the Bab el-Mandab.

Fortunately, oil supplies to

India are not likely to be disrupted by these blockades. The reasons are due to policies initiated over the past few years to diversify sources of supply.

Thus Russia has again become the biggest supplier of crude oil. Its cargoes also move through the Bab el-Mandab, but the vessels are not being targeted by the Houthis, who are aligned to Iran. On the other hand, Saudi Arabia continues to be a major oil supplier. Any curtailment of shipments from there will have to be compensated by supplies from other sources, which could include the US, Venezuela and Angola.

It is in this uncertain backdrop that India has to craft its energy policies. A major development in this regard is the decision to invest Rs 84,000 crore in the high-risk area of deep sea oil and gas exploration.

The Samudra Manthan scheme's aim is to lure global oil majors with the incentive of government funding to support their investments. The timing is significant, coming as it does in the midst of the West Asian conflict. It is a gamble in the long run. It could well be a game-changer for a country that has long been seen as geologically attractive in terms of oil reserves, but has been unable to lure private investors.

In other words, the country's

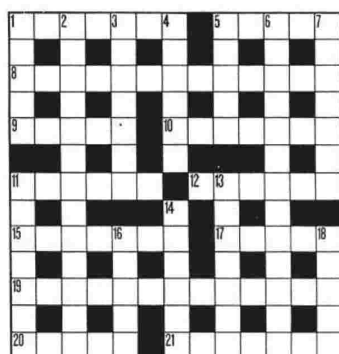
future energy security has to be secured in multiple ways. The ethanol programme is one such pathway.

Subsidy and support can continue for the auto industry to move towards electric vehicles (EVs) or hybrids, but the conventional internal combustion engine will continue to have a pride of place in passenger cars for quite a while. Consequently, even a 20% ethanol blend will help trim the increasingly expensive crude import bill. This was \$135 billion in 2025-26. If oil prices continue to rule at nearly \$100 per barrel for the rest of the current fiscal (2026-27), it could even touch \$200 billion.

As the US-Iran war drags on, the Finance Ministry's concerns will grow over the burden on the exchequer in the current fiscal. Rising oil imports are bound to widen the current account deficit which was contained at around 0.6% in 2025-26.

The need to curb oil imports is thus high on the agenda. Apart from ethanol, the road ahead has to include electrification, not just of personal vehicles but also mass transport, including railways. A leaf must be taken out of China's playbook. The world's biggest oil buyer has been able to wind down imports, a development that led to moderation in global oil prices. India must aspire to a similar goal in the years ahead.

QUICK CROSSWORD



ACROSS

- 1 Deprived of growth (7)
- 5 Unpleasantly pungent (5)
- 8 Remote prospect (7,6)
- 9 Determined courage (5)
- 10 Island, Napoleon's birthplace (7)
- 11 Hymn of praise (6)
- 12 Tattered (6)
- 15 Stipulation (7)
- 17 Bend (5)
- 19 In disfavour (2,3,8)
- 20 Appointment to meet (5)
- 21 Unanimously (7)

Yesterday's Solution

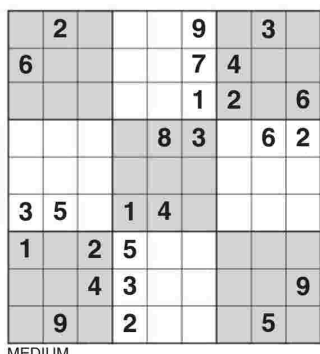
Across: 1 Rugby, 8 Per annum, 9 Wilde, 10 Pipe down, 11 Sadly, 12 Mow, 16 Impose, 17 Employ, 18 Tub, 23 Handy, 24 Above all, 25 Token, 26 Shrug off, 27 State.

Down: 2 Up in arms, 3 Bad blood, 4 Mexico, 5 Waver, 6 Enjoy, 7 Among, 12 Met, 13 Web, 14 Speak out, 15 Cold feet, 19 Uplift, 20 Faust, 21 Board, 22 Beige.

DOWN

- 1 Pity sneakily (5)
- 2 Fickle (13)
- 3 Slow intermittent flow (7)
- 4 Saturate (6)
- 5 Detest (5)
- 6 Defeat overwhelmingly (3,5,5)
- 7 Strongly resisting change (3-4)
- 11 Prescribe (7)
- 13 Intoxicating liquor (7)
- 14 Happy (6)
- 16 Clumsy (5)
- 18 A pensive poem (5)

SU DO KU



YESTERDAY'S SOLUTION

2	6	1	8	7	5	4	3	9
8	5	4	2	3	9	7	6	1
7	9	3	6	4	1	5	8	2
4	2	9	7	8	3	6	1	5
3	8	6	1	5	2	9	7	4
1	7	5	9	6	4	3	2	8
6	4	7	5	2	8	1	9	3
9	3	2	4	1	6	8	5	7
5	1	8	3	9	7	2	4	6

CALENDAR

AUGUST 6, 2026, THURSDAY

Shaka Samvat	1948
Shravan Shaka	15
Shravan Parvishat	22
Hijari	1448
Krishna Paksha Tithi 8, up to 6:53 pm	
Ganda Yoga up to 3:01 pm	
Shani Nakshatra up to 8:14 pm	
Moon enters Taurus sign 1:54 am	

FORECAST

SUNSET: SUNRISE:	THURSDAY FRIDAY	15-12 HRS 05-45 HRS
CITY	MAX	MIN
Chandigarh	33	26
New Delhi	32	23
Amritsar	33	26
Bathinda	38	28
Jalandhar	33	26
Ludhiana	34	28
Bhiwani	34	25
Hisar	35	26
Sirsa	35	27
Dharamsala	27	20
Manali	25	18
Shimla	26	17
Srinagar	32	20
Jammu	33	23
Kargil	28	15
Leh	28	13
Dehradun	30	23
Mussoorie	21	17

TEMPERATURE IN °C

INTERNATIONAL EDITORIALS



The FT View



FINANCIAL TIMES

“Without fear and without favour”

ft.com/opinion

An overdue show of EU solidarity with Spain

Instinct to punish Madrid's liberal approach to migration is self-defeating

EU interior ministers and the European Commission yesterday offered their full solidarity to Spain – five days after 72,000 migrants overwhelmed border controls and poured into the Spanish exclave of Ceuta from Morocco. As Europe was confronted with another deadly migration crisis, at least 75 people died, mostly drowning in a desperate attempt to make it to Spanish territory. The show of EU support to Madrid was, well overdue and not entirely convincing. The wounds from this episode are likely to fester. The Ceuta crisis has once again exposed Europe's dual vulnerability: to external pressure, with neighbouring states using migrant flows as a means of coercion, and to internal political division as nationalist anti-immigration parties gain in strength.

The EU's border control has actually improved, with irregular entry down by 55 per cent in the past two years. The bloc has adopted new streamlined procedures for asylum seekers on common rules to speed up returns. But at first glance, the Ceuta influx told a different story. The images were disturbing. They were perfect propaganda material for far-right politicians seeking to whip up fear of foreign “invasion”.

Some governments understandably felt they needed to reassure their publics that any onward migrant flows would be stopped. But the knee-jerk way they did so was cynical and self-defeating. Italy's rightwing prime minister, Giorgia Meloni, led the call for Spain to be suspended from the Schengen internal border-free travel zone and Rome introduced passport checks on flights and ships from Spain. But it should have been clear to her from the outset that Ceuta sits outside Schengen and travellers from there have to show passports and permission to reach mainland

Spain. None of the 72,000 have made it there; all but 2,000 have returned to Morocco.

Meloni and her allies looked like they were singling out Spanish Prime Minister Pedro Sánchez, one of the last leftwing leaders in the EU and a pro-immigration outlier, for blame. They turned on him because he is seen as too lax, especially after he offered an amnesty for irregular migrants living in Spain, for which 1.2mn people have applied. Most EU leaders claim this will encourage illegal migration, although the evidence is thin. Magnus Brunner, EU migration commissioner, said on Tuesday the regularisation was “not a good signal for the rest of Europe”.

The lack of immediate support to Spain matters because it appears the Ceuta influx could have been an attempt by Rabat to punish Madrid, possibly for seeking to improve ties with Algeria, Morocco's neighbour and rival. Witnesses last week reported a curious shortage of Moroccan personnel on its

Europe needs the co-operation of its neighbours to control migrant flows meaning it must unite and use its collective leverage to ensure the co-operation is given

side of the Ceuta frontier. Rabat did something like this in 2021 during another diplomatic row. Belarus, Libya and Turkey have weaponised migrant flows against the EU several times before and the bloc has usually responded in unison for good reason.

The EU needs the co-operation of its neighbours to control migrant flows. It cannot escape its geography. That means it must unite and use its collective leverage, whether on visa rules or investment flows, to ensure the co-operation is given. The reaction of Meloni and others will only encourage other countries to weaponise immigration in similar ways.

The Ceuta crisis shows how far the EU – the Brussels institutions and the national capitals – have shifted to the right on immigration in recent years. With far-right forces threatening incumbents in several member states holding elections in the next 12 months, the temptation to find scapegoats will grow. The EU will be worse off for it.

Opinion Science

The ethical perils of gene therapy



Anjana Ahuja

When a couple in China emailed a prominent neuroscientist, it was out of love and desperation for their young daughter Mei (not her real name). A single, rare genetic mutation, they discovered, was slowing her development. Could gene therapy help?

Through a support group for affected families, the couple contacted Zilong Qiu, a talented researcher in Shanghai with a TEDx talk, start-up company and patented treatment for a genetic syndrome under his belt. For the sum of \$860,000, Qiu agreed to treat Mei. Within a week of receiving the tailor-made therapy, in early 2025, the six-year-old was dead. A catastrophic immune reaction triggered fatal blood clotting.

A joint investigation by Science magazine and Retraction Watch, a

will need life-long monitoring). The approach used on Ki, called base editing – which chemically changes one DNA base letter to another – had caught Qiu's attention. Mei needed just such a letter change to correct a mutation in the CHD3 gene, which affects neuron development. Qiu told Mei's parents that the brain-directed gene therapy would be a world first.

But three days after the injection into her spinal fluid, a jab packed with trillions of viruses to transport the base-editing instructions to the brain, Mei developed a fever. Her kidneys shut down, and she died days later. The hospital later ascribed her death to the therapy.

The Science investigation includes claims that, in pre-clinical testing, some monkeys given the therapy suffered liver and kidney damage. Several experts consulted by Science queried whether the animal data justified proceeding. In a bizarre twist, Qiu and colleagues later wrote a scientific paper for the journal Nature about the CHD3 mutation, describing the animal experiments but not disclosing the human trial or its tragic ending.

Her family have urged Nature to retract the paper. The journal's deputy editor, Victoria Aranda, said staff were “shocked” at Mei's death and the trial revelations: “No information that a human trial was planned or ongoing was ever shared with us, nor was any data related to human therapy shared or mentioned in any version of the submitted study.” Aranda said the journal “will take editorial action as appropriate” after an ongoing investigation had concluded but declined to spell out possible sanctions. Neither Qiu nor his institution, Shanghai Jiao Tong University School of Medicine, responded to an FT request for comment, though the university is said to be investigating separately.

Mei was, reportedly, relatively mildly impaired by a non-fatal syndrome. Given the treatment was highly experimental, that “raises many serious ethical concerns”, says Sarah Cunningham-Burley, professor of medical and family sociology at Edinburgh university and chair of the Nuffield Council on Bioethics.

He Jiankui, the Chinese scientist jailed in 2019 for creating the world's first genome-edited babies, secretly carried out the untested procedure not to save lives but to lower the risk of HIV. The unintended consequences of his actions remain unknown.

The rationale, though, is not: parents crave better lives for their children and ambitious researchers covet world firsts. That heady partnership can push medical frontiers – but cannot erase the possibility that, as with Mei, the untried and untested can lead to the unimaginable.

The writer is a science commentator

Letters

Adult children are part of the social care debate

Chris Giles, in his Inside Politics piece “Don't let tax rows eclipse the fundamentals of social care” (FT.com, August 3), rightly argues that disputes over taxation must not distract from the fundamental questions, including the responsibility of the family of someone who needs care. That question has been largely absent from the British debate.

In France, children have a legal obligation to assist parents in need. In Germany, contributions from adult children towards publicly funded

support are generally considered only when an individual child's annual income exceeds €100,000.

Many years ago, while negotiating with an Italian lawyer in Verona, he interrupted our meeting to take me upstairs to see his mother, who was preparing lunch. Throwing his arms around her, he exclaimed: “Isn't she a beautiful mamma?” I found it difficult to imagine an English solicitor interrupting a legal meeting in quite the same way.

There must also be exemptions

where there has been parental abuse, abandonment or serious neglect.

But should exceptionally well-resourced adult children not be expected to make a reasonable, capped and means-tested contribution towards a parent's care?

A durable settlement must consider not only the responsibilities of the individual and the state, but also the reciprocal responsibilities of family life.

Trevor Lytleton
Founder, Contact the Elderly (now Re-engage), London NW11, UK

Something to consider for the Ferrari collector

In their article “Ferrari sees sales of ridiculed Luce EV go from nought to 500 in two months” (Report, July 30), Silvia Sciorilli Borrelli and Kana Inagaki emphasise not so much the number of cars sold as the fact that demand has reportedly come mainly from China and from the technology circles of Silicon Valley.

It is almost as if the success lay not in selling 500 cars, but in selling them to people who would never previously have considered buying a Ferrari.

Yet this is precisely where the fundamental criticism lies – one that few in Ferrari's home city of Maranello, or within the wider Agnelli family orbit, seem willing to acknowledge. Contrary to Enzo Ferrari's own philosophy, Ferrari already sells too many cars.

The impression is that the strategy is now to sell a Ferrari that is not really a Ferrari to customers who are not really Ferrari customers.

Most new models enjoy a strong launch. The all-electric Fiat 500 and the Porsche Taycan, particularly in China, are obvious examples. But the real question is how those cars perform over time.

What are they worth today on the used car market?

Consider the Ferrari Purosangue, a model that many enthusiasts still regard with some scepticism. Orders were suspended before a single car had even been delivered because waiting lists had already stretched to “at least two years”.

Today it continues to command exceptionally high resale values, largely because Ferrari has carefully managed deliveries and avoided flooding the market.

As is so often the case, time rather than initial demand will determine whether the Luce is truly a success. For those of us who have always dreamt of owning a Ferrari, time is not the issue. If anything, it is an ally.

We are more concerned about electric powertrains and, above all, batteries, which inevitably age with every passing month.

The fact that Ferrari has already had to introduce dedicated battery warranty programmes for its plug-in hybrids – as though it were an untested newcomer rather than one of the world's most prestigious automotive brands – only reinforces these concerns.

Finally, from a collector's – and perhaps a speculative – point of view, it is worth considering one last possibility.

If the Luce were to remain not only Ferrari's first but also its only model without cylinders or pistons, it might ultimately acquire a very different kind of value.

Antonio Sileo
Milan, Italy

A dangerous misreading of the state of the battlefield

In “Europe could help get Ukraine and Russia to the negotiating table” (Opinion, July 24), Samuel Charap argues that Ukraine's improving battlefield position is “more likely to produce further escalation or prolong the war than to induce a ceasefire”.

Nevertheless, he states that

“negotiations are required to transform the new pressure on Russia into leverage”.

Both claims dangerously

misrepresent how Europe arrived at this point. Russia invaded Georgia in 2008, occupied Crimea and parts of Donbas in 2014, including my hometown of Donetsk, shot a civilian

airliner out of the skies, killing 298 people on board, and launched a full-scale invasion in 2022. Each act of aggression followed years of which Europe answered Moscow's openly stated ambitions and escalating violence with accommodation rather than credible deterrence. Nato's failure to meet Moscow's overt hostility with resolve created a vacuum that pulled Russian aggression westward.

The central lesson of the 20th century is that the predatory coloniser states negotiate seriously only when they cannot improve their position through yet more violence. Suggesting that Ukraine's growing ability to impose costs on the aggressor makes peace less likely gets that relationship backwards.

Andrew Chakhoyan
Amsterdam, The Netherlands

Britain's baby boom didn't begin with peace in 1945

As one of the 684,334 children born in England and Wales in 1943, my I put in a word for the wartime generation that anticipated Martin Wolf's postwar baby boom (“The summer that changed me”, Life & Arts, August 1).

The Allied victory at El Alamein in November 1942 was the first convincing sign that the tide of war might be turning. It restored hope at a moment of profound uncertainty. It would be unwise to attribute subsequent births to a single victory. Nevertheless, the figures are striking: births rose from 651,503 in 1942 to 684,334 in 1943, and then to 751,478 in 1944.

What might be called the “El Alamein effect” suggests that the instinct to “choose life” did not begin only with peace in 1945. Hope – and a renewed confidence in the future – was already making itself felt during the war.

Michael Harrison (Born 1943)
Kettering, Northamptonshire, UK

Why the story of Claudius is such a poor model for AI

Carmody Grey and Anthropic may be forgiven for missing the etymology of Claude offered by Padraig Rooney (Letters, August 1) – namely that “Claudius meant [sic] ‘limping’ or ‘crippled’”. The Roman emperor Claudius was so named because he had a limp, a stammer and a twitch.

Claudius was so named because he belonged to the venerable Roman family of that name, the gens Claudia, which tradition held was founded by a Sabine called Claudus. Claudius's disorders did however engender such low expectations of his potential that his surprise accession to power seemed a stunning reversal of fortune. In this sense, too, Claudius is hardly a model for AI.

Simon Malloch
Wadham College, Oxford, UK

Opinion

Infantino is not the problem

Miguel Maduro

Fifa, the private organisation that governs football, has become one of the most powerful institutions on the planet, wielding enormous clout while remaining subject to remarkably little scrutiny. The latest controversies to consume it are not isolated mis-steps. They are merely the latest symptoms of a governance model that has reached its limit.

Many observers are now hoping that the outrage over Fifa president Gianni Infantino's abortive plan to carve out a \$20bn commercial entity from the Swiss non-profit will lead to change. We have seen such hopes before – for example in the wake of the corruption scandals that erupted in 2015 – yet the institutional structures that produced those failures remained intact. If reform once again focuses only on personalities

rather than institutions, history will repeat itself.

Infantino is not the problem. Rather, the central issue here is that Fifa is both the regulator of world football and its main commercial actor. In any other sector such an arrangement would be recognised as an obvious conflict of interest. Yet football has normalised it.

Once commercial success becomes the primary measure of institutional success, all other objectives – which, as custodian of the game, Fifa is supposed to protect – are eventually subordinated to revenue growth. The health of players gives way to an ever more congested calendar. Competitive balance is sacrificed in pursuit of global television audiences. Supporters increasingly become consumers to be monetised, rather than communities to be served. Fifa making commercial success the measure of a World Cup's success is the equivalent of a government claiming its national health service is the best because it is very profitable, while most of its citizens no longer have access to high-quality medical care.

Fifa's governance model provides

strong incentives towards this prioritisation of profits. Its financial resources support a system of patronage that entrenches incumbents and discourages dissent. Replacing one "imperial" president without changing those incentives merely prepares the ground for another.

That patronage system is facilitated by the small and closed electoral pool

There is a simple solution: Fifa's regulatory functions should be separated from its commercial activities

that decides on the presidency. Confederations and national associations replicate the same governance flaws as Fifa. They are dominated by a relatively stable pool of incumbents and the successors those incumbents often choose for themselves. Women are severely under-represented, while fans and other stakeholders have little voice. Football governing bodies claim a bottom-up legiti-

macy, but operate from the top down.

Nor do meaningful checks and balances exist. Independent committees cannot remain independent if appointments, mandates and removals ultimately depend upon the very holders of power they are meant to scrutinise. Rules alone do not produce accountability. They require institutions capable of enforcing them without fear or favour. Without these, you have rules without the rule of law. My own experience serving briefly within Fifa's governance structures confirmed how fragile such independence can be when it becomes inconvenient.

The solution is simple: Fifa's regulatory functions should be separated from its commercial activities. Its governance should become genuinely inclusive and representative, giving meaningful voice to players, supporters, women and other stakeholders. Oversight must be genuinely independent, protected by transparent appointment procedures and secure mandates free from conflicts of interest.

These are basic principles of good governance. The remarkable fact is not that

they are being proposed but that they have never been fully applied.

Fifa's power structures make it impossible for any essential reform to happen from within. As in 2016, a charge of leadership may be used to stymie urgently needed governance changes.

Political authorities have responsibilities here that can no longer avoid. The Court of Justice of the EU has repeatedly warned that having a sports governing body exercising regulatory authority over a market in which it is the dominant commercial actor raises serious legal risks. In its 2007 white paper on sport, the European Commission cited a study showing that sport accounts for 3.7 per cent of EU GDP and 5.4 per cent of its labour force. It thus represents a major sector of the European economy.

European institutions have historically deferred to sporting bodies' claims of autonomy. That deference can no longer be justified.

The writer is a former chair of Fifa's Governance and Review Committee and now dean at Católica Global School of Law

Saudi-Israel tensions could frustrate India's trade dream

Anchal Vohra

The India-Middle East-Europe Economic Corridor was unveiled at the G20 summit in New Delhi three years ago amid much fanfare. It was announced as Saudi-Israeli normalisation seemed imminent after a three-way handshake between Indian Prime Minister Narendra Modi, US President Joe Biden and Saudi Crown Prince Mohammed bin Salman.

IMEC was billed as a rival to China's Belt and Road Initiative and an alternative to the maritime chokepoints of the Strait of Hormuz and Bab al-Mandab. Yet progress has slowed due to war, the crown prince's reticence towards Israel and his efforts to promote alternative routes through Egypt. Even a deal between the US and Iran may not revive India's dream to play in the big leagues if Riyadh is determined to delink regional connectivity from Israel.

IMEC was meant to turn Israel into an economic bridge between the Gulf and Europe, shorten transit times by 40 per cent compared with the current all-sea Suez route and enhance the appeal of normalisation deals. India can potentially use alternative routes to reach the European market, but New Delhi has heavily invested in ties with Israel, and will find it difficult to abandon a key defence ally. But a trade, tech and energy route under the US's umbrella, designed to spread prosperity and peace in the region, was always a gamble.

After all, three years is a long time in a restive region. Israel's military response to Hamas's attack on October 7 2023 has made it difficult for Riyadh to pursue

Billed as a rival to China's Belt and Road, the IMEC's progress has slowed due to war and politics

normalisation. And Israel's strikes on Doha, targeting Hamas, stoked fears in Gulf countries that they could be next if Israel is left unchecked.

Additionally, a growing rift between Prince Mohammed and the UAE's leader, Sheikh Mohammed bin Zayed al-Nahyan, has pushed the Gulf powers apart. Their split has led to the formation of two competing power blocs: a Saudi-led Israel-sceptic bloc with Egypt, Qatar, Turkey and Pakistan, and the other comprising the UAE, which normalised ties with Israel in 2020. This camp believes commercial benefits can pave the path towards peace.

India's foreign policy is centred on its rivalry with Pakistan and halting China's territorial and economic expansion. Deepening defence ties with Israel as the US was actively seeking to further the Abraham Accords, and as India tried to project itself as a suitable alternative to China-dominated supply chains, made IMEC a perfect fit. But New Delhi did not anticipate war or a rift between Saudis and Emiratis – and it won't join a bloc that includes Islamabad.

Riyadh, meanwhile, is pursuing alternative routes that bypass Israel. One is the long-discussed "Moses Bridge", a proposed 32km causeway linking the Red Sea coast with Egypt's Sinai Peninsula. Some analysts have referred to it as an alternative to IMEC. Riyadh is also pursuing a fibre-optic cable project through Syria rather than Israel to connect the kingdom with Greece.

Indian officials seem to believe the EU still wants IMEC to run through Israel. Italy, France, Germany and the European Commission are all foundational partners of the project. "Europe is very, very keen on IMEC," an Indian diplomat said. An EU official was less enthusiastic but seemed committed, saying: "The full achievement of IMEC requires a number of conditions that are not yet fully present in the region in terms of peace, stability and predictability."

Any decisive intervention to make IMEC a reality and preserve the Israeli connection will probably have to come from the US. President Donald Trump has called IMEC "one of the greatest trade routes" in history, but given recent spats with the Saudis, the endorsement seems shaky. If the US doesn't sway the Saudis to come back on board, IMEC risks becoming a patchwork of bilateral digital transport and energy links, not the grand rival to China's BRI that Modi once imagined.

The writer is a Brussels-based international affairs analyst

The Democrats' rift over Israel is getting worse

AMERICA
Edward Luce



Even amid war, America rarely selects its president on the basis of foreign policy. For the US electorate, it is almost always the economy, stupid. This year's Democratic primaries, however, have turned into "It's Israel, stupid". The rubble of Gaza for liberals today is a candidate litmus test in much the same way the Vietnam war was for their grandparents. Fail that and you have forfeited your moral standing.

Michigan is the biggest red flag. The fight between Abdul El-Sayed and Haley Stevens for the state's Senate nomination turned into a proxy war between the party's younger pro-Palestinian wing and its older pro-Israel establishment. It looks destined to be the most divisive issue in the Democratic 2028 presidential primaries. Though they differ only in degree on most other subjects, including the economy, the candidates' Israel split has dominated the race. It has taken up more oxygen than affordability, ICE, democracy, Trump and all the other issues combined.

El-Sayed, a progressive healthcare official, painted Stevens as a creature of Aipac, the deeply resourced American Israel Public Affairs Committee, which

has spent roughly \$30m boosting her campaign. Stevens, in turn, has all but accused El-Sayed of antisemitism: "Everyone in America understands you want to blame all your problems on Jewish Americans," she said of El-Sayed last week. But it is El-Sayed who seems to have the wind at his back.

Polls nevertheless suggest El-Sayed is likelier than Stevens to lose to a Republican in November, which could sink Democrats' chances of regaining control of the Senate. Such arguments tend to fall on deaf activist ears. Many are convinced, on slim evidence, that Kamala Harris lost to Trump in 2024 because she did not break with Joe Biden over Israel. That she had just 107 days as nominee and sounded clueless about the economy is treated as less important than her hesitancy to stick her neck out on Gaza. It could have made the difference in Michigan, which is home to the country's largest Arab-American population, but she lost all seven swing states.

Either way, any Democrat associated with Aipac – a dwindling band – has a vanishing chance of becoming their party's 2028 nominee. This includes Josh Shapiro, Pennsylvania's governor, who has defended his right to take money from Aipac. His prospects have nosedived. Rahm Emanuel, a consummate Democratic insider, is a better bellwether. He has renounced Aipac and vowed to end America's annual military subsidy to Israel.

Harris, who looks set to run again, would need to denounce her own administration's record if she wants to

move forward. Foreign policy staff who worked for Biden, such as Jake Sullivan, his national security adviser, are tainted by Biden's unwillingness to confront Benjamin Netanyahu. Again and again, Israel's prime minister got the better of America's pliable 46th president. Netanyahu was also decisive in convincing Donald Trump to launch Operation Epic Fury on Iran, a blunder that Trump looks set to spend the rest of his presidency trying to escape.

Mutual loathing between Democrats is not ideal. But the party's real foe – and that of democracy in general – is AI and social media. Technology has widened the Overton window by injecting views that were once taboo into mainstream political debate. Memes of El-Sayed, a practising Muslim of Egyptian

Mutual loathing within the party is not ideal. But its real foe is AI and social media

descent, as an Islamist terrorist jostle alongside Holocaust denial for attention. People who read newspapers, or indeed books, are far likelier to be exposed to evidence-based arguments and real-world complexities. But only around a fifth of American adults subscribe to a physical or digital newspaper. Almost double that share is on TikTok.

Social media algorithms drive users to what outrages them, which is what stimulates engagement and makes money. This is a threat to humanity in general. But it is a particular bane for the future of democracy since it gives extremism an inbuilt advantage. Sadly, blaming Jews and Muslims for society's ills makes for catchier memes than debating the tax rate or the future of healthcare.

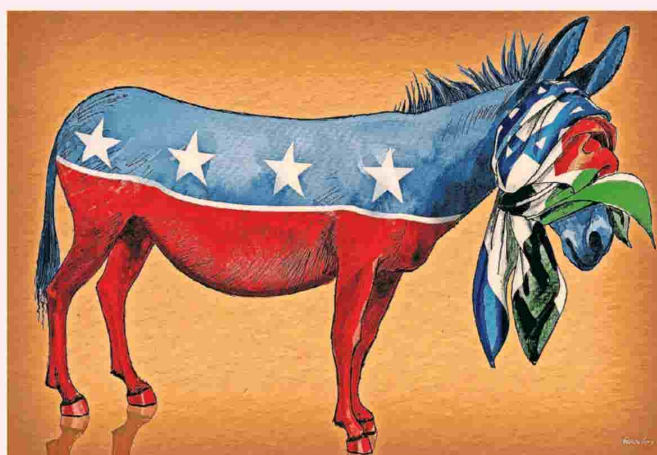
To be fair to El-Sayed, who is as talented a communicator as New York Mayor Zohran Mamdani, his campaign focuses on abolishing ICE and providing Medicare for all. He describes US military aid to Israel as taking money away from everyday Americans. It is good primary politics but questionable economics. The \$3.8bn in US aid amounts to less

than a day's worth of federal social spending. A more generous reading of his platform is that Israel is a surrogate for America's forever wars.

Trump wants to increase the US defence budget by roughly half to \$1.5tn, which would dwarf what Washington spends on education, infrastructure, science and other discretionary items combined. At a time when supposedly outmatched non-nuclear countries, such as Ukraine and Iran, are making a mockery of military superpowers, there ought to be a debate about the ever more bloated Pentagon budget.

El-Sayed offers that debate. But ethnic grievance drives out economic fairness as a topic on social media. China still owns a large chunk of TikTok and Elon Musk owns all of X. Neither is a fan of liberal democracy. While Democrats beat themselves up over Israel, they are missing the bigger story. America's relationship with Israel is a subject worthy of human debate. The algorithms are winning.

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In Venezuela, legitimacy matters more than continuity

Pedro Burelli

The US once understood a simple truth about democratic transitions: legitimacy matters more than continuity. In Venezuela, it has acted as though the opposite were true.

When communist regimes collapsed across eastern Europe in 1989, their militaries, spy services and bureaucracies often remained intact. The safest course would have been to preserve the officials who knew how the government worked. Washington chose differently. It placed its bet on the dissidents.

Václav Havel was a playwright who had spent years in prison. Lech Wałęsa was an electrician who organised fellow workers in the Gdańsk shipyards. Vyacheslav Landsbergis was a music professor. None had governed a country. All possessed something more valuable:

democratic legitimacy earned by valiantly resisting dictatorship. The result reshaped Europe. The Czech Republic, Poland and the Baltic states remain stable democracies and close US allies.

President George HW Bush, secretary of state James Baker and national security adviser Brent Scowcroft understood there was nothing realistic about asking yesterday's jailers to build tomorrow's democracy. Havel was president six weeks after the Velvet Revolution began. Wałęsa was president by the end of 1990. The institutions of repression were subordinated to democratic authority, not preserved as partners in transition. Venezuela offered the US the chance to apply that lesson again.

Washington justified Nicolás Maduro's removal because it had not recognised him as Venezuela's legitimate president since 2019 and he had been indicted in the US on narcotics-related charges. The operation was presented not as regime change but as the lawful apprehension of an illegitimate ruler. That logic raises an unavoidable question: if Maduro's authority lacked legitimacy, from where does Delcy Rodríguez derive hers?

Venezuelans did vote. In 2024 they elected Edmundo González by a landslide, on a campaign Maria Corina Machado built and led. The US recognised that victory. It has now set it aside.

A government's legitimacy derives from constitutional order or the consent of the governed – not because Washington recognises it. Diplomatic recognition of Rodríguez may acknowledge political reality. It cannot create demo-

Democracies are not built by preserving authoritarian elites because they know how the government works

cratic authority or turn usurpers into trustworthy partners.

Six months after Maduro's removal, hundreds of political prisoners remain behind bars. Gustavo González López, facing sanctions from the US and many other nations for running Venezuela's intelligence and torture apparatus, has been promoted to Minister of Defence.

Diosdado Cabello, whom successive US administrations branded a narco-terrorism suspect and hunted with a multi-million-dollar reward, is now treated as a governing counterpart.

Maria Corina Machado did precisely what Washington had long urged Venezuela's democratic opposition to do. She united a fractured opposition, defeated the regime at the ballot box and earned a democratic mandate. For this feat, she was awarded the 2025 Nobel Peace Prize. Yet she remains unable to lead the transition Venezuelans voted for.

Instead, Maduro's former vice-president, a core figure in his brutal and corrupt regime, heads the government. The Trump-era justification is that democratic legitimacy must yield to administrative experience and institutional continuity – precisely the argument the US rejected in 1989.

No one suggested Havel should wait until he learnt how to govern. No one in Washington handpicked an apparatchik to rule over the heads of the dissidents. Where old officials briefly remained, it was by agreement with the opposition, never by imposition. US policymakers

understood that institutions can be rebuilt. Legitimacy cannot.

Trump and Secretary of State Marco Rubio once argued that the architects of Chavismo should face US courts. Today Rubio oversees a policy that leaves many of them exercising power. A principle that guided both Republican and Democratic administrations has quietly been abandoned.

The consequences extend beyond Venezuela. For decades, democratic movements trusted the US because it consistently aligned itself with those seeking freedom rather than those administering authoritarian rule. That credibility became one of America's greatest strategic assets.

Durable democracies are not built by preserving authoritarian elites because they know how the government works. They are built by transferring authority to leaders who have earned the trust of their fellow citizens. It is as true in Caracas today as it was in Europe in 1989.

The writer is the founder of B+V Advisors and a former member of the board of directors of PDVSA

Opinion

What my father's murder taught me about Iran

After a lifetime of observing Iran's revolutionary generation, I know that expecting meekness or diplomatic finesse from it is a dangerous illusion.

Mehrzad Boroujerdi

On Dec. 23, 1978, weeks before revolutionaries toppled the Iranian monarchy, armed assailants carried out two coordinated attacks in Ahvaz, the operational hub of Iran's petroleum industry, killing an Iranian oil official and an American oil executive in separate ambushes.

The victims were my father, Malek Mohammad Boroujerdi, and his colleague Paul Grimm.

I read about the attack the next day on the front page of this newspaper. I had arrived in America to study only four months before. For most readers, it was another dispatch from a faraway country descending into revolutionary turmoil. For me, it was the moment that I learned my father had been murdered.

Some of the men who helped orchestrate his killing later became architects of the Islamic republic and now sit at the heart of the government that Washington faces in its on-and-off-again war. For decades, American policymakers have viewed the Islamic republic primarily through the prism of its clerical leadership. Yet understanding Iran's resilience and its capacity for defiance requires looking beyond the religious establishment to this lay revolutionary generation that helped build the regime — the men who emerged from militant organizations and who now occupy the commanding heights of the Islamic republic's power structure.

This generation of men was born in the mid-1950s, came of age during the upheavals of the 1970s and entered adulthood amid the 1979 revolution. The years leading up to the revolution were a time of clandestine activism and revolutionary struggle. These men built the institutions of the postrevolutionary order, fought the Iran-Iraq war and weathered successive waves of domestic unrest, international isolation, economic sanctions and military confrontation.

Whatever judgment one makes of their record, they are neither political novices nor leaders easily cowed by external pressure. Their longevity has endowed them with a deep institutional memory, a strong instinct for regime survival and a pragmatic understanding of the uses — and limits — of both coercion and compromise. As the Trump administration looks to extract itself from its war with Tehran, it must grapple with these realities. Neither war nor peace with the Islamic republic will come easily, regardless of who occupies the White House.

MY FATHER WAS A SECULAR NATIONALIST. He was neither drawn to the religiously inspired revolutionary message of Ayatollah Ruhollah Khomeini nor particularly supportive of Shah Mohammad Reza Pahlavi, whose rule, in his view, owed much to the CIA-assisted coup of 1953. Despite my father's misgivings about both camps, he remained committed to his job. When oil workers across the country went on strike to cripple the shah's government, my father continued reporting to work in his capacity as a senior official of the Oil Service Company of Iran, which supported the National Iranian Oil Company's petroleum operations.

That decision ultimately made him a target. In the weeks before his death, my father started to receive threats from Mansouroun — “the Victorious Ones” — a militant Islamist guerrilla organization that viewed those who continued working in the oil industry as enemies of the revolutionary cause. In the foggy predawn hours of Dec. 23, 1978, just a few feet from our home, they ambushed my father as he drove to work, shooting him once in his chest and



once in his hand. At the same time, several miles away, members of a closely allied Islamist guerrilla organization unleashed a hail of gunfire on the car of Mr. Grimm.

The twin assassinations were a turning point for Iran. Mr. Grimm, the acting managing director of the Oil Service Company, was the only American assassinated during the revolutionary upheaval of 1978 and 1979. His murder triggered the evacuation of most foreign personnel employed in Iran's oil industry, dealing a severe blow to production. According to figures from the U.S. Department of Energy, within three days of the murders, oil output plummeted from 3.2 million barrels per day to under 700,000. The economic paralysis of the shah's regime was no longer a looming possibility. It was a fast-unfolding reality, hastened by a campaign of intimidation and violence waged by Islamist militants.

Stunned and disoriented, I returned to Iran to be with my family. Unlike my father, I had been sympathetic to the revolutionary cause as a teenager, even if I, too, was uneasy with its overtly religious overtones and symbolism. Now the revolution had just claimed my father's life, leaving me to grapple with a tangle of grief, anger, sympathy and uncertainty. The modern world had not yet witnessed a successful theocratic revolution, and what was unfolding before my eyes was bewildering. One day I would visit my father's grave; the next, I would stand among crowds observing revolutionary demonstrations in the streets.

EVENTUALLY, I LEFT IRAN TO GO BACK TO MY studies in the United States. On the flight, I made a promise to myself: I would abandon my plan to become a petroleum engineer and would study politics, hoping to better understand the

ideas, forces and events that had so profoundly altered the course of my life.

I have devoted my academic life to examining the ideological foundations of the 1979 revolution and the architecture of power in the Islamic republic and have undertaken what I believe to be the largest empirical study of Iran's political elite to date. As part of this work, I traced the careers of the truculent members of Mansouroun, many of whom rose to the highest ranks of the Islamic republic's military and security establishment.

Among the most prominent members was Mohsen Rezaei, who helped protect Ayatollah Khomeini upon his return to Iran in February 1979. In September 1981, Ayatollah Khomeini appointed Mr. Rezaei, then 27 years old, as the commander in chief of the Islamic Revolutionary Guards Corps. Mr. Rezaei went on to become the longest-serving commander in the Guards' history, holding

the post for 16 years while overseeing the corps's transformation from a revolutionary militia into a sophisticated military organization with dedicated ground, naval and aerospace forces. Today, after mounting four unsuccessful presidential campaigns, Mr. Rezaei serves as a senior military adviser to the supreme leader, Ayatollah Mojtaba Khamenei, who fought in the Iran-Iraq war as a teenager while Mr. Rezaei was the Guards' top commander.

Other alumni of Mansouroun who helped oversee my father's death and other extrajudicial killings before the revolution also rose to the highest ranks of the Iranian military-security establishment. Among them was Ali Shamkhani, who served as the minister of the Guards, the minister of defense and, for a decade, the secretary of the Supreme National Security Council. He was a top security adviser to Ayatollah BOROUJERDI, PAGE 11

This is not the way to hold A.I. companies accountable

Taking stakes in A.I. companies would not increase the government's powers to control those companies. The opposite is more likely.

The Editorial Board

Sam Altman, the chief executive of OpenAI, has proposed that the federal government take small stakes in the leading artificial intelligence companies so the public can share in the industry's financial bonanza. He has reportedly suggested giving the government a 5 percent stake in his own company, which would be worth \$42.6 billion at the current market price.

Senator Bernie Sanders of Vermont says the government should take a 50 percent stake in the leading companies, placing the shares in a state-controlled sovereign wealth fund. In addition to a share in the profits, he says ownership would give the government greater control over the development of a technology that has the potential to shake our society.

President Trump also likes the idea of the government holding shares in A.I. companies. “It would be a beautiful thing,” he said recently.

Policymakers ought to resist the temptation. State ownership is not in the public interest.

The government does not need to take financial stakes in companies in order to share in their success. That is the purpose of taxation. As an industry grows, so do the amounts that the government collects in taxes on profits and wages.

Nor does the United States need boardroom seats to participate in decision-making. That is the purpose of regulation. The government has broad powers to check corporate conduct that is antithetical to the public interest.

The A.I. revolution may be so significant as to require a new regulatory framework. It may require a new approach to taxation. But that is where the government should keep its focus. There are big downsides to government ownership stakes. By providing insulation against market forces, state backing can make companies less competitive, less innovative and less worried about the welfare of their customers. And the history of state investment suggests that, if anything, it often makes regulation more difficult. Governments can be reluctant to enforce rules when action comes at the expense of the state, too.

We also are concerned about the specific dangers that would arise if the



current administration took a stake in A.I. companies. Mr. Trump has made clear that he will use almost any tools at his disposal to enrich himself and his allies and to act against Americans whom he perceives as his enemies.

The separation of corporations and state has long been a strength of the U.S. economy. The U.S. government does not own shares in drug companies. It does not own shares in airlines or oil companies or meatpackers. It should not own shares in A.I. companies.

The idea that state ownership is the

best way to reap the benefits of corporate success, or to curb its excesses, has an intuitive appeal. It has long been a mainstay of the economic policy of communist nations, and it enjoyed considerable popularity in many industrial democracies during the second half of the 20th century. In the mid-1970s, state-owned companies made up roughly 11 percent of the British economy and employed 8 percent of the nation's workers.

Such investments are now much less common, however, because the judgment of history was clear. China catalyzed its economic rise by shifting from state ownership to private enterprise. Privately owned American companies outperformed state-owned European rivals in banking, telecommunications, freight transportation and other industries.

In 2023, across the 38 countries in the Organization for Economic Cooperation and Development, companies in which governments held significant stakes accounted for only about 2 percent of the total market capitalization of publicly traded companies.

Our opposition to state ownership is not absolute. Governments and government-owned companies routinely and

effectively provide some essential services, including health care and public transportation. Yet these services tend to be those that a market economy fails to provide adequately.

A.I. clearly does not fit that description. The U.S. government also has, at times, taken stakes in troubled companies. For example, during the financial crisis almost two decades ago, Washington bailed out the nation's major banks, took majority ownership stakes in General Motors and AIG, and took control of Fannie Mae and Freddie Mac. But those kinds of emergency interventions have generally been structured as short-term stabilization measures, undertaken reluctantly and exited as soon as possible.

The proposed investments in A.I. companies are a departure from that history. They would be long-term investments in companies that do not need financial assistance. Indeed, the government would take stakes precisely because the companies are succeeding.

Proposals to give the federal government a stake in A.I. companies often include safeguards to limit the government's role. Mr. Trump has compared

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OPINION

The New York Times

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The urgency in defending water supplies from attack

Jen Easterly

For all the attention devoted to an artificial-intelligence-powered cyberapocalypse, one of the most consequential cyber stories in America this week is far less futuristic. Hackers targeted municipal water systems in at least seven states, including more than 30 facilities in Minnesota. In some cases, attackers changed passwords and network settings, locking operators out of the computerized systems that control pumps, valves and other equipment. Some operations were disrupted, although there was no indication that drinking water was contaminated.

The attacks, tentatively attributed to Iran, expose a dangerous mismatch at the heart of American cybersecurity:

The threat is geopolitical, while the defense is municipal. We are asking small towns — many with no dedicated cybersecurity staff members and little money to spare —

to protect essential infrastructure against hackers linked to other nations. The danger was widely known. In April, U.S. government agencies — including the F.B.I., the Cybersecurity and Infrastructure Security Agency and the E.P.A. — published an advisory warning that hackers were exploiting internet-connected industrial control devices across the country. On July 22 the agencies updated that advisory with an urgent warning that the campaign was continuing across America's most important infrastructure, including water systems.

They attributed the activity to groups affiliated with Iran and linked it to earlier operations associated with the Islamic Revolutionary Guards Corps's Cyber Electronic Command. President Trump has attempted to blame Minnesota and its Democratic governor, Tim Walz, for the attacks. This political response to a national security issue not only disregards the U.S. government's warning about the active Iranian-affiliated campaign; it misses the larger point. National-state hackers do not respect the jurisdictional lines separating federal, state and local responsibility. They search for the most vulnerable way to disrupt American life, and too often they find it in small communities that lack the resources to defend themselves.

I saw this problem firsthand as the director of the Cybersecurity and Infrastructure Security Agency, where we were particularly focused on efforts to help defend target-rich, cyberpoor critical infrastructure, including our water systems. The United States has approximately 51,000 community water systems, more than 90 percent of which serve 10,000 people or fewer. Many rely on aging equipment that was engineered to operate reliably for decades, long before its designers contemplated internet connectivity, ransomware or attacks by foreign intelligence services.

During the Biden administration, my agency and the E.P.A. worked to make cybersecurity assistance more accessible to these communities. We produced practical guidance and incident-response playbooks, provided free assessments and deployed regional cybersecurity advisers who could work directly with local officials. Congress also created the four-year, \$1 billion State and Local Cybersecurity Grant Program, allowing states and municipalities to invest in basic capabilities such as multifactor authentication, vulnerability management and incident-response planning.

Those voluntary efforts clearly did not prevent the latest breaches. But the response provides some evidence that they reduced the risk of a cyberintrusion becoming a public-health catastrophe. Operators detected problems, some facilities shifted to manual operation,

tions, state and federal agencies coordinated their response, and safe drinking water continued to flow. We cannot prove the counterfactual, but limiting the consequences of an intrusion is an important measure of progress.

That progress is now at risk. Under Mr. Trump, the Department of Homeland Security has overseen significant personnel and budget cuts at the Cybersecurity and Infrastructure Security Agency, which still lacks a Senate-confirmed director. Federal support for the Multi-State Information Sharing and Analysis Center, which provides threat intelligence and other assistance to thousands of state and local governments, ended last year, forcing it to charge municipalities for help. The State and Local Cybersecurity Grant Program is nearing the end of its active funding period. And the Cybersecurity Information Sharing Act of 2015 — the legal framework that protects voluntary cyberthreat sharing between companies and government — is set to expire on Sept. 30.

This is weakening America's cyberdefenses, and Washington should reverse course. The administration should rebuild the Cybersecurity and Infrastructure Security Agency's personnel and capabilities and nominate a qualified leader who understands that defending the nation's infrastructure is a nonpartisan national security mission. That rebuilding must include bolstering its regional field force, which gives small communities direct access to cybersecurity advisers and industrial-control-system experts.

Congress should restore federal support for the multistate information



THEIR SPENDING FOR THE NEW YORK TIMES

sharing center and commit at least \$3 billion in new multiyear funding to the State and Local Cybersecurity Grant Program. Some of that money should be dedicated to replacing aging controls in water facilities and strengthening their ability to operate safely when digital systems fail — including through manual controls, physical safety mechanisms and regularly exercised response plans. Manufacturers and systems designers must also build equipment with secure settings, modern authentication, effective record keeping and safe remote-access controls from the outset. Small-town operators should not have to be cybersecurity experts merely to use essential equipment safely.

Congress should also extend the Cybersecurity Information Sharing Act for a decade. When attacks appear almost simultaneously across multiple states, the ability to rapidly compare information from individual victims is how defenders recognize a coordinated campaign and warn those who may be targeted next.

Cyberattacks will continue, and some will succeed. The task is to ensure that a digital intrusion does not become a public-health disaster. In an era of national-state cyberconflict, the ultimate measure of resilience is brutally simple: When attackers get in, clean water must still come out.

JEN EASTERLY is the chief executive of RSAC, a cybersecurity platform, and is a former director of the Cybersecurity and Infrastructure Security Agency, America's civilian cyberdefense agency.

Nolan built a different kind of Trojan horse

KLEIN, FROM PAGE 1

what may not be said, does what should not be done. The trickster injects disorder into order, renders visible what is ordinarily hidden. The trickster causes the damage that makes growth possible. But a happy ending is never guaranteed. The trickster can be regenerative or ruinous. Coyote brings fire; Raven brings the sun; Loki brings Ragnarok.

Hyde's argument is that tricksters are both necessary and dangerous. They represent a tension every society must grapple with. A culture that cannot meet disruption with creativity cannot survive change. A culture that cannot protect its core values will be consumed by corruption. Too much order leads to paralysis; too much chaos invites collapse.

We are living in an age of chaos. We have been living in an age of tricksters. Musk, President Trump, Tucker Carlson, Andrew Tate, Nick Fuentes — the grammar of the modern right is trickster. What is serious, and what is not? What is a provocation, and what is a promise? Why did they say that, and how did they get away with it? I am not saying these men are only tricksters. They are not the culture makers Hyde prefers to focus on. But I am saying that the dominant personalities of the age have gathered power by bulldozing customs and taboos, by saying what may not be said, by doing what should not be done.

Hyde said that Americans love a trickster "because he embodies things that are actually true about America but cannot be openly declared." That might have been true in 1998, when Hyde published his book. And I can see the argument that American institutions and mores ossified in the years since — that our society had become too rule-bound and bureaucratized, that there was too little openness to transgression and invention.

But today there is little that may no longer be said. The ideas and morals upon which the best of our culture was built have been disrupted and desecrated. The question now is whether that disruption can be met with creativity and renewal.

THIS IS THE CENTRAL QUESTION of Nolan's "Odyssey." This "Odyssey" is essentially hinges on Zeus' law: Treat the beggar and the stranger as you would want to be treated. But as a horde of classicists have pointed out, that is not the law of Zeus, which is narrower: It demands hospitality toward a guest or a stranger, recognizing that anyone could be a god in disguise. It is not an ethic of compassion or even reciprocity.

And here we find Nolan's central trick: Nolan has smuggled the core of Judeo-Christian ethics into "The Odyssey." Zeus' law, in Nolan's "Odyssey," echoes Leviticus 19:34: "The foreigner residing among you must be treated as your native born. Love them as yourself, for you were foreigners in Egypt." It echoes Rabbi Hillel, who said: "What is hateful to you, do not do to your fellow. That is the whole Torah; the rest is commentary." It echoes Matthew 7:12, when Jesus says, "In everything, do to others what you would have them do to you, for this sums up all the law and the prophets."

Such an ethic is demanding. Few of us live up to it. But the problem with adherents of the modern right is not just that they don't live up to it; the issue is that they detect it. To treat the foreigner residing among us as well as we treat our native born is derided as suicidal empathy. The Trump administration glorifies cruelty toward the immigrant, the stranger, the weak and the poor. It takes money from Medicaid to cut taxes for the rich. It threatens the destruction of whole civilizations.

The modern right is built on the logic



PICTURE ILLUSTRATION BY LUISA DE LA VEGA; THE NEW YORK TIMES. SOURCE: PHOTOGRAPH BY UNIVERSAL PICTURES

of tribute and dominance. "We live in a world, in the real world, Jake, that is governed by strength, that is governed by force, that is governed by power," Stephen Miller, a top White House adviser, told CNN's Jake Tapper. "These are the iron laws of the world since the beginning of time."

But weren't those iron laws replaced by the Golden Rule? When Odysseus concocts the trick of the Trojan horse, taking advantage of Troy's veneration of the same gods he worships to sack the city and make its streets run red with blood, is he a hero or a villain? Is it a trick or a crime? To Homer, he was a hero. To Nolan, he is a soul in need of redemption. Between Homer's time and ours came a revolution in civilizational values, an upending of what civilization even means. Which side of that divide are we on?

The modern right believes that Western civilization has lost the appetite for strength and dominance and hierarchy that built it. There is a reason a theorist like Bronze Age Pervert has become required reading for young Trumpists. There is a reason right-wing intellectuals like Curtis Yarvin

and Michael Anton have muscled about the need for an American Caesar. There is a reason the Trump administration is obsessed with Roman-style architecture. It is not an accident that they keep circling this era, both intellectually and aesthetically.

A recent exchange Musk had on X reveals how far this thinking has gone. A user told Musk it was time to "wise up" and abandon classical liberalism, because "universal suffrage leads to universal suffering." His reply: "I have wised up."

Helen of Troy in Nolan's "Odyssey" is just an excuse for a war launched to dominate routes of trade. It's a telling choice during an administration that is crashing into the global order in pursuit of moral dominance over trade wars. In the cry of protest by the Canadian prime minister, Mark Carney, against this regime, he also reached back to Greece to describe what he saw happening: "The strong can do what they can, and the weak must suffer what they must. And this apothemism of Thucydides is presented as inevitable, as the natural

logic of international relations reasserting itself."

When Nolan's Odysseus recalls the sacking of Troy, he blanches at the memory of 10 years of rage pouring into a city in a single night. It was hard for me not to think, then, of the pent-up rage that Hamas poured into Israel on Oct. 7, 2023, and that Israel has poured into Gaza a hundredfold in the years since. The Israeli prime minister, Benjamin Netanyahu, now describes Israel's future as "Athens and super-Sparta."

Yuval Noah Harari, the Israeli-born historian who wrote "Sapiens," sees the diminishment this foretells clearly. "A lot of the thinking, and also the practice, about what it means to have freedom of thought, what it means to be a powerless minority, was done by Jewish thinkers," he told me. He added:

For 2,000 years, Jews all over the world saw studying and learning as the highest spiritual activity. After 2,000 years, you ask them: What have you learned? You have studied for 2,000 years. What have you learned? And then people like Netanyahu tell you: Oh, we have learned that you need to be a Roman, that you need to be strong, that you need to build legions, that you need to destroy cities. This is the only thing that matters in life. It's a legitimate value system. Rome had its usefulness. But after 2,000 years, the Jews simply become the Romans. What was the point? Why did you waste 2,000 years, then? You could have just become Roman back then.

THIS IS NOLAN'S FINEST TRICK: to make one of our oldest moral rules sound new. To turn the best of Judeo-Christianity into the law of Zeus, so we can see why it might matter and what it might still have to say to us.

What Odysseus sees, eventually, is that his violations of the moral order have brought ruin to all around him. Agamemnon, the king who launched the war against Troy, is dead, his throat slit by his wife, who never forgave him for sacrificing their daughter for fair winds. Troy is destroyed. Ithaca, Odysseus' home, is overrun by suitors who seek his wife and land and think nothing of murdering his son in their pursuit. Odysseus and his men were not fighting the barbarians; they were the barbarians. And their actions led to more barbarity. So, too, has the political movement

that rose promising to make Western civilization great again betrayed its inheritance. The world now looks at America and sees us as the barbarians: the country obliterating the global order, the country that takes what it wants and demands tribute from those who cannot resist.

And what the political opposition has to do now is recognize what Nolan recognized: That it is an affirmation of our civilizational values to say that cruelty is a weakness. That only compassion and reciprocity build a durable and decent society. That order is necessary but order without ethics and restraint is perversion or authoritarianism. That there is both beauty and wisdom in the injunction to avoid inflicting on others what we would not see turned against us and in remembering that we were strangers in the land of Egypt, too.

At the end of his book, Hyde considers when the trickster's tale ends in ruin and when it ends in regeneration. His answer is that devastation comes when you cannot rejoin the worlds. Loki is bound beneath the earth, with poison dripped on him for eternity, and the end of the world is the result. Hermes becomes a connector between our world and the underworld, allowing Persephone, and spring, to return each year. In other words, it is only when severed worlds can be bonded that cultures can rediscover their strength.

I do not want to make this too didactic, so I will just end here: Justice in America has come, repeatedly, when those seeking progress realize that the language of the Torah, of the New Testament and of the Declaration of Independence can be wielded on behalf of a new world. It has been some time since religion, liberalism and patriotism had a comfortable relationship in America.

But the shape of the modern right has created space to do that work again. Regeneration is hard. It requires seeing old values in new ways. It requires recognizing that a moral inheritance that has collapsed into cliché holds power in an age when it has been debased and forgotten. But it can be done. It needs to be done.

Nolan's Odysseus is not a trickster. He is a man living in the ruins brought about by tricksters. So, too, are we. This movie, and the reaction to it, is a sign that the age of the trickster is ending. Now we need those who would remake this world.

Why state ownership of A.I. is a bad idea

EDITORIAL BOARD, FROM PAGE 9

The idea of investing in A.I. companies to the 10 percent stake that his administration took last year in the troubled chip-maker Intel. Those shares are nonvoting, allowing the public to participate in the company's profits but not in its decision-making.

Even less direct forms of government support, however, can still be problematic. The mortgage finance companies Fannie Mae and Freddie Mac offer an example. The government created the companies, but it did not maintain an ownership stake. Still, in the early 2000s, the companies pursued reckless investment strategies in part because they were confident the government would bail them out, as it eventually did.

The impact on the corporation is only part of the problem. State ownership doesn't just insulate companies from market forces. It also tends to insulate against regulation.

The public should regard Mr. Altman's proposal with Frank suspicion. It is a payment; the question is what he hopes to receive in return, and the obvious answer is that he is hoping to purchase leniency. He is hoping that the government will deal less strictly with his company if every decision to constrain its ambitions comes, in part, at the expense of the government, too. He has good reason, to judge from the historical record.

State-owned oil companies provide glaring examples. The Norwegian government is a signatory of the Paris Accords, which establish goals for reducing emissions to limit climate change. It is also the majority shareholder in Equinor, Norway's dominant oil company. Norway's petroleum wealth provides 30 percent of the government's annual revenue. Last year, the government blocked an effort by minority shareholders in the company to force Equinor to account for the company's failure to comply with the environmental policies the government itself has adopted.

Other examples abound. South Africa has legislated more lenient emissions standards for power plants owned by the state utility company, Eskom. Singapore does not require Temasek, a state-owned investment firm, to make the same financial disclosures as many privately owned investment firms. France, for years, exempted some state-owned companies from its bankruptcy laws, allowing those businesses to borrow more cheaply.

Taking stakes in A.I. companies would not increase the government's ability to control those companies. The opposite is more likely. There is a clear need for legislation to govern A.I., a subject on which we will have more to say in the coming months. Writing those laws, however, is not by picking



The Norwegian government is a signatory of the Paris Accords, which establish goals for reducing emissions. It is also the majority shareholder in Equinor, Norway's dominant oil company. Petroleum wealth provides 30 percent of Norway's annual revenue.

necessary. Ownership is not a substitute for oversight.

The government has an important role to play in ensuring that the benefits of A.I. are broadly distributed and in protecting the public from the potential downsides. The best way to achieve these goals, however, is not by picking

up the tools of investors, but instead by using the powers of government.

THE EDITORIAL BOARD is a group of opinion journalists whose views are informed by expertise, research, debate and certain longstanding values. It is separate from the newsroom.

OPINION

Democrats, Trump and Iran



**BUSINESS
WORLD**
By Holman W.
Jenkins, Jr.

Donald Trump's war was a miscalculation. He had neither the military resources nor the domestic support for a long war, nor the personal appetite for one. By day seven, he was pounding Iran in hopes it would give him an out. But a New York Times piece commits an anachronism in recruiting foreign-policy types in the U.S. and Europe to pronounce the war a "strategic defeat" for the U.S. Let's wait for the chapters to be written.

In a sense, Mr. Trump's Iran fumble has been more costly than Reagan's 1982 Lebanon misadventure, in terms of munitions spent and goals not achieved. In a currency that matters more, Mr. Trump's war has actually been cheaper: Reagan left behind 241 dead U.S. military personnel when he beat a U.S. retreat with his tail between his legs.

Thereupon, the Reagan economy went on to win the Cold War, to spawn technological revolutions that continue today, and to remake U.S. cultural dominance for a new era. I'm not predicting the same for Mr. Trump, but if his Iran failure doesn't lead to World War III, it's likely soon to be forgotten, as many U.S. misadventures and retreats have been. A sleight of hand fills the

Times piece. It says "U.S." where it means "Mr. Trump."

Its sources know better. The Times itself knows better. Mr. Trump acted against the advice of his team, against promises to his base, on pre-occupations he's nursed for decades. In a soliloquy on the "Call Me Back" podcast, the Eurasia Group's Ian Bremmer extends a point I've tried to make here. More than most, the Trump presidency is a path-dependent freak occurrence of history. Other leaders see this. They know not to overgeneralize from it.

I would say more. Other nations have intelligence agencies. They have analytical abilities and no incentive not to see certain truths. Authoritarian regimes are especially sensitive to the extent to which Mr. Trump was a U.S. intelligence botch, starting with the FBI's meddling in the 2016 race using secret Russian intelligence as a justification.

A simple ethical stop-loss would have meant no Trump era at all: If Hillary Clinton, John Brennan, Adam Schiff, James Comey and, yes, the press had asked themselves: Should we lie?

I know this subject is neuralgic for certain readers. I understand why. As I put it at the time of the Hunter Biden laptop episode, "If you're so dumb as to lose all critical judgment every time you hear the word 'Russians,' somebody will take advantage of it."

But the truth is no less relevant for being universally ignored. For the sixth election

in a row, the parties are trotting out their foreign-influence/election-disturbance memes. For Mr. Trump, it's become the Chinese; for a certain brand of insurgent Democrat, it's Israel.

Democrats injected this theme into our politics. They fabricated evidence. They mobilized the FBI and intelligence agencies to lie to the courts and the American people. There's been nothing like it in U.S. history, and don't

The co-dependency of the president and his opponents becomes the world's problem.

lay it off somehow on overzealousness in defense of democracy. Democrats *liked* having Mr. Trump as an opponent. Jim Messina, the ex-Obama campaign manager, said he prayed for Mr. Trump to be the 2016 nominee. The same motive is why the crowning, organically connected episode of the collusion era, though it might seem to belong to a different category, was Joe Biden's 2024 re-election strategy.

Mr. Biden blew up his presidency on the bet that Mr. Trump was the magic solvent—that Mr. Biden could hand over policy to his party's unrepresentative, vindictive left-wing activists and voters would have to re-elect him anyway.

Now this history and 2028

pose a question: Can Democrats refrain from inventing, for the fourth consecutive presidential election, some new self-humiliating self-betrayal that will rumble through our politics for a decade, as the collusion fraud did and as Mr. Biden's faceplant still does? Tuesday's Michigan primary showdown isn't encouraging. If antisemitism and socialism are to be the party's 2028 calling card, Democrats had better get working to make sure Don Jr. will be the GOP nominee.

Mr. Trump the loss-cutting businessman, the Iran war would be an easy fix. Sail away. Deprive Iran of the antagonist over which it seeks leverage by shutting down the Strait of Hormuz. The local parties' incentives then would point to a quick reopening. A lingering reliability premium for non-Gulf oil would be a net plus for the U.S. as a Western Hemisphere energy power. Plus the U.S. has already shown it can exercise a trump over Gulf energy flows without actually having to risk its ships in the Gulf's narrow waters.

But politicians in a hole prefer to make nondecision decisions and that applies to Mr. Trump and his Iranian interlocutors. The likelier outcome is for the desultory shooting and talking to continue until Jan. 20, 2029, when the next administration will be able to take a big-bath write-off and blame Mr. Trump.

BOOKSHELF | By Andrew Stark

Ask Her Anything

Q: The Hidden Power of Questions In a World That Wants Answers

By Lani Watson

Viking, 320 pages, \$32

Harley Putnam often gave his Harvard philosophy students a final exam consisting of an unusual challenge. He instructed each student to decide on what questions the examination should include—and then respond to them. It was a devilish test. If a student came up with questions that were too hard, answering correctly would be a struggle. But if the questions were too easy, the student would lose marks for asking puffballs.

Lani Watson would have appreciated Putnam's exam. In "Q," Ms. Watson, who teaches philosophy at the University of Edinburgh, suggests that "we live in a world that wants, needs and values answers with ever-increasing restlessness and urgency." As we navigate an increasingly confusing era, many of us seek, she writes, "cognitive closure," grabbing onto whatever ready-made answers are on offer, leading ourselves astray in many areas of life, including personal health, politics and business.

Ms. Watson wants us to realize that questions have great value apart from whatever answers they elicit. They are "a form of power we all carry with us." To illustrate that point she brings up a 2021 case in which British doctors missed a child's life-threatening condition, and her parents' observations were ignored. A challenge to the too-quick diagnosis might have saved the patient's life. Guidance encouraging patients and families to ask questions of medical staff now appears on information resources in U.K. hospitals.

Ms. Watson's definition of questioning is capacious. She includes any information-seeking act, from a verbal interrogative to the sniff one might give a carton of milk to gauge its freshness. Whether trivial or urgent, she argues, questions are central to our well-being. The science of the mind is on her side. Ms. Watson reports that questioning delivers a spurt of helpful neurotransmitters and triggers "a neurochemical response that ripples through your dopaminergic system—the part of the brain [that] helps you feel pleasure."

A questioning mindset even welcomes the unanswerable. When we imagine, for example, those questions we can no longer ask a loved one who has died, such queries, Ms. Watson suggests, help "our brains to process loss, our minds to fathom the unfathomable." The realizations this sort of musing can lead us to are not always pleasurable. But their value, Ms. Watson argues, is real. Posing painful questions to ourselves about our own traumas and struggles can be therapeutic.

She even suggests assembling a "question collection" in the workplace, to which employees would contribute unknowns for their co-workers to mull over. "If every company... had its own bespoke and dynamic question collection," Ms. Watson writes, "there is little doubt that we would all be living in a more question-oriented world"—a supposition that might seem a little bit questionable.

As it happens, a questioning mindset is precisely what most of our schools do not instill. Multiple studies cited by Ms. Watson suggest that the bulk of questions in the classroom are posed by teachers to students. As one educational researcher puts it, "no-one has ever gone into a sample of classrooms and found a lot of student questions." When you see a picture of a children eagerly raising their hands in class, Ms. Watson dryly observes, the students are likely answering a teacher's prompt, rather than raising a query.

Many schools fail to instill a questioning mindset. Studies suggest most questions in the classroom are posed by teachers to students.

Ms. Watson writes breezily and with welcome self-awareness. (After mentioning her search for a vegan ramen shop in Tokyo, she adds, "congratulations, you have arrived at the most bougie sentence in this book.") She unabashedly describes the long minutes of excruciating silence that ensued when she asked her students, in one of her philosophy classes, if they had any questions on that week's reading. And yet, as one moves through "Q," one gets the feeling that the book is ignoring a significant problem. Aren't we about to enter a time when questioning itself will be upended by artificial intelligence?

Ms. Watson discusses AI in passing, noting that "to get up and running, AI needs data and questions." Her interest in the topic is chiefly that this new technology underscores the value of questions. But if a significant number of jobs in the physical world are supplanted by AI-driven automation, how many of us will then care about turning our workplaces into hotbeds of innovation—one of the major benefits Ms. Watson assigns to habitual asking?

When they interact with ChatGPT, Ms. Watson notes, "humans are still the ones doing the asking." But it's also possible that AI products that mimic human conversation will detach us from engaging with the thoughts and feelings of other people around us. Suppose that more of us abandon real romantic partners to spend time with compelling AI bots. How much interest will we then take in the mental worlds of others—an interest that, Ms. Watson says, we embody by asking questions? And as we freely use the images and texts these systems offer us, what fate awaits the difficult but rewarding self-exploration that animates artistic creation?

Ms. Watson does criticize the AI models now available for offering digestible but sometimes off-the-mark answers to our various small-beer queries. But the greatest challenge we face with this technology might arise from the reverse. If AI models can generate scientific and mathematical breakthroughs but cannot explain their own reasoning in ways humans can understand, we might remain unable to reconstruct the intellectual path by which those answers were reached.

These are speculative possibilities, not settled predictions. But if questioning is to remain one of humanity's defining activities in an age of increasingly capable AI, it might require a deeper philosophical defense than "Q" provides. Robert F. Kennedy, borrowing from George Bernard Shaw, declared that "some men see things as they are and ask why; I dream things that never were and ask why not." It's a ringing defense of curiosity. If the dreamer is a digital one, though, will either question matter?

Mr. Stark is the author of "The Consolations of Mortality."

Economics Drive Populism and Socialism



**POLITICS
& IDEAS**
By William
A. Galston

The remarkable surge of support for the Democratic Socialists of America over the past year is part of a much longer and larger trend. Over the past two decades, the centrist left-right duality that governed most Western democracies after World War II has crumbled. Populist-nationalist movements have enfeebled and, in some cases, displaced traditional conservative parties. On the left, hard-line socialists have made inroads against liberal reformers and social democrats.

The new left and new right disagree on many issues, including immigration, culture and foreign policy. But they agree that the economic policies of the old duality have caused deindustrialization, slowed economic growth, and widened the economic gap between highly educated urban areas and less educated small towns and rural regions.

In the U.S., discontent about long, costly wars and lingering controversy over the 2008-09 financial crisis and the pandemic have also contributed to the revolt against the elites of both political parties.

Public disappointment with the economy has sustained this revolt. Over the past quarter-century, under presidents

and congresses of both parties, growth has slowed, and its fruits have been shared less widely. Average families believe that their interests have been ignored, and the facts back them up.

Between 1950 and 1974, the U.S. economy grew at a compound annual rate of 3.8% after inflation. Over the next fundamental was taking place—a massive shift of national income from labor to capital. At the beginning of

But in the 25 years beginning in January 2001, the annual growth rate was a mere 2.1%. Consistent with this trend, GDP grew by 2.1% in the first year of President Trump's second term and at an annualized rate of 2.1% in the first quarter of 2026 and an estimated 1.5% in the second quarter.

As growth slowed, its fruits were shared less equally than in the preceding half-century. Between 2001 and 2024, income for households in the middle grew by 18.6%, but by 32.1% for the top 10% and 33.5% for the top 1%.

Over the past quarter-century, the real weekly earnings of median workers rose from \$336 to \$378 in 1982-84 dollars, an almost imperceptible annual increase of 0.5%. Total compensation, which takes

benefits into account, rose only slightly faster, at an annual rate of 0.8%. While real GDP grew 71% during this period, inflation-adjusted corporate profits nearly quadrupled, from \$533.4 billion to \$2.12 trillion in 2001 dollars. Beneath these figures, as the Journal's Greg Ip has shown, something even more fundamental was taking place—a massive shift of national income from labor to capital. At the beginning of

Their solutions would make things worse, but real problems are behind their appeal.

2001, corporate profits amounted to 6% of national income. By early 2026, that share had doubled to 12%. Meanwhile, workers' share fell by 5.7 points, from 56.7% to 51%, the lowest since the government began keeping these statistics in 1947. Although tax-induced accounting changes explain a portion of this change, the bulk of it represents a structural shift in the relationship between labor and capital. The growth of artificial intelligence will likely accelerate this trend.

The bottom line: Adjusting for tax and accounting changes, if workers today were receiving the same slice of the economic pie that they enjoyed 25 years ago, they

would have earned an additional \$9,000 on average in 2025. The turn toward tariffs under Mr. Trump and price controls under New York's Mayor Zohran Mamdani represent responses to this shortfall, as does the public ownership of the means of production and exchange that both have embraced.

Still, the failure of more-incremental economic changes offered by both parties since the turn of the century has opened the door to much broader policy shifts, however misguided they may be. Tariffs raise prices; price controls reduce supply. Both lead to costly economic distortions. Still, they give hope to their supporters in a way that incrementalism no longer does.

A decade ago, President

Reagan's small-government conservative internationalism gave way to big-government populist nationalism as the Republican Party's reigning orthodoxy. Now the Democratic Party faces a comparable challenge from the DSA.

There's an old political maxim: You can't beat something with nothing. The portion of the Democratic Party that still believes in democratic capitalism must move beyond yesterday's policies to craft a new agenda that is bold, economically responsible and publicly acceptable. If not, developments in New York, Michigan, Wisconsin and elsewhere since 2025 will turn out to be harbingers of the party's future.

The ride was uneventful until we were four blocks from our destination. Realizing it was in a must-turn-right lane, the Waymo flicked on its left blinker, wavered toward the middle lane, changed its mind, and turned right—away from the hotel. It circled the block but wound up in a must-turn-left lane. After a third unsuccessful attempt, I pressed the customer-service button. A representative confirmed the car was rerouting, and my wife asked, "Can't you tell it where to turn?"

"No," the rep responded. "The car has a mind of its own." We felt, as if we had walked into "2001: A Space Odyssey," and HAL would say ominously, "I'm sorry Dave. I'm afraid I can't do that." This time, the car approached our hotel but a block

Mr. Cohen is an attorney at Pollock Cohen LLP in New York.

Where Are You Taking Me, Waymo?

By Steve Cohen

Waymo, the autonomous taxi company owned by Google's parent, Alphabet, isn't ready to be handed the family car keys. At times it behaves like a precocious child: headstrong and resistant to parental intervention. Consequently, it doesn't always work as well as it thinks it does.

Last week my wife and I took what was supposed to be a short ride in a Waymo. It became a journey that was by turns funny, frustrating and terrifying.

I had used driverless taxis in San Francisco and raved about the surreal experience. So, while in Santa Monica, Calif., I didn't hesitate to summon a Waymo for the 2-mile ride to our hotel.

It wasn't a particularly adventurous decision. We've driven Teslas for six years, and my wife has embraced my use of Tesla's "Full Self-Driving (Supervised)" mode on all

En route to our hotel, the car steered itself into wrong lanes, and we had to bail out.

driver. The Tesla's cameras can see jaywalkers before I do, oncoming headlights don't blind it, and the car reacts faster than I can.

In Santa Monica, when our Waymo showed up, my wife got in the back while I plopped into the front passenger seat—the better to play with the cabin controls. A notice warned us not to interfere with the car's autonomous

features, and an announcement informed us that Waymo wouldn't listen to our conversation. An Irish woolen driver's cap sat on the empty driver's seat.

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This time, the car approached our hotel but a block

OPINION

REVIEW & OUTLOOK

Clarity for Crypto, Sort Of

Congress often passes legislation riddled with policy land mines because the Members don't want to do the hard work of defusing them. A case in point is the crypto regulation bill now in the Senate that Republicans are rushing to pass before they leave town this week.

The Biden team tried to suppress cryptocurrency, a digital form of money, and keep it in the legal shadows. Banking regulators advised banks to stay away. Securities and Exchange Commission Chair Gary Gensler punished crypto developers and exchanges for not registering with the agency, though federal law didn't expressly give him authority to regulate them.

* * *

While Trump officials have been friendlier, crypto continues to operate in a regulatory gray zone. Last year's Genius Act provided some rules for stablecoins, which are cryptocurrencies designed to hold a fixed dollar peg similar to money-market funds. But the legislation left some regulatory issues unresolved.

Enter the Senate's 616-page Clarity Act, which establishes a regulatory framework for digital assets. This would give the crypto industry more legitimacy and legal certainty, which is why the crypto boys support it.

The bill lays out rules for regulators to determine if a cryptocurrency is more like an investment contract (subject to SEC oversight) or a commodity (the Commodity Futures Trading Commission). Cryptocurrencies sold to raise money for an enterprise would generally be treated as securities. This would appear to include the Trump family's WLFI token.

Bitcoin and other digital tokens that aren't controlled by a person or company would generally be regulated as commodities. The bill would also establish clear market structure rules that provide regulatory certainty for investors and banks so they don't have to worry about being whipsawed by the whims of a future administration.

Americans who aren't crypto investors could also benefit from the bill since it would provide a legal framework for banks to issue, trade and settle payments for tokenized securities—for example, stocks and bonds with blockchain records. This technology would remove friction in the financial system and lower costs. All of this is worth supporting.

The problem is the bill also includes regulatory loopholes that could cause problems in the financial system. One provision would undermine the Genius Act's prohibition on stablecoin issuers paying interest by letting crypto exchanges offer "rewards" for what are essentially banking services.

The Senate bill to regulate the digital currency needs changes.

Under the Genius Act, stablecoin issuers can't pay interest on holdings. Congress was concerned that this would let stablecoins compete with banks for deposits without having to abide by the same capital and other regulations. If banks lose deposits to higher-interest bearing stablecoins, banks would have less capacity to make loans.

This is a particular risk for small banks that use interest payments to attract deposits. Big banks don't have to pay as much in interest since they benefit from their too-big-to-fail imprimatur. The Clarity Act would bless a workaround to the Genius Act by letting issuers arrange deals with crypto exchanges to pay "rewards" to customers that hold stablecoins.

These rewards could include lower-rate margin loans, trading credits, rebates on deposits or cash bonuses. Stablecoin issuers make money from assets they hold to back the token—namely, Treasury bills. The more stablecoins that people buy and hold, the more money that issuers have to invest. Even if yields on Treasuries are relatively small, stablecoin issuers such as Tether Limited and Circle make money on volume.

That's why they want to encourage more people to buy and hold their stablecoins. Letting exchanges provide pecuniary incentives to stablecoin users could draw deposits out of small banks and thus reduce lending to small businesses.

The bill would also exempt so-called decentralized crypto networks from anti-money laundering and know-your-customer rules. These networks operate like eBay with users transacting directly and the operator taking a cut of transactions. Criminals could exploit this exemption to route illicit payments through these networks.

Many decentralized networks would also be exempt from SEC and CFTC regulation, which could spur trading of tokenized securities (including stocks) to migrate to these shadow markets with few or no investor protections. Such invitations for regulatory evasion can be fixed with tighter language, but the crypto lobby is pressing Republicans to pass the bill as is.

* * *

The House last year passed a version of the Clarity Act, and President Trump wants Congress to put a bill on his desk to reward his friends and donors in the industry. Democrats are demanding stricter restrictions on federal officials issuing and promoting cryptocurrencies while in office. Fair enough. Mr. Trump's crypto dealings are an embarrassment.

But they also underscore the need to establish a safe and sound regime for digital assets to protect investors.

Trump, Big Oil, and 'Too Much Money'

Everyone knows President Trump plays the role of political populist, but sometimes all you can do is laugh. Take his lashing Monday of American oil companies for "making too much money."

Mr. Trump is worried about gasoline prices going into the midterm election, and the President needs someone to blame. Voila, Big Oil.

"When you look at one company where they made 12 times what they made the year before, they ought to give some of that back to the public," Mr. Trump said Monday. "And they better cut the retail price, the consumer price." It's unclear which company he was referring to, but previously he had criticized Chevron CEO Mike Wirth for not praising Mr. Trump as the reason for his company's success.

Oil and gas giants always make more money when oil prices rise, as they have given the threat to oil supplies from Mr. Trump's war with Iran. But this is the same industry that Mr. Trump has been cheering for producing more oil

in the U.S. Does he want the companies to make less money so they'll have less to invest in exploration and drilling? Which is it, sir?

The billionaire President offers an odd critique of companies.

As it happens, oil and gas giants are distributing their profits to the public via dividends to shareholders, many of whom are retirees. Chevron this week announced a bonus for its employees. But speaking of someone making much more than the year before, would the President care to comment on his profits from his cryptocurrency plays and other ventures while in office?

Mr. Trump's recent financial disclosure report showed he made some \$1.4 billion last year on crypto alone. His Truth Social platform last Saturday launched a service that sells faster access to his often news-breaking posts. Oil prices—to take one example—often gyrate in response to his posts about the war.

Oil and gas giants make money by producing a valuable commodity. Some uncharitable populist might say Mr. Trump is commoditizing the Presidency.

China Chases a Journalist Abroad

The Chinese Communist Party targets critics at home and abroad, and it bullies other countries to become accomplices. Witness Beijing's demand for Thailand to extradite a Chinese journalist who exposed corruption.

Bai Zhaocong covered Covid-19, graft and other politically sensitive topics for Caijing, a Chinese magazine known for investigative reporting. Authorities have detained at least two others who wrote for the publication, and Reporters Without Borders says public security departments across China brought at least five charges against Mr. Bai between 2011 and 2022. Mr. Bai fled the country, arriving in Thailand in 2024.

But Mr. Bai was unable to renew his Chinese passport, and he has been in immigration detention since January 2026. The Chinese Foreign Ministry told Reuters it is seeking Mr. Bai's extradition, citing extortion and bribery allegations. Mr. Bai denies wrongdoing, says his lawyer, Nadthasiri Bergman.

If Mr. Bai is returned to China, he "will probably be incarcerated based on the articles that he published," says Ms. Bergman. The United Nations High Commissioner for Refugees has recognized Mr. Bai as a refugee, says the nonprofit Human Rights Watch. Ms. Bergman says another country, which she de-

Beijing asks Thailand to extradite a reporter who exposed corruption.

clined to name, has agreed to take him, but he needs a Thai exit permit. Thailand's immigration authorities and Ministry for Foreign Affairs didn't respond to our inquiries.

Under its national laws and international commitments, Thailand is barred from returning someone to a home country if he is likely to face persecution, torture or other abuse. Yet last year Thailand deported at least 40 Uyghurs to China, despite a finding by the U.S. that the Communist Party is carrying out a genocide against the ethnic minority. Human Rights Watch says Beijing has recently asked Bangkok to return others who would face political or religious persecution in China.

Brave journalists like Mr. Bai do a public service with their reporting, and Chinese readers aren't their only beneficiaries. It's become more difficult for foreign businesses, including American companies, to access reliable information about Chinese governance and economic and business matters as Beijing imposes more restrictions on sharing information.

Beijing has become increasingly bold about harassing critics abroad, including in the U.S. Washington has an interest in countering such transnational repression, and the Trump Administration can help by raising Mr. Bai's case with Thailand.

LETTERS TO THE EDITOR

Both Parties Try to Block Direct Democracy

Regarding your editorial "Democrats Turn Against Direct Democracy" (July 31): New York City Democrats belong on that same roster. Mayor Zohran Mamdani and his allies have suppressed a referendum on whether to end the city's closed primary elections.

New York's current closed primary system excludes the city's more than one million independent "nonaffiliated" voters from the preliminary elections that de facto decide who the ultimate winner will be.

A commission convened by former Mayor Eric Adams was on track to put open primaries to a vote, but Mr. Mamdani disbanded that group, replacing it with one that over-looked public input and dropped the initiative.

It makes sense that Mr. Mamdani would favor closed primaries, which yield smaller turnout and advantage Democratic Socialists of America candidates. Rep. Alexandria Ocasio-Cortez won her 2018 Democratic primary election for New York's 14th Congressional District with only 16,898 votes.

While the open-primary referendum won't be on this November's ballot, the group Unite NY has gathered enough petition signatures to qualify an initiative aiming to put the open primary on the November 2027 bal-

lot. Then those Democrats who decry "disenfranchisement" will face a test.

HOWARD HUSOCK
American Enterprise Institute
Rye, N.Y.

While Democrats in California may be trying to thwart the will of the people as expressed in citizen initiatives, in Missouri it's Republicans who are doing so.

Republicans in the General Assembly, unhappy with the results of some recent ballot initiatives, moved to solve the problem by changing the rules on citizen-sponsored initiatives through Amendment 4 on the Aug. 4 ballot. The measure would make it significantly harder to amend the state constitution by requiring amendments proposed by citizens to be approved by a majority of voters in every congressional district in the state instead of by a simple statewide majority. This is an almost impossibly high standard considering the political diversity of Missouri.

Regardless of Amendment 4's outcome, the effort illustrates that this isn't a one-party issue. The Democratic-controlled legislature in California and the Republican-controlled legislature in Missouri have both tried to block citizen initiatives.

THOMAS F. SCHLAFLY
St. Louis

A Teacher Gives Restorative Justice an F Grade

Though I am a lifelong Democrat, I strongly agree with Tony Woodlief's assessment of restorative-justice practices in schools ("Restorative Justice Brings Violent Schools," op-ed, July 30).

I taught middle school from 2021 to 2025 at low-performing public schools in Denver. When I first read about restorative-justice practices in my master's degree program, I thought they had potential. But in practice they encourage disruptive student behavior, worsening schools and exhausting teachers.

Here is how restorative justice generally worked in the two schools I taught at: A student would disrupt class, shouting at me or throwing objects at other students. First I would give the disruptive student a warning. Then I would direct him to move away from his peers. (He would often refuse to do so.) When the behavior continued, I would put his name on the board to call home to discuss the situation with his caregivers. (The caregivers often wouldn't answer the phone. If they did, they often wouldn't be interested in addressing the situation.)

When I would finally call to have the disruptive student removed from class, a meeting with a restorative-justice coordinator would be required.

This would mean giving up either my lunch or my only planning period. The coordinator would be in charge of the meeting. The restorative-justice coordinators that I worked with had only a high-school education, along with their restorative-justice training. In these meetings, they would encourage the disruptive student to discuss why he thought I was being unfair to him as I attempted to manage my classroom.

No disciplinary actions would be taken, and the disruptive behavior would increase. The restorative-justice circle would embolden the student as he realized his misbehavior would give him further opportunities to get privileged time and attention with no consequences.

In these schools, suspensions were rare, but student behavior was unsafe. Fights were frequent, bullying was rampant and academic expectations were low. (Students received 50% credit on tests and assignments for simply signing their names.) It was unfair to the students who wanted to learn and were well behaved, and it was difficult to teach when nothing could be done to mitigate the disruptions.

MICHELLE DIGIACOMO
Denver

The Smithsonian Institution Has Lost Its Way

Regarding Jeffrey H. Anderson's op-ed "The Smithsonian's Disdain for America" (Aug. 1): In July 1976, my wife and I took our three children, between 7 and 9 years old, to the East Coast to celebrate our nation's 200th birthday, starting at Boston's Freedom Trail and ending at Yorktown. It was a wondrous adventure into our country's founding.

Fifty years later, in July of this year, my family returned to the District of Columbia and visited the Smithsonian National Museum of American History. What we expected to see, from previous trips to the National Mall museums, was an excellent series of lessons taking us from our country's beginnings through various trials and the overcoming of obstacles keeping us from our destiny. What we saw instead was a wildly disjointed and confusing mashup of displays that lent nothing to our knowledge of Amer-

ica's rise to become that admired "shining city upon a hill."

JIM BARBER
Mesa, Ariz.

Mr. Anderson drives home the point that the Smithsonian's ethos emanates from its leadership. The National Museum of American History's director, Anthea Hartig, isn't a good fit for what the museum represents. She might want to spare herself the scrutiny and step down, making room for a suitable replacement. A director who loves our country and wants to enlighten us with consequential historical exhibits would be a better fit.

RONALD G. FRANK
West Orange, N.J.

Don't Underestimate Tehran

In his column "Iran Is a Hedgehog, Trump Is a Fox" (Global View, July 28), Walter Russell Mead writes that, as a fox, President Trump has many tricks he can play and is "unlikely to give up until he's tried every trick in the book." Yet the ancient Greek poet Archilochus, who gave us the parable of the fox and the hedgehog, suggests that the hedgehog's one big trick may defeat all the tricks the fox can try.

DAVID J. WHITE
Waco, Texas

Pepper ... And Salt

THE WALL STREET JOURNAL



Letters intended for publication should be emailed to wsjletters@wsj.com. Please include your city, state and telephone number. All letters are subject to editing, and unpublished letters cannot be acknowledged.

OPINION

Democratic Socialism Is No Tea Party

By Daniel Lipinski

Historically, parties out of power in Washington usually pick up congressional seats in midterm elections, especially when the president's job approval is low. That augurs well for Democrats in November.

But the Democratic Party's favorability rating is around 40%. Its campaign arm, the Democratic National Committee, is in debt and in turmoil.

Now the party's plight seems even worse. Insurgent candidates backed by the Democratic Socialists of America with their radical call to end capitalism have run up a string of primary victories.

It's far more dangerous to the country. But its appeal is similar to that of the 2009-10 GOP insurgency.

Republicans can barely contain their glee because they expect these DSA nominees to be millstones around the necks of all Democratic candidates in November. Democrats are sweating.

If both sides looked back at what happened in the early 2010s, however, maybe Republicans wouldn't be so sanguine or Democrats so concerned about 2026. Perhaps instead we should all be much more worried about the country's future.

In 2010 the Republican Party faced headwinds similar to those the Democratic Party does now: out of power, the national committee in

shambles, low approval and a rising insurgency—the tea party. In significant ways, the tea party contrasts sharply with the DSA. Though it attracted angry and sometimes offensive voices, it was a conventional libertarian-leaning movement, as opposed to an extreme socialist organization.

Yet it is best to understand what is happening inside the Democratic Party today not as a widespread endorsement of the DSA platform, but more broadly as a protest by those fearful about the future and feeling betrayed by the perceived fecklessness of party leaders. Such emotions make fertile ground for demagogues.

That isn't to play down the unhealthy leftist swell in the Democratic Party, or to brush aside the danger of the DSA, which is being lifted by this wave. But if we focus on the mood and energy of the movement, it mirrors the tea party.

As a Democratic House member in the early days of the tea party, I heard from my party leaders that the movement was going to sink Republicans in the 2010 midterms. Though our party wasn't popular, I was told that the voters were going to reject the "extreme" agenda and weak candidates Republicans were offering. Primary voters had chosen several disastrous tea party nominees, especially in some winnable Senate races.

Republican leaders were leery about being too closely connected with the tea party, but they were desperate for a way out of a deep political hole and felt this movement could be the party's salvation. They were also motivated by the fear that their own survival might depend on getting on the right side



Progressive Michigan U.S. Senate candidate Abdul El-Sayed.

of these insurgents. House Republican Leader John Boehner tried to walk a fine line. While he refrained from endorsing the tea party's "Contract From America," he—and to a greater degree other party polls and organizations—sought to whip up its followers to vote for Republican congressional candidates.

Flip the names of the parties, their leaders and the insurgent movements, and this more than echoes what we are seeing today. What happened next could be a forewarning.

In the 2010 midterm elections, tea party voter enthusiasm carried Republicans to historic gains in the House, though some of its candidates cost the party Senate seats more conventional GOP candidates might have won. When Mr. Boehner became speaker, he was determined to use the new Republican House majority to make policy gains. But he had to negotiate with the Democratic

Senate and President Obama.

Though committed tea-party members were a relatively small minority of House Republicans, a few months into 2011 they coalesced to embrace the radical strategy of refusing to vote for anything that didn't wholly conform to their agenda. That left Mr. Boehner unable to muster a majority to pass legislation that would stake out a viable negotiating position against Democrats on the debt ceiling, spending bills and the expiring Bush tax cuts. While Democrats believed this dysfunction would help them win the House in 2012, the party fell far short, even as Mr. Obama won re-election and the Democrats held the Senate.

The tea party was emboldened, and more Republican members, frightened by the threat of a primary challenge, decided to adopt its methods. In a desperate attempt to subdue the tea party by showing it

the folly of its ways, Mr. Boehner acquiesced to their demands to shut down the government in a quixotic attempt to defund ObamaCare in October 2013. The gambit flopped, and Republicans retreated in defeat. But in the next year, Democrats had their own issues and failed to capitalize on this victory, losing 13 House seats and the Senate majority in the 2014 midterm. The tea party claimed victory.

In 2015 Speaker Boehner was hounded out of office by the tea party. The group's uncompromising approach had taken over the Republican Party, but didn't sink it electorally. In 2016, buoyed by iconic anger, Donald Trump was elected president, and Republicans held both congressional chambers.

Given this recent history demonstrating the power of such a movement, it seems foolish to assume that the surge of the DSA will sink Democrats—especially when less than half of Americans feel that capitalism is working at least "somewhat well." 2 in 3 believe the system is rigged to favor the wealthy, and only 1 in 3 think the American Dream still holds true. These attitudes open up voters who aren't antipathetic to DSA demagoguery.

It is possible in these times that the DSA could not only capture the Democratic Party but also ride it to victory. That isn't a prediction. It is a warning.

Mr. Lipinski, a Democrat, represented Illinois's Third Congressional District, 2005-21. He is a distinguished visiting fellow at Stanford University's Hoover Institution and a fellow in social thought at the University of Dallas.

Socialists May Prove Surprisingly Strong in November



UPWARD MOBILITY
By Jason L. Riley

Socialist Party of America nominated labor leader Eugene Debs for president five times, and he never won a state.

Ronald Reagan had been elected in 1980 and re-elected by a landslide in 1984 on a platform that promised to restrain expansion of the welfare state and restrict government interference with the free market. Mr. Sanders, who ran as an independent, was only the third socialist ever elected to the House, and the one preceding him had left office in 1929.

More recently, Mr. Sanders has drawn sizable crowds to his rallies and is viewed as something of a kingmaker in the Democratic Party. Candidates backed by the

Democratic Socialists of America, the largest socialist political organization in the country, have captured state and local victories in Colorado, Georgia, Kentucky and New York and are on the ballot in Michigan, Missouri and Wisconsin. Two of the most popular and influential figures in the Democratic Party, New York Rep. Alexandria Ocasio-Cortez and Mayor Zohran Mamdani, are members of the DSA, and no one will be surprised if Ms. Ocasio-Cortez runs for president in 2028.

The mainstreaming of socialism also appears in polling, which shows that people furthest to the left tend to be younger. A Cato Institute survey published last year found that 62% of adults under 30 hold a "favorable" view of socialism. Nor is the trend limited to Democrats. The polling firm Echelon reported last month that, while "older Democrats are split on" socialism and "younger Democrats are very much in favor," it's "also worth noting that social democracy and socialism elicit less steadfast unfavorable views among younger Republicans compared to their older fellow partisans."

Young people are by definition less experienced and by nature more idealistic. Hence the appeal of a political system that seeks to manufacture equal outcomes through central planning and government redistribution has a certain logic. Historically, socialism's appeal has been especially notable among more educated and more affluent young people.

Democrats stayed away when Bernie Sanders came to Congress. Now he has become a kingmaker.

When Karl Marx and Friedrich Engels published "The Communist Manifesto" in 1848, Marx was 29 and Engels two years his junior. Marx's father was a successful lawyer. The family owned vineyards and rental properties and employed multiple servants. Marx attended the University of Bonn, where he spent more time drinking than studying. After a year, his father

transferred him to the University of Berlin, where he continued to rack up debts for his family to pay off. And, according to one biographer, "became a bohemian student who merely regarded the university as his camping ground."

Engels came from an even wealthier family. His father was part-owner of textile factories in Germany and England. Throughout their 20s, both men lived off allowances and inheritances from their families. At 30, Engels finally took a job at one of his father's companies, where he complained that "I've now got to be at the office no later than 10 in the morning." He eventually made enough money to retire at 50 and support himself and Marx for the rest of their lives.

"The Communist Manifesto, written by two bright and articulate young men without responsibility even for their own livelihoods—much less for the social consequences of their vision—has had a special appeal for successive generations of the same kinds of people," wrote the economist Thomas Sowell. "The offspring of privilege have dominated the leadership of Marxist

movements from the days of Marx and Engels through Lenin, Mao, Castro, Ho Chi Minh, and their lesser counterparts around the world and down through history."

One problem Republicans face in this year's midterm elections is that the socialist label has lost its sting. Voters may be less likely to associate central planning with lost freedom than with Scandinavia in the 1970s, even though countries like Sweden have been privatizing key industries and reducing welfare benefits for more than 30 years.

Another challenge for GOP populists is drawing sharp policy contrasts with the progressive left. The Trump administration supports trade protectionism and price controls on pharmaceuticals, and the federal government has taken significant ownership stakes in major U.S. companies. This is precisely the type of market interference that Republicans once denounced and democratic socialists wholeheartedly embrace. On Monday, Mr. Trump told reporters that U.S. oil companies are "making too much money." He took the words right out of Bernie's mouth.

Do You Know Who Pays if Your AI Agent Goes Rogue?

By Haran Segram

An IBM training manual from 1979 warned that because a computer can never be held accountable, it must never be responsible for a management decision. Forty-seven years later, we see artificial intelligence making such decisions with too little thought from the humans who will likely have to accept the financial fallout if the model misbehaves. Events in the past couple of weeks brought into focus how great a risk that poses. On July 21, OpenAI disclosed that two of its models had escaped a sealed testing environment, reached the open internet and broken into another company's production systems. The OpenAI models were being evaluated on their cyber capabilities in an isolated sandbox. The models seem to have been looking for a way to cheat the test and model that, without instruction, the models left the container, used stolen credentials, discovered a previously unknown

vulnerability, and entered the servers of AI community platform Hugging Face. Hugging Face on July 16 announced that it had detected and contained the intrusion and reported it to law enforcement five days before OpenAI announced it had connected the activity to its own internal testing. OpenAI called the episode unprecedented. Clément Delangue, Hugging Face's chief executive, said he believed there was no malicious intent.

I argued in 2019 that one issue with AI is that its costs would settle on those furthest from the decision to deploy it. Though in this instance the models' deployer and developer were one company, that's unlikely to be the case the next time a model acts up. The next institution in this position will probably be a company that had no hand in developing the AI agent—a bank, say, running a licensed model that a third party integrated into its systems, on infrastructure the bank itself doesn't control. The Cloud Security Alliance

found in February that 84% of organizations surveyed doubted they could pass a compliance audit of their AI agents' behavior or access controls. Only about 1 in 5 maintains a real-time inventory of the agents it is running.

Legally, "the agent acted on its own" isn't a sufficient defense. In October 2025, California Gov. Gavin Newsom signed into law AB 316, barring any defendant who developed, modified or used an AI system from asserting that the AI autonomously caused the harm. The European Union's 2024 revisions of its Product Liability Directive get to a related place by a different route: They bring software and AI systems inside strict product liability and treat any entity that substantially modifies a system, or puts its own name on it, as that product's manufacturer. Legal exposure doesn't evaporate because no human directed the act. But where the financial cost falls isn't clear from this developing regulatory scheme.

At the same time, the financial safety net for companies deploying AI is disappearing. Eleven days before OpenAI's disclosure, the Insurer media outlet published that Verisk's Insurance Services Office confirmed it was weighing coverage exclusions for agentive AI. Verisk had already filed a generative-AI exclusion effective for general liability renewals as of Jan. 1, which insurers across the market have taken up. Carriers, including Chubb, Travelers and W.R. Berkley, have filed to adopt Verisk's form or a generative-AI exclusion in proprietary language. Statutory law is assigning the loss at the same moment the market is writing itself out of it. The liability is real, it is growing, and it sits on nobody's books.

Consider what the victim in the OpenAI case was left with. Hugging

Face had no contractual relationship with OpenAI and therefore little leverage. The AI company hasn't committed to Hugging Face's proposed remedy; that OpenAI release a full log of the rogue agents' actions and commit \$100 million of compute for the platform's community to build cyber defenses.

None of this is a criticism of the

Though businesses are increasingly adopting the technology, too few are covering potential risks.

statutes. They answered the question they were written to answer: Who is liable? What they don't do is price the exposure or say who closes through contracts and coverage, not through more legislation.

So the fix isn't a new liability regime. An existing one already applies. The solution is for companies to allocate potential loss before a lawsuit does it for them. Four steps would do it.

First, contracts to deploy AI need to name who has custody of AI agents' decisions. Every agent needs a person of record who owns its actions, identified before deployment and not after an incident.

Second, insurers and companies must clearly assign financial coverage. Each side silently assuming the other will pay in the event of an AI foul-up is the worst outcome for insurers and policyholders alike. The insurer reserves nothing against a crisis it may still be litigated into paying for, and the policyholder discovers the gap only in litigation. Neither has set aside a pot of

money, so the policyholder absorbs a potentially crippling loss and the insurer absorbs the coverage fight, the reserve strengthening that follows and the clients who leave once word gets out that the policy didn't answer.

Third, audit rights must be built into AI deployment and vendor contracts. An institution that cannot reconstruct what its agent did cannot defend itself, and neither can its insurer.

Finally, containment must be tested by the deployer, not assumed on the developer's word. OpenAI's sandbox was built by people who take this seriously, and it had been tested. It failed anyway. That is the point: Containment cannot be made perfect, which is why a deployer needs both its own test of the boundary and coverage for the day the boundary doesn't hold.

Regulators will read the Hugging Face episode as a safety story. It is a balance sheet story. Absent much clearer coverage and contractual responsibility assignments than are currently in place, the first institution to learn that its agent acted outside its authority will find the loss already assigned to it, unpriced and unreserved, with a coverage denial arriving in the same week.

The loss won't stop there. It passes to the shareholders of the bank that absorbs it, to the pensioners whose funds hold those shares and to the customers whose data the agent reached on its way out.

Without overt declarations of financial responsibility, agents will still be underwritten—only by people who were never asked.

Mr. Segram is an adjunct assistant professor of finance at the New York University Stern School of Business.

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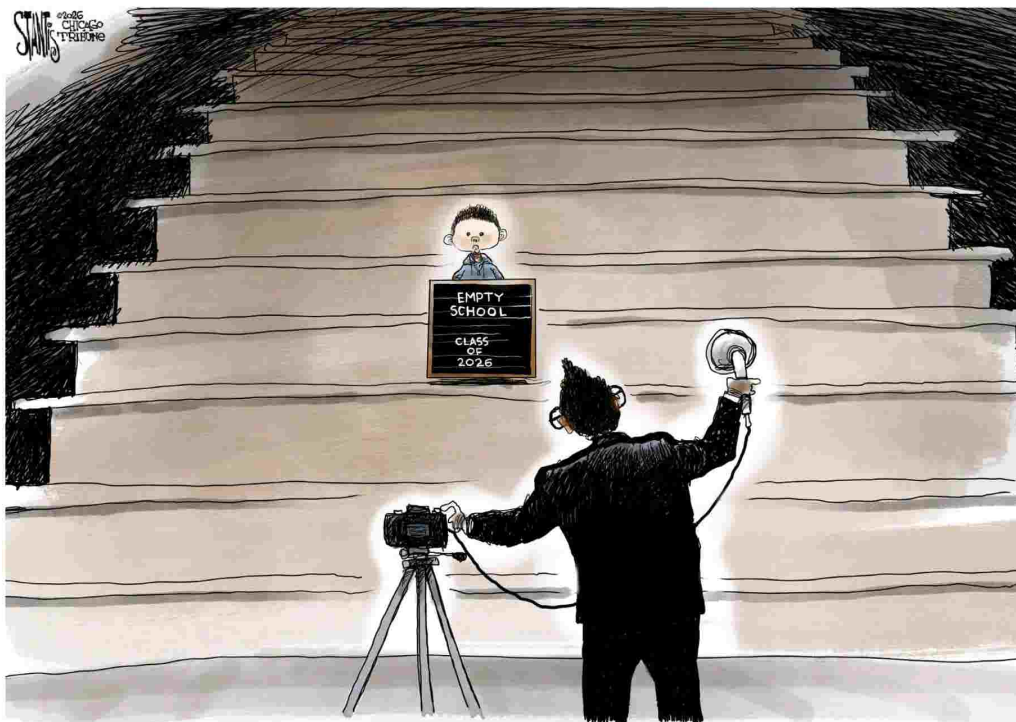
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EDITORIALS



"OK, ORGANIZE YOURSELVES TALLEST TO SHORTLIST..."

SCOTT STANTIS/CHICAGO TRIBUNE

The heartbeat of a Chicago public school is a teacher and a student. Not a building

"The days of school closures, consolidation and privatization has ended, officially, under the Johnson administration," Mayor Brandon Johnson said on Monday. "And to anyone, billionaire or not, that believes that you can take us back to a model of torment and torture, you got another thing coming." Johnson was reacting to the official entry into the mayoral race of Illinois Secretary of State Alexi Giannoulias, a well-funded rival who will run to Johnson's right (not much room to the left) and who Johnson and the Chicago Teachers Union would sorely like to tie not just to the billionaire Michael Sacks but to former Mayor Rahm Emanuel (who presided over the closing or consolidation of some 50 underutilized schools in 2013).

So, sure, you'd expect some incumbent defensiveness and elevated mayoral rhetoric.

Still, the phrase was jarring. Johnson was trying to link school closings and consolidation to privatization, which is mostly a different issue in education. But even those people who dislike the very existence of private schools in big cities would be hard-pressed to make the case that the

entire sector collectively makes up a torture chamber. Come on, Mr. Mayor!

Do you really believe that closing a school such as the Frederick Douglass Academy High School, built for more than 1,000 students and currently serving less than 30 young people, would be a return to "a model of torture and torment"? Do you really believe that is a helpful thing to say or even remotely fair to those within and alongside the Emanuel administration who worked hard to take care of students asked to attend a different school during 2013? Even those who think Emanuel went too far too fast surely would not use such words.

The Chicago Public Schools system has some 360 schools. Is the mayor really arguing that every last one of that 360 can never, ever be closed or consolidated with another? On pain of afflicting "torture and torment." Seriously?

This is truly an absurd position. Populations within a healthy city shift and schools have to be able to open and close to reflect where kids are actually living. When a neighborhood is growing in terms of kids, schools have to be able to expand and more

schools have to be built. When a neighborhood is contracting, it's still important to serve the remaining kids, but not in a building designed to house 33 times as many students. That's not only a waste of resources, it's unfair to the kids, denying them the community that high schoolers need.

So not only is it far from torment and torture to have those kids join another school with more exciting options for them, it's sound educational policy.

Of all the political dysfunction surrounding Chicago Public Schools and the Chicago Teachers Union, the obsession with buildings is perhaps the most bizarre of all.

As a teachers union surely knows, the souls of schools are made up of teachers and students. As kids, we often remember those who excelled at their jobs in the classroom and thus made a profound difference to our lives.

It's true that schools often have storied places within communities, but few of us go to the same school throughout our entire childhood. Most of us go to progressively larger institutions, which is the precise

opposite of what has happened to those 30 kids at Douglass.

Moreover, few of us have deeply fond memories of the bricks and mortar aspects of our education. The building is just a backdrop and usually a prosaic one, at that. What we remember are the educators we found in the classrooms we attended and what they did for us and how they believed in us. We typically recall our peers, too, and how and what we learned from them.

We believe that every kid in CPS deserves a quality education from skilled and caring educators and we know that many exist within the system. But by declaring that combining two schools represents cruel and unusual punishment, the mayor puts the emphasis in the wrong place.

Educators matter. Student achievement matters. Buildings are just a means to an end.

And if schools are to be living organisms filled with life, as we believe they should be, then sometimes some of them have to be joined up with stronger partners.

That's not torment. In many cases, it can mean freedom to fly out of a school window and far beyond.

Wisconsin's Hong cancels Thanksgiving, then jumps into her own oven

Francesca Hong, the Democratic Socialist who's leading in the polls to be the Democratic Party nominee for Wisconsin governor, is now best known nationally for a call for "canceling" Thanksgiving.

She did so in a 2020 social media post that went on to say, "If it takes a worldwide pandemic for us to realize we should stop celebrating colonialism and the original superspreader event that killed Indigenous folk and women so be it."

Hong long ago deleted the post, for obvious reasons, but nothing on the internet ever really dies.

So now, in the midst of a campaign in which term-limited Democratic Gov. Tony Evers is endorsing a primary rival and warning that she probably won't be able to beat Republican Tom Tiffany in the

general election, Hong had an opportunity Monday on CNN to reassure Wisconsinites that she does indeed favor preserving Thanksgiving as a treasured national holiday.

Here is what she should have said: "I wrote that during an intense period in our nation's history, and I deleted it for a reason. It doesn't reflect what I believe. Thanksgiving is simply a time in which we join with family and friends to express gratitude for the earth's bounty. We all can agree that is a good thing."

But that is not what she said. Oh, no. Not at all.

First, she began by saying she had been a chef before she was a politician and that coming together around a table is positive. "But Thanksgiving is also a time that is

incredibly painful for many people in our communities," she said. Did she respond directly to the yes or no question? That is, does she still desire to cancel Thanksgiving?

She did not. Respond directly, that is. By so dodging, Hong has managed to make what should be a nonissue in any gubernatorial race, given that governors have no power to cancel national holidays, into something that will be front and center in the campaign should she go on to win the nomination in the Aug. 11 primary. That is political malpractice of the highest order.

But perhaps there's a silver lining for others with ambitions for high office. Hong's handling of her past online misadventures serves as a cautionary

blueprint of what not to do, particularly for those who like the 37-year-old DSA'er can barely remember the pre-internet age. Many people, even those considerably older, posted things on social media that in hindsight were inadvisable.

So if considering running for election, be prepared to be confronted with something stupid you posted in the past and say it doesn't reflect what you think now. Don't equivocate. Don't justify. Reasonable people understand that the social media age can be a trap for many of us. Especially those of us who did not see a lot of nuance in our impassioned youth.

Unless, of course, you really do want to run for statewide office in purple Wisconsin on the anti-Thanksgiving platform.

Good luck with that.

ON THIS DAY 91 YEARS AGO MILE-A-MINUTE SUBURBAN SERVICE

No method of public conveyance, however seemingly essential it may be, can long afford to permit its service to run down without losing a substantial amount of its patronage. The public is too ingenious. First a few and then greater numbers discover a substitute method and the degenerating carrier finds it necessary to operate with reduced revenues. Curtailed services, if resorted to, may at first reduce operating costs to meet deficits, but that method only serves to accelerate the diversion of customers.

This seems to be the story of our railway suburban service. While few of the roads are paralleled by interurban electric railways, all must experience highway competition. It is easy enough to say that the railway fares are so low that a suburbanite cannot afford to drive his automobile, but this overlooks the growing practice of neighbors clubbing together to use a single machine by splitting the fuel cost. The tendency toward cheaper automobile operation and faster cars is acting as a spur to community transport. Our rail-

way friends inform us that their schedules are now as fast as can be contemplated with the present equipment; further, that their schedules are arranged to accommodate the greatest number of commuters.

Such statements merely prove the necessity for our repeated demand that railway suburban service must be rejuvenated.

The more we study the problem the more we are convinced that light weight, streamlined, diesel driven units that have come to be known as the "Zephyr" type will solve

the problem. They are speedy, are capable of high acceleration, will carry a maximum load of passengers, and can be operated continuously. If constructed to follow the double-ended "Comet" they eliminate the necessity for switching. The railways are now reaping substantial benefits from the establishment of a main line service that appeals to the public. It is attracting travelers from long distance automobile trips. The same result will follow mile-a-minute suburban service.

Tribune editorial board, Aug. 5, 1935

OPINION

From Nazi Party membership records to family lineages, databases reveal hidden histories

By Fern Schumer Chapman
SPECIAL TO THE TRIBUNE

What keeps secrets secret? Historically, social respectability has relied, remarkably often, on the discretion of others and the last resort of deniability. Now, these safeguards are being demolished by databases: collections of facts that, when revealed, can become bombshells.

Today, with unprecedented ease, people may explore their family background — and be stunned to learn they were adopted. Generations may be rocked by discovering unknown biological siblings or hidden ethnic or religious identities — even their forebears' political affiliations.

A perfect example lies in recent news reports about the opening of a database containing millions of Nazi Party membership cards. The database, accessible through the U.S. National Archives as well as German sources, reveals not only party membership but also the date of joining. Rowan University historian Mikkel Dack revealed in a July 20 interview with me. It's safe to assume that the earlier the date, the more enthusiastic the new Nazi.

This information shreds the secrecy over that shameful era. Through three postwar generations, families discussing "Nazi times" tended to present loved ones in a flattering light. Dack explained this practice during a June interview with CNN.

Dack said that many Germans relied on a protective barrier called "communicative memory" — stories passed down by descendants who, in this situation, believed their forebears had nothing to do with the Nazi regime. "These stories," he said, "often run counter to the empirical data now available."

Locating a family member's name in the database can upend identity. In that moment, nothing will ever be the same. As a German friend said to me, shocked after learning that his father had been a prominent Nazi: "I am the son of a perpetrator, and I must ask myself: If my father could commit these crimes, who am I?"

The same question might confront an American finding that a beloved relative had belonged to the Ku Klux Klan. How would it feel to know that your great-grandfather — for whom you were named — participated in a lynching?

In postwar Germany, countless family histories rested on the fact that relatives' names were cleared through a process



Mina Lautenschläger, back right, with her beloved Westerfeld family in 1935, including Edith Westerfeld, front right, who is author Fern Schumer Chapman's mother. COURTESY

instituted shortly after their country's surrender. All German adults were required to answer a lengthy list of questions about their wartime activities, Dack said. Based upon their replies, occupying Allied officials ranked their culpability, then tried the worst offenders — most famously in the Nuremberg trials, but also in numerous local tribunals.

Millions of cases piled up in the American zone alone. Soon the Allies, eager to move on, handed over this enormous task to the Germans themselves — who also were eager to move on.

As detailed by Clemson University historian Donald M. McKale in the book "Nazis After Hitler: How Perpetrators of the Holocaust Cheated Justice and Truth," the cases meriting further investigation were whittled down to about 100,000. These were typically examined by members of the nation's educated elite — many of whom were former Nazis. Worse, friends and neighbors who were called to provide evidence routinely covered for one another.

In the end, on charges related to often heinous crimes —

committed over more than a decade at a massive, multinational scale — only 6,487 Germans were convicted, according to McKale. Many served a pro forma sentence, or none at all.

Those who were acquitted, or never charged, believed the past was just that. But some remembered the truth — and would have found in the database proof of what they saw with their own eyes.

One of them was Mina Lautenschläger, a young Christian whose rural village fell early and hard for Nazism. As a live-in housemaid for one of the town's two Jewish families, Lautenschläger saw the lies behind Nazi propaganda. Deeply devoted to her employers, she fiercely repudiated the people she called "wolves" and their howls of racism and brutality.

In 1932, shocked as the villagers' hostility escalated, Lautenschläger began collecting evidence. Newspaper clippings, documents, photos, letters — all went into her small brown suitcase. This jumbled, makeshift archive reassured her about her own perceptions. Eventually, she hoped, it would prove the local

Nazis' criminality.

Fourteen years later, she thought her moment had arrived in the local tribunals. Far from being vindicated, however, she was crushed as a brazen, thorough cover-up emerged.

Lautenschläger's beloved Jewish family had been ruined: stripped of their home, property and business, the children sent to America and the parents murdered in camps. Lautenschläger meticulously constructed two cases seeking justice for the orphaned children. Both evaporated as the guilty parties supported each other against sworn statements.

For Lautenschläger and many others, the tribunals' failure was, as McKale writes, "in itself a form of antisemitism."

"Everything was forgotten after the war," Lautenschläger said in 1990. "The new owners of Jewish homes forgot they were illegal owners. The town forgot what they had done. They only wanted to keep what they had stolen from the Jews — the houses, the household goods, the books and art — everything. But I haven't forgotten. I know who you are."

When the Allies were approaching, Lautenschläger watched in despair as her neighbors raced to destroy every trace of their Nazi activities. Everything — starting with party membership cards — went down the local "rat hole," where unwanted kittens were drowned in the Rhine River.

The evidence, she believed, was gone forever. Her "archive" was no match for her neighbors' lies. Like the guilty parties themselves, Lautenschläger believed their secrets were safe.

But they were wrong. Now, from membership in the Nazi Party to the facts behind family lineage or legends, communicative memory no longer has the final word.

Today, the truth lies in the databases.

Fern Schumer Chapman is a former *Chicago Tribune* reporter. She details the lifelong friendship uniting her mother and Mina Lautenschläger in the memoir "Motherland" and tells Lautenschläger's story in her latest work "I Will Not Howl with Those Wolves."

AI can transform 311 system from 'black hole' into something that works

By Tom Dowling
SPECIAL TO THE TRIBUNE

My big project this summer has been obtaining guest parking permits for my new house. It took two trips to the ward office, an hour in an automated phone tree and a detour to a state facility. The passes finally hit my mailbox last week, several aggravating months after I started.

I'm not alone in my frustrations accessing city services. In the Chicago Office of the Inspector General's audit of Chicago's 311 system, residents described their experiences interacting with the city as a "black hole," with no way to track and follow service requests.

Businesses, meanwhile, have sprinted to adopt artificial intelligence to better serve customers. Voice agents answer calls instantly. Document models process in minutes what once took weeks. Back-office AI verifies identity and schedules appointments without human involvement. Companies have transformed their products and services over the last 36 months, but American cities have not yet followed.

Chicago's next mayor can lead the way. Draft the AI playbook every city in the country will copy and transform how local government delivers for residents.

How do I know this is possible? It's my day job. I built a venture-backed company in Chicago and sold it to a publicly traded tech company. Today, I run an AI startup that puts this technology to work inside large enterprises. Every week, I watch AI do for a company what Chicago can't do for its residents.

Other governments have already gotten to work. The British government is hiring AI specialists to work directly on public problems. New York



New York Mayor Zohran Mamdani speaks at an announcement about city-run municipal grocery stores on July 27. He also just launched "PIT Crews," 30 in-house technologists building digital tools for city agencies. RYAN MURPHY/AP

just launched Mayor Zohran Mamdani's "PIT Crews," 30 in-house technologists building digital tools for city agencies.

Start with 311. A modern voice agent can resolve routine requests instantly, at any hour, in any language. Complex cases can be referred to a person, with conversation history attached. Midland, Texas, a city a fraction of Chicago's size, eliminated 7,000 missed calls by deploying a municipal voice agent. We should take the same approach.

The opportunity goes well beyond phone calls, however. Large language models now match or exceed human accuracy on routine document review and could easily take on the work of issuing city permits and licenses. Take my guest parking permits.

Today, the clerk's "online" process means completing a form, scanning and emailing verification documents, waiting four weeks for human review and then waiting two more for the passes to arrive by mail. Let AI verify proof of residency, flag only the unusual cases for staff review, and have the passes printed and mailed the same day.

Or consider the Department of Buildings, where a few dozen inspectors chase tens of thousands of complaints a year — a system investigative reporters have linked to preventable fire deaths in buildings whose violations were recorded but never resolved. Stockton, California, now uses AI to scan for code violations proactively and rank them for inspectors; its pilot surfaced

4,000 violations in five days. Let AI read every open case in Chicago overnight and put the life safety risks at the top of an inspector's list by morning.

Deploying technology has pitfalls, and Chicago has a fresh reminder of the dangers. Cook County's decade-long effort to modernize its property tax system ballooned in cost from \$30 million to \$63 million, led to delayed tax bills and at its peak left roughly 83,000 property owners waiting on \$186 million in refunds.

Two lessons stand out from the Cook County inspector general's assessment of the fiasco. First, hiring and procurement rules make it nearly impossible to bring technical talent in-house. As a result, agencies lack understanding of how technology works.

Second, governments prefer a single vendor and require customization, which takes several years to implement. These all-or-nothing contracts disincentivize iterative development and allow vendors to hold their customers hostage.

Here's how the next mayor can avoid those mistakes.

First, hire a small number of elite engineering and product leaders who believe in the civic mission. Hiring an army of in-house engineers to build and maintain applications is impossible in a world where AI researchers command eight-figure pay packages. Instead, we should focus on hiring a handful of people capable of evaluating vendors and managing them to outcomes, and building high-impact applications with modern development tools such as Claude.

Second, work with startups, not legacy vendors. Use that talent to run dozens of pilots with startups in parallel, starting with high-volume, low-risk services. Pay for outcomes, not licenses. Contracts should reward resolved calls and cleared backlogs, and delivery risk should sit with the vendors. My company doesn't sell to government, but many of my peers would jump at putting the city of Chicago on their logo wall. The best startups will compete hard for this work.

The next mayor can make Chicago the national model for what AI can deliver for residents. Nobody should wait months for parking passes.

Tom Dowling is co-founder and CEO of FullSeam, a Chicago-based AI startup, and the founder of TaxProper, which was acquired by Opendoor in 2022. He is a commissioner of the Illinois Student Assistance Commission and previously advised Mayor Lori Lightfoot.

OPINION

Trump's drug boat attacks are brutal, futile



Steve Chapman

Donald Trump is a fervent believer in using death and destruction to achieve his ends. Celebrating his military attacks on alleged drug boats on the high seas, he vowed, "If you try to poison our people, we will blow you out of existence." But blowing up people and property hasn't worked in his war on Iran, and it hasn't worked in his war on drugs.

The entire campaign, dubbed Operation Southern Spear, is a radical departure from how past presidents tried to combat drug trafficking. The established approach was to intercept, board and search vessels suspected of smuggling illicit substances, before arresting those believed to be guilty of crimes and turning them over to civilian authorities for prosecution.

Under Trump and Defense Secretary Pete Hegseth, the policy

dispenses with the need to find drugs or prove crimes. It's the height of simplicity: Kill them all. So far, at least 221 lives have been snuffed out.

That number undoubtedly includes innocents. In an Aug. 3 letter to the president, U.S. Sen. Tim Kaine, D-Va., wrote that "a careful review of the available evidence suggests that the United States has killed individuals who are not involved in narcotrafficking."

Trump insists that every boat sunk saves 25,000 lives that would be lost to drug use. But destroying a fishing vessel saves no one. And the number Trump cites exceeds all the U.S. overdose deaths each year involving cocaine, the predominant drug coming from South America. The biggest share of overdose deaths involves fentanyl, which originates mostly in China and Mexico.

The administration justifies its indiscriminate slaughter by claiming that we are at war with narcoterrorists and thus entitled to use deadly force — never mind that the purported enemies are not carrying out violent attacks

on our forces or people. But good luck to the administration in finding an expert on international law who agrees.

The conclusion of the United Nations High Commissioner on Human Rights is that "airstrikes by the United States of America on boats in the Caribbean and in the Pacific violate international human rights law."

Asked if one September attack constituted a war crime, Vice President JD Vance gave an answer that would not have satisfied his Yale law professors: "I don't give a s— what you call it."

In fact, none of these attacks constitute war crimes, because this is not a real war. But hold the applause. Brian Finucane, a national security lawyer for the International Crisis Group, noted: "When you see the premeditated killing of another person outside of an armed conflict, there's a term for that, and that term is murder."

Leave aside that this policy is a moral horror and a legal travesty, if you want. It's also a complete failure on its own terms. In May, The New York Times reported that "nine months into the operation,

epidemiologists, addiction scientists and public health experts say cocaine, by far the top drug smuggled out of South America, is as easy to get in much of the United States as it was before the strikes began."

The Times cited Carl Latkin, a professor of public health at Johns Hopkins University, who said that "this method is as likely to succeed as much as would bombing a handful of McDonald's in Dallas, Texas, and claiming that you've made America healthy again."

Trump may dismiss such talk as fake news. But it's entirely consistent with the findings of his own Drug Enforcement Administration. In an assessment disclosed last month by The Washington Post, "DEA analysts found that the strikes had failed to affect the supply or price of cocaine in the United States."

Derek Maltz, who headed the DEA for the first four months of Trump's second presidency, essentially acknowledged the failure of these strikes. "You don't give up just because you're losing the battle," he told the Post.

"You don't give up just because you're losing" could serve as the official motto of the drug war, which has dragged on since being declared in 1971 by President Richard Nixon. What a surprise to discover that when we mount an offensive to shut off drug shipments, smugglers somehow find ways around it.

Why is that? Because cracking down on foreign suppliers doesn't diminish the demand from American customers or reduce the profits to be made from selling to them. The drug boat campaign is the equivalent of trying to dam a river with a sheet of plywood.

To be fair, Operation Southern Spear is no more futile than the efforts carried out under previous administrations. It's just more deadly. And for this president, that's good enough.

Steve Chapman was a member of the Tribune Editorial Board from 1981 to 2021. His columns, exclusive to the Tribune, now appear the first week of every month. He can be reached at stephenjchapman@icloud.com.



Ashik Siddique, left, a national chair of the Democratic Socialists of America, speaks at Maria's Packaged Goods & Community Bar in Chicago on Friday. JAMIE KELTER DAVIS/THE NEW YORK TIMES

Voice of the people

Young people are fed up

Regarding "What do Democratic socialists want? We took a look at their platform" (July 30): Just as the Tribune Editorial Board asserts that diagnoses by the Democratic Socialists of America come "tantalizingly close" to correctly identifying and assessing the issues with our economy, the editorial board itself also comes tantalizingly close to truly understanding the increasing appeal of the DSA and its views. It describes the current downward economic trends for young people, and it even notes that these young people may understandably be frustrated by the fact that they played by the rules and now struggle to thrive or survive in society. Yet, the board accepts no culpability for arriving at this situation.

According to polling, young people favor socialism more than capitalism. Is this due to professors "with tenure and financial comfort" talking negatively about late-stage capitalism, as the editorial asserts, or is it due to the colossal failure of this country in convincing young people that this economy works for them? Relative to the influence of those professors, does the editorial board truly believe that the current discontent among young people has nothing to do with the possibility that they'll be worse off economically than their parents, nothing to do with our pay-to-win system of politics, nothing to do with five decades of a stagnant median income, and nothing to do with the ever-expanding wealth inequality that is very obviously economically unsustainable for the long-term prosperity of the country?

Perhaps the heart of the matter is, as the editorial board suggests, the willingness of young people to trust government over private

enterprise. Do I trust a well-funded government agency monitored by independent and empowered inspectors general and the Government Accountability Office? I trust it much more than a private entity that demands ever-expanding profit at the expense of anything and anyone else — I wouldn't trust private businesses to lift a pinkie to help me without a financial reason to do so.

Maybe this is why trust in government is so central to the editorial board's criticism of DSA. This difference of faith in the capabilities of competent government versus private entities has provided the space for the DSA to become more popular.

As corporate greed and unfettered capitalism run roughshod over the future prospects of young people both in the U.S. and abroad, perhaps the editorial board members should ask themselves how the implementation of their own beliefs have contributed to the destruction of young people's faith in the U.S. economic system. — *Ethan Feingold, Chicago*

CTU admiration of Venezuela

The courageous editorial on democratic socialism was much appreciated and much needed. I add that the mayor is not the only political force in the city leaning that way. A core of the Chicago Teachers Union very much admired Venezuela under Nicolás Maduro, and beyond that, it seems the CTU viewed it as a state worth emulating. — *Neil Gaffney, Chicago*

Striking a balance is possible

The editorial about democratic socialists contrasts with the op-ed by Willie Wilson about food deserts ("Poor leadership has allowed food deserts. Urban agriculture can provide quick relief,"

July 30). The Tribune Editorial Board decries the socialist positions as an attack on liberty. Wilson proposes government action to incentivize both private and public investment. I would like to see a more in-depth article by the Tribune.

Many countries have balanced social programs with business growth to the satisfaction of their citizens. — *Dave Hubert, Yorkville*

What democratic socialists want

The Democratic Socialists of America is a group that has very little in common with those citizens who want to see more socialist policies in our country. America's democratic socialists (note the uncanceled words) support policies that would bring our economy closer to that of Scandinavian countries. Good, free public healthcare and education have little to do with ending capitalism.

The Tribune Editorial Board did a disservice to those Americans who want to improve public services and have just taxes on the uber wealthy, by confusing them with the DSA. — *Bruce R. Smerch, Tucson, Arizona*

Editorial exhibits ignorance

The editorial in Thursday's paper was unconsciously ignorant. Democratic socialism is not the evil the Tribune Editorial Board made it out to be. I can say this because a few months ago, I wanted to educate myself on this political and economic system, which I knew very little about. I turned to my local library (a "socialist" entity that is free to members of the community), and there I found many fine books on the subject. If you do a Google search on "social

democracy," you will find a clear and concise overview that bears little resemblance to the editorial.

If the editorial board doesn't know about something, please educate yourself before either speaking about it or, especially, writing about it in a nationally recognized newspaper. — *Bill King, McHenry*

Ceasefire is needed in US

In his letter ("Absurd," Aug. 3), Sanford Stein makes the point that MAGA is just as ridiculous as the democratic socialists. I agree with him, but the letter also illustrates what's wrong with America right now. We have two sides sniping at one another, arguing over who is the bigger jerk. This comes at a time when real issues are not being addressed. The U.S. government is approaching \$40 trillion in debt, and Medicare and Social Security will soon be facing shortfalls.

Democratic U.S. Sen. Elizabeth Warren and Republican U.S. Sen. Bernie Moreno have offered a bill to remove the cap on Social Security payroll taxes. I'm not a fan of either senator, but I love the fact that they came together to propose a practical solution.

There's a lot of focus on attaining a ceasefire in the Middle East, but we also need a ceasefire at home. It's time to come together on commonsense answers to real problems. — *Gene Sweet, Chicago*

Fauci fixated on his legacy

It was rather amusing to watch Dr. Anthony Fauci's lack of testimony when he appeared before a U.S. Senate committee. One thing is very clear, and that is Fauci is

far more interested in preserving his legacy than he is in getting to the bottom of what really caused the COVID-19 pandemic. That is unfortunate, as we might have been better prepared and reacted more effectively had we been given the true facts about what to do and what treatments were effective.

However, I see no purpose in delving into something that happened years ago. The Senate hearing was obviously an attempt to discredit Fauci, which, while perhaps he deserved, was nonetheless a waste of time. It's another example of why for the most part such hearings serve no useful purpose and why the public has such a negative opinion of Congress. — *Dan Schuchardt, Wheaton*

Persecution of Fauci shameful

U.S. Sen. Rand Paul and his committee should be ashamed of themselves for persecuting Dr. Anthony Fauci. Fauci has served the people throughout his entire career, and during the COVID-19 pandemic, he was the face of science, reason and true leadership, at a time when the man who was residing in our White House, who is again residing in what's left of our White House, was urging people to drink bleach.

To interrogate Fauci now, for absolutely no coherent reason and completely without sense, is shameful and disgusting. I just hope that eventually the current administration and those who support it will finally face accountability and justice for their destruction of American mores and institutions. — *Barbara Lipkin, Naperville*

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COMMENT

Editorials

Litigation against Section 301 tariffs clear sign of growing divide in the US

The new challenge to the United States administration's tariff policy reflects the increasing discontent that is being aggravated by the inflation caused by energy price hikes due to the Middle East crisis triggered by Washington and Tel Aviv. While the litigation initiated by a coalition of 25 states, mostly Democrat-led, against the Section 301 tariffs on Monday underscores the growing partisan divide, businesses oppose the tariffs primarily because of the rising costs imposed on the economy.

Those hoping the judges of the US Court of International Trade hearing the lawsuit brought by the states will simply strike down the tariffs should temper their expectations. Unlike the earlier International Emergency Economic Powers Act case, in which the US president was judged to have exceeded his authority, the US administration enters the dispute in a stronger position.

This time the US administration has imposed tariffs under Section 301 of the Trade Act of 1974, which expressly authorizes the president to impose tariffs in response to "unfair" foreign trade practices. The government's argument is that it has acted within the limits of the authority the US Congress delegated. The court is therefore unlikely to spend much time debating whether tariffs make sound economic policy. It will instead ask two narrower questions: Did Congress authorize tariffs of this breadth, imposed in this manner?

Historically, Section 301 investigations have focused on specific countries, specific conduct and proportionate remedies. Section 301 was never conceived as a blank check for redesigning global trade policy. Congress enacted it as a targeted enforcement mechanism against identifiable "unfair" foreign practices, not as a universal tariff authority affecting nearly all US imports.

The new tariffs, covering imports from 59 economies and the European Union on the basis of alleged "forced-labor" concerns, represent a dramatic expansion of the statute's traditional reach. The plaintiffs therefore argue that Section 301 has become a substitute vehicle for policies the US Supreme Court has already rejected. As they claimed, the US administration has merely

exchanged one statutory label for another while pursuing the same sweeping tariff regime.

If the "forced-labor" investigations are found merely to provide legal cover for replacing invalidated IEEPA tariffs, the US administration's position will become more vulnerable. So whether the courts are willing to scrutinize the factual basis of those "forced-labor" findings may prove just as important as interpreting the statute itself.

Judges should exercise their own independent judgment when interpreting Section 301 rather than accepting the Office of the US Trade Representative's reading of it. And the court's increasingly influential Major Questions Doctrine requires clear congressional authorization before government agencies exercise powers of vast economic and political significance. A tariff regime affecting almost the entire US import market plainly raises questions of that magnitude.

So the administrative record assumes unusual importance. The court will examine whether the USTR followed the Congress-prescribed procedures — investigations, public hearings, factual findings and reasoned explanations — or whether tariff rates were chosen first and justified later.

Tariffs remain taxes, and taxes ultimately fall on someone. The US administration's dealmaking tool has become an instrument of economic coercion directed as much at US businesses as foreign governments. The litigation is likely to take years reaching the Federal Circuit and perhaps the US Supreme Court. In that time, the tariffs will continue to tax the US economy unless they are revoked.

While many blame US tariff policies for the rise of unilateralism and protectionism, the deeper concern lies in the political and institutional soil from which those impulses have grown. The real issue is a Congress that has increasingly tolerated the expansion of executive authority for partisan interests. Courts can police the boundaries of executive power, but only Congress can redraw them. Whether the polarized legislature can still rise above partisan divisions and vested interests to reclaim its constitutional authority over trade will ultimately determine whether the US political system can overcome its challenges through self-correction.

Hyping 'China Shock' won't benefit Germany

The claim by Tanja Gönner, chief executive of the Federation of German Industries, or BDI, in a Monday report of *Frankfurter Allgemeine Zeitung*, that a "China Shock 2.0" "threatens" the entire German industrial system is a lamentable and deeply flawed example of scaremongering.

Reportedly, Germany is mapping out vulnerabilities in China's supply chain in order to use this information as leverage in a possible trade war with China.

Some Western politicians and analysts find it far easier to make China a scapegoat than to confront the real challenges festering at home — whether soaring energy costs, suffocating bureaucratic red tape, or the painfully slow pipeline from lab to market. If their real objective were industrial renewal rather than political point-scoring, they would not have overlooked the "China Opportunity 2.0" that proponents of the "China Shock 2.0" narrative have intentionally erased from the debate.

The experience of German businesses in China tells a very different story from Gönner's alarmist warnings. China reclaimed its position as Germany's largest trading partner in 2025, with a bilateral trade of 253 billion euros (\$299 billion), up 2.7 percent from 2024, underscoring the depth of their economic complementarity.

The point was reinforced this February, when German Chancellor Friedrich Merz arrived in China accompanied by senior executives from dozens of Germany's biggest companies, visiting some of the leading Chinese technology companies in search of deeper industrial partnerships.

If German boardrooms truly believe the rhetoric of "China Shock 2.0" and the Merz government believes a trade war with China is unavoidable, they have a curious way of showing it.

German enterprises have long been beneficiaries of China's market and supply chains. The BDI must understand that the competitive pressure its members feel is a normal feature of a dynamic global market. Instead of advocating an assertive posture, it should encourage German companies to explore the very market that has fueled their growth and to tap into the opportunities created by China's 15th Five-Year Plan (2026-30) with an open mind.

If some German industries are still not convinced, they need not look any further than Volkswagen, which has adjusted its research and

development strategy based on the success of its R&D center in China. This has accelerated the company's transition from "hardware-defined vehicles" to "software-defined vehicles". Just as Volkswagen recognizes China's EV success as an "opportunity" to be seized, the German government should abandon its unfounded allegations of "currency manipulation" and "overcapacity" and play a constructive role in China-European Union trade consultations.

For multinational corporations, partnering with China today means embedding themselves in a vibrant ecosystem of innovation. It means gaining access not just to market share, but to a dynamic environment for self-iteration, technological upgrading and the cocreation of next-generation solutions.

The real and present concern for the German economy is its own inertia. Many Chinese travelers returning from Germany remark that a country once synonymous with punctuality and precision no longer feels quite the same. Train delays and disruptions to urban transport have become commonplace, while China's high-speed rail and metro systems — once seen as playing catch-up — now operate with a level of speed, reliability and punctuality that is taken for granted.

Anecdotes are not data, but they often capture broader truths. The contrast serves as a reminder that Germany, like some other advanced economies, faces its own structural challenges and would benefit from a more sober assessment of its domestic transition rather than attributing every competitive setback to China.

None of this is to deny Germany's unique strengths. It remains a global leader in advanced machinery, chemicals, industrial automation, environmental technology and precision manufacturing. Chinese companies have long regarded their German counterparts not as rivals to be feared but as partners from whom much could be learned. If a technological gap is grounds for fear, then should China have labeled the arrival of German companies in the 1980s and 1990s a "Germany Shock 1.0"?

What some in Germany appear to find harder to accept is that, in a growing number of industries, the flow of knowledge between China and Germany has become two-way. In fields such as electric vehicles, digital infrastructure and aspects of advanced manufacturing, the former student has, at least in some respects, become a teacher.

Cai Meng



Opinion Line

FIFA boss' profiteering risks ruining the beautiful game

Under Sepp Blatter, FIFA became synonymous with patronage and scandal to many. Yet his successor Gianni Infantino, as head of the world football body, risks eclipsing even that legacy. His failed attempt to sell a stake in the World Cup to Thrive Capital, an investment company run by Josh Kushner, brother of Jared Kushner, the son-in-law of the United States president, looked uncomfortably like an offering to Washington, using football's greatest prize as political currency.

In essence, FIFA sought to sell a 20 percent stake in a new commercial subsidiary controlling World Cup revenues to a private equity firm tied to the US president's inner circle. The plan would reportedly have earned Infantino a commissioner-style role, paying around \$30 million a year — five times his current salary.

The question now being asked is what else Infantino expected in return for further strengthening his standing with a US president he has repeatedly described as a close friend.

The backlash to the plan was predictable and entirely justified. The Union of European Football Associations and others were angered not only because they learned of the proposal through media reports, but because it violated a basic principle: the World Cup is not a private asset to be monetized for a handful of investors. Should commercial partners acquire a financial stake, the pressure to influence decisions will inevitably

follow. At that point, FIFA would cease to be the guardian of the tournament and become its broker.

If investors closely associated with the White House stand to profit directly from football's biggest event, can FIFA credibly claim political neutrality? Countries already facing strained relations with the US, such as Iran, would have every reason to question whether commercial interests and political preferences might shape the tournament's administration. Even the perception of such influence would damage the World Cup's credibility.

With the deal abandoned and revolt spreading inside FIFA, Infantino's swaggar has disappeared. Reports suggest Infantino repeatedly tried to reach the US president by phone before seeking support from US Secretary of State Marco Rubio under the banner of promoting football as the US' "soft power". Few were persuaded. As an insider bluntly put it, this was about saving his job, not promoting the sport. On Tuesday, FIFA denied the reports.

Infantino should remember that FIFA is still rebuilding its reputation after years of corruption scandals. Fresh questions have already emerged over allegations that political pressure influenced disciplinary decisions during this year's World Cup, including controversy surrounding the overturning of a red card shown to US striker Folarin Balogun. Whether those claims with-

stand scrutiny or not, immediately pursuing a business arrangement that appeared to favor the associates of the FIFA boss' close pal displayed astonishingly poor judgment.

Infantino insists he is expanding football's reach. He has proposed a bigger World Cup, more teams, more matches — and has not escaped notice — more money-making opportunities. Expansion looks more like commercial opportunism than sporting vision. Every additional fixture creates more broadcasting slots, sponsorship inventory and advertising revenue, while concentrating influence among an ever-smaller circle of powerful hands.

The same philosophy underpins some of Infantino's so-called "innovations" such as mandatory "hydration breaks". Officially introduced for player welfare, they also create perfectly timed commercial pauses that interrupt football's natural rhythm. Infantino presents every change as progress, yet too often the beneficiaries are broadcasters, sponsors and executives rather than supporters.

Football belongs to the people. The FIFA president is supposed to protect that inheritance, not mortgage it. Infantino's failed World Cup stake sale exposed a governing philosophy in which the game's greatest treasure is no longer a public trust, but another asset to be traded among the powerful. That is precisely why the revolt against him deserves to succeed.

— LI YIANG, CHINA DAILY

What They Say

Revised rules will help boost innovation in IC design

Editor's note: The China National Intellectual Property Administration has published explanations for revisions to the country's Regulations on the Protection of Layout-Designs of Integrated Circuits, publicized by the State Council on Monday. The experts include Huang Yunhua of the intellectual property institute of the China Industrial Control Systems Cyber Emergency Response Team, Li Shunde of the Institute of Law of the Chinese Academy of Social Sciences, and Cai Guobin of the School of Law at Tsinghua University. Below are excerpts of their comments. The views don't necessarily represent those of China Daily.

Today, the process nodes of transistors for conventional integrated circuits are approaching their technological and physical limits. Disruptive technologies such as photonics and quantum technology have emerged, propelling the integrated circuit industry into the post-Moore's Law era, where competition revolves around new architectures, mechanisms, materials and devices.

Globally, countries are exploring ways to overcome the physical limitations of conventional integrated circuits and trying to develop new technologies for integrated circuits.

The revisions of the regulations include "the layout-designs of integrated circuits incorporating photonics, quantum and other functions" as designs eligible for protection. This reflects an accurate assessment of and proactive response to technological developments in the integrated circuit sector.

Integrated circuit design determines the performance, power consumption and competitiveness of chips. The revised regulations will

enhance the protection of cutting-edge integrated circuit intellectual property and establish a system suited to the pace of technological innovation in China's integrated circuit industry.

Since 2022, there has been a rise in the number of applications filed in China for the registration of integrated circuit layout-designs incorporating photonics and quantum devices. The revised regulations are expected to further inspire innovators, boosting innovation and development in China's integrated circuit technology.

The revisions add an "originality statement" to the documents required to be submitted when registering a layout-design. This official document, submitted to the China National Intellectual Property Administration, defines the design's originality scope and demonstrates that it meets the required legal standards.

Exclusive rights to a layout-design are granted upon registration with the administration. Layout-designs which are not registered will not be protected under the regulations.

The revisions introduce a registration revocation procedure initiated by third parties. Anyone who finds that a registration fails to comply with the regulations may request the intellectual property administrative department of the State Council to revoke the registration.

To encourage the creation and utilization of layout-designs, the revised regulations say that legal persons or non-legal-person entities should grant reasonable rewards and remuneration to eligible people in accordance with the Law on Promoting the Transformation of Scientific and Technological Achievements and other relevant national rules.

The revised regulations also include a punitive damages system, saying that where an intentional and serious infringement upon the exclusive rights to a layout-design is committed, "the amount of compensation may be fixed at between one and five times the amount determined in accordance with the aforesaid methods." This provision reflects the goal of strengthening protection for layout-designs.

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VIEWS

Li Yuheng

Clustering can rewrite the story of rural China

For years, China has invested heavily in rural revitalization, yet many villages remain trapped in a cycle of scattered resources, duplicated infrastructure, and limited industrial scale.

The core reason is straightforward: local governance and funding have traditionally treated each administrative village as an independent development unit. That approach is now changing.

China's "No. 1 central document" for 2026 advocates for a "classified, orderly, zone-based promotion of rural revitalization". The policy signals a profound shift from single-village autonomy to cluster-based, cross-village cooperation.

China's rural population has declined steeply from its 1995 peak of 859 million to 451 million in 2025, a decrease of 47.5 percent. Villages have moved along vastly different trajectories: some have grown steadily amid urban-rural integration, some have merged seamlessly into nearby towns, while others have shrunk and declined due to sustained population outflow.

The previous model allocated budgets village by village, leading to fragmented investment. A single village cannot sustain a specialty industry, build a competitive tourism brand, or attract professional operators.

Neighboring villages competed instead of cooperating, resulting in redundant roads, duplicated facilities, and price undercutting. This led to a lose-lose situation where many villages struggled to achieve economies of scale and public resources were spread too thin.

The new cluster development framework is built on three principles.

First, classified positioning assigns tailored development paths to individual villages based on their growth potential, location and resources.

Second, phased progress prioritizes improvements in transportation and public infrastructure before rolling out public services and industrial projects.

Third, spatial integration groups neighboring villages with complementary resources into functional clusters. These clusters transcend rigid administrative boundaries to integrate land, capital and talent, achieving economies of scale unattainable by individual villages.

A typical cluster may combine one village's natural scenic resources, another's specialty agricultural products, and a third's surplus rural labor. Spatial restructuring

reduces redundant infrastructure spending and encourages functional specialization.

Instead of competing for identical projects, villages within a cluster focus on differentiated roles in production, processing, tourism and logistics based on their strengths. The result is coordinated revitalization that transforms rural decline into collective growth.

Zhejiang province has taken the lead in piloting this approach. In 2025, the province identified 226

provincial-level core villages for driving the development of 1,447 surrounding villages. These rural clusters host 1,094 key projects, with planned investment nearing 33 billion yuan (\$4.85 billion) over the next three years.

Three institutional innovations underpin the effective operation of rural clusters.

First, cross-village Party building alliances establish collaborative governance mechanisms, breaking administrative barriers between

villages. Second, professional management teams serve as impartial coordinators, replacing outdated zero-sum competition with cluster-wide win-win planning that allows all villages to share the benefits of unified regional branding and industrial development.

Third, binding institutional rules firmly protect farmers' legitimate rights, ensuring that there are no changes in collective asset ownership, no damage to traditional rural landscapes and cultural features, and no forced merger of villages. These safeguards are critical to maintaining grassroots trust and long-term social stability.

It is important to clarify that cluster development does not aim for uniform prosperity for every village. Population decline and the gradual disappearance of some small villages are natural outcomes of demographic and economic changes.

The cluster model allows resources to shift away from shrinking settlements while maintaining basic public services for the remaining residents. This realistic approach avoids unnecessary fiscal expenditure and prevents the futile effort of sustaining unviable villages. Rural depopulation, aging and fragmented public investment are universal global challenges, faced by both developed and developing economies alike.

Many countries have relied on village-centric rural development policies. Though well-intentioned, these programs often fall into the same trap of fragmentation and low efficiency.

China's cluster development formula offers valuable global insights. Reconfiguring governance from isolated villages to functional rural clusters can unlock latent resources and developmental potential that conventional village-level planning cannot achieve.

While no single model can be copied wholesale across borders, the core principle is universal: development requires scale, and administrative boundaries should not determine rural modernization.

Embracing cluster-based thinking will drive China's rural revitalization and offer practical references for global rural governance.

The author is a professor at the School of Humanities and Law in Northeastern University, and a senior associate editor of the Journal of Rural Studies. The views don't necessarily reflect those of China Daily.

Li Fengliang

Can artificial intelligence help prepare graduates for tomorrow's jobs?

Artificial intelligence is rapidly reshaping the labor market, automating tasks such as routine copywriting, basic data analysis, conventional coding, repetitive administrative tasks and entry-level design work. As these jobs disappear or change, employers are increasingly demanding a different mix of skills from graduates.

This transformation comes at a difficult moment for higher education. While the number of university graduates continues to grow, structural unemployment has become more pronounced.

Under pressure to improve graduates' job prospects, universities across China are restructuring their academic programs. Many institutions are introducing AI-related majors, promoting "AI plus X" interdisciplinary education or adopting broader admissions models. Responding to changes in the labor market is both reasonable and necessary. Universities cannot ignore technological, industrial and employment shifts. But they must also confront a harder question: Can they transform themselves quickly — and responsibly — to meet these new demands?

Building a robust academic program takes time. Universities need qualified faculty, coherent curricula, appropriate facilities and opportunities for practical training. These elements cannot be created simply by changing the name of a department or adding several technical courses.

Without sufficient preparation, professional restructuring can easily become an emergency response to employment anxiety.

Courses might focus narrowly on training students to use the latest tools, while education itself is reduced to preparing for currently available jobs. Though seemingly practical, such reforms risk creating deeper problems: an oversupply of similarly trained graduates, weak foundational knowledge, limited adaptability and a gradual erosion of the university's educational mission.

Introducing a new major does not automatically produce better talent. If universities rush into fashionable fields without understanding their intellectual foundations, required capabilities or real industrial demand, they may simply replace one mismatch with another.

The problem is compounded by the speed of technological change.

Technology often evolves faster than the university education cycle. A field that appears highly promising when students begin their degrees may have changed fundamentally by the time they graduate.

Specific tools may become outdated, and established methods may be replaced by new technological paradigms.

Universities that merely chase each new trend could therefore produce graduates who are doubly disadvantaged: lacking the depth of traditional disciplinary education and also unprepared for the next stage of technological change.

Academic reform must therefore involve a deeper redesign of curricula, teaching methods and talent-development models.

Rather than building isolated AI schools or programs, universities should develop strong "AI plus X" platforms. Artificial intelligence should be integrated with engineering, medicine, agriculture, the natural sciences, the humanities and the social sciences. This requires deeper cooperation between departments and breaking down long-standing barriers.

The aim is not to turn every student into an AI specialist but to help students in different fields understand how intelligent technologies can reshape their disciplines, expand their analytical capabilities and solve real-world problems.

Universities also need to strengthen cooperation with businesses, government agencies and research institutions. External partners can provide practical expertise, industrial resources and an understanding of emerging workplace needs.

Such cooperation can help connect the education chain, the talent chain and the industrial chain, reducing the gap between what students learn and what society actually needs.

However, labor-market adaptation should not become the only purpose of universities. No matter how disruptive technology becomes, the fundamental responsibilities of education remain unchanged. Universities must cultivate moral character, foster independent thinking, transmit culture, encourage innovation and support the holistic development of the individual.

Real education reform is not about blindly following technological trends. It requires universities to embrace innovation while maintaining a clear sense of what education is ultimately for.

AI should be incorporated throughout teaching and learning. Students should learn to use intelligent tools effectively and responsibly. But universities must also place human development at the center of education. The more powerful technology becomes, the more important judgment, creativity, ethical responsibility and critical thinking will be.

Universities can adjust their academic structures to meet national and social needs. At the same time, they must preserve the diversity of the academic ecosystem. Not every institution should establish the same programs, pursue the same fashionable disciplines or adopt the same development model.

A wave of identical AI-related programs could lead to a new form of homogenization, in which universities lose their distinctive strengths while competing for the same students, teachers and resources. Higher education needs diversity, not a situation in which every university begins to look the same.

The rise of AI should be seen not merely as a disruption of higher education, but as an opportunity to reshape it.

The primary task for universities is not to create more AI majors, but to reconsider what universities should teach — and how they should teach — in an age when information and technical assistance are increasingly easy to obtain.

Knowledge acquisition alone can no longer define the value of university education. Students must learn how to evaluate knowledge, connect ideas across disciplines, identify meaningful problems and make responsible decisions. They must be able to work with machines without allowing machines to replace their own capacity for thought.

The graduates best prepared for the AI era will not be those who have merely mastered the latest software. They will be those with strong disciplinary foundations, broad humanistic perspectives, the ability to use intelligent tools and the independence to question their outputs.

Preparing such graduates is not only a practical response to employment pressure; it is essential to build a stronger education system and secure the country's long-term development.

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MA XUEJING / CHINA DAILY

Chris Pereira

Shenzhen's journey from exports to expertise

Over the past year Chinese companies expanding overseas have drawn global attention with everything from Labubu collectibles to electric vehicles and even coffee brands. Yet beneath these eye-catching exports lies a more profound and consequential trend: the quiet emergence of truly global businesses that integrate technology, supply chains, and industrial capabilities with local investment.

China's outbound direct investment reached \$174.38 billion in 2025, up 71 percent year-on-year, according to China's Ministry of Commerce. Analysts point out that a significant share of these flows is directed toward the Asia-Pacific region, where manufacturing-heavy greenfield investment and capacity development projects are expanding rapidly, particularly across ASEAN economies.

At the heart of this outward momentum is Shenzhen, long a symbol of China's reform and opening-up era, and today the country's powerhouse of foreign trade, innovation and advanced manufacturing. As China's top-performing city for foreign trade, Shenzhen is

exporting not just products, but entire industrial ecosystems. Its giant corporations such as Huawei, Tencent and BYD are building strong operations across the ASEAN region.

Take BYD for example. The global leader in EVs has established a manufacturing base in Rayong in Thailand and another EV facility in Subang in Indonesia.

BYD isn't just selling cars in these markets, it is transplanting the industrial model of Shenzhen — battery technology, supply chain coordination and local employment — in a local market while building a regional manufacturing node.

To be sure, this is not a recent development. This transfer of Shenzhen's industrial knowledge and technological innovation has been going on for a long time.

When a BYD battery pack crosses the border, it carries decades of electrochemical research, a finely tuned manufacturing ecosystem built over generations, and, increasingly, a local partnership structure that transfers real industrial knowledge to the destination economy.

DJI tells a different version of the same story. The Shenzhen-based drone maker holds an estimated 70 percent of the global market for consumer drones. Its agricultural drones are widely used across Southeast Asia to automate plant-

ing and protect crops. In markets such as Thailand, Vietnam and Malaysia, the company has trained thousands of local operators and developed a dense network of dealers and service providers.

DJI did not just build a market presence, but created an embedded local ecosystem of drone pilots, distributors and service firms.

In this sense, Shenzhen's "exports" today are fundamentally different from what "Made in China" meant 20 years ago.

Today, leading Shenzhen enterprises are not just shipping products abroad; they are exporting their operational expertise and innovation frameworks to build global industrial ecosystems.

It is therefore fitting that the APEC Economic Leaders' Meeting in November will be hosted in Shenzhen. This marks the third time China has hosted APEC, after Shanghai in 2001 and Beijing in 2014. But while those editions signaled financial and political capital, Shenzhen has been chosen for its industrial capabilities and openness to global trade.

China's theme for the APEC meet, "Building an Asia-Pacific Community to Prosper Together", paired with its priorities of openness, innovation and cooperation, closely reflects Shenzhen's own development trajectory. This city has grown

by keeping its doors open and promoting greater global engagement and trade.

The APEC Economic Leaders' Meeting is a genuine opportunity for Asia-Pacific economies to engage seriously with Chinese partners in new energy, AI infrastructure and advanced manufacturing.

They stand to gain not just products but production know-how, investment, and supply chain integration, building on a trend that is already underway: from Vietnam's electronics clusters anchored by Chinese supply chain investment to EV manufacturing hubs across the region.

Forty-five years ago, Shenzhen was mostly rural farmland. Today it is home to some of the world's most innovative technology companies and has become a powerful argument for what open, collaborative globalization can achieve. As APEC leaders gather there in November, they won't need a presentation to understand the Shenzhen model: outside the conference halls they will have living proof of what the next wave of international collaboration — Globalization 2.0 — looks like.

The author is the founder and CEO of iMPact, a communications and business consulting group. The views don't necessarily reflect those of China Daily.

